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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
**FORM 10-Q**

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

For the Quarterly Period Ended August 1, 2003

**THE TORO COMPANY**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State of Incorporation)

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

**41-0580470**  
(I.R.S. Employer Identification Number)

**8111 Lyndale Avenue South  
Bloomington, Minnesota 55420  
Telephone number: (952) 888-8801**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

The number of shares of Common Stock outstanding as of August 29, 2003 was 24,496,449.

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## **TABLE OF CONTENTS**

### **PART I. ITEM 1. FINANCIAL INFORMATION**

[Condensed Consolidated Statements of Earnings](#)

[Condensed Consolidated Balance Sheets](#)

[Condensed Consolidated Statements of Cash Flows](#)

[Notes to Condensed Consolidated Financial Statements](#)

[Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION](#)

[Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK](#)

[ITEM 4. CONTROLS AND PROCEDURES](#)

### **PART II. OTHER INFORMATION**

[Item 6. Exhibits and Reports on Form 8-K](#)

### **SIGNATURES**

[EX-10\(n\) Multi-Year Credit Agreement](#)

[EX-10\(o\) Amendment No. 1 to Credit Agreement](#)

[EX-10\(p\) Amendment No. 2 to Credit Agreement](#)

[EX-10\(q\) Loan Agreement](#)

[EX-31\(a\) Certification Pursuant to Section 302](#)

[EX-31\(b\) Certification Pursuant to Section 302](#)

[EX-32 Certification Pursuant to Section 906](#)

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**THE TORO COMPANY**  
**INDEX TO FORM 10-Q**

	<b>Page Number</b>
<b>PART I. FINANCIAL INFORMATION:</b>	
<b>Item 1. Financial Statements</b>	
Condensed Consolidated Statements of Earnings (Unaudited) - Three and Nine Months Ended August 1, 2003 and August 2, 2002	3
Condensed Consolidated Balance Sheets (Unaudited) - August 1, 2003, August 2, 2002, and October 31, 2002	4
Condensed Consolidated Statements of Cash Flows (Unaudited) - Nine Months Ended August 1, 2003 and August 2, 2002	5
Notes to Condensed Consolidated Financial Statements (Unaudited)	6-11
<b>Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition</b>	12-19
<b>Item 3. Quantitative and Qualitative Disclosures about Market Risk</b>	20
<b>Item 4. Controls and Procedures</b>	21
<b>PART II. OTHER INFORMATION:</b>	
<b>Item 6. Exhibits and Reports on Form 8-K</b>	22
Signatures	23

## PART I. ITEM 1. FINANCIAL INFORMATION

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

	Three Months Ended		Nine Months Ended	
	August 1, 2003	August 2, 2002	August 1, 2003	August 2, 2002
Net sales	\$394,524	\$375,632	\$1,186,326	\$1,123,861
Cost of sales	247,574	246,693	758,163	737,562
Gross profit	146,950	128,939	428,163	386,299
Selling, general, and administrative expense	101,118	92,412	307,618	285,689
Restructuring and other expense	1,655	—	1,476	9,953
Earnings from operations	44,177	36,527	119,069	90,657
Interest expense	(4,152)	(4,656)	(12,564)	(15,224)
Other income, net	339	848	6,921	3,916
Earnings before income taxes and cumulative effect of change in accounting principle	40,364	32,719	113,426	79,349
Provision for income taxes	13,320	10,797	37,430	24,410
Earnings before cumulative effect of change in accounting principle	27,044	21,922	75,996	54,939
Cumulative change in accounting principle, net of income tax benefit of \$509	—	—	—	(24,614)
Net earnings	\$ 27,044	\$ 21,922	\$ 75,996	\$ 30,325
Basic earnings per share of common stock, before cumulative effect of change in accounting principle	\$ 1.08	\$ 0.87	\$ 3.04	\$ 2.19
Cumulative effect of change in accounting principle, net of income tax benefit	—	—	—	(0.98)
Basic net earnings per share of common stock	\$ 1.08	\$ 0.87	\$ 3.04	\$ 1.21
Diluted earnings per share of common stock, before cumulative effect of change in accounting principle	\$ 1.03	\$ 0.84	\$ 2.92	\$ 2.12
Cumulative effect of change in accounting principle, net of income tax benefit	—	—	—	(0.95)
Diluted net earnings per share of common stock	\$ 1.03	\$ 0.84	\$ 2.92	\$ 1.17
Weighted average number of shares of common stock outstanding – Basic	25,070	25,218	24,999	25,136
Weighted average number of shares of common stock outstanding – Dilutive	26,305	26,097	26,062	25,920

Shares and per share data have been adjusted for all periods presented to reflect a two-for-one stock split effective April 1, 2003.

See accompanying notes to condensed consolidated financial statements.

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

	August 1, 2003	August 2, 2002	October 31, 2002
<b>ASSETS</b>			
Cash and cash equivalents	\$ 15,725	\$ 6	\$ 62,816
Receivables, net	373,173	341,891	255,739
Inventories, net	236,035	209,320	224,367
Prepaid expenses and other current assets	13,451	10,832	10,497
Deferred income taxes	42,299	36,477	38,722
<b>Total current assets</b>	<b>680,683</b>	<b>598,526</b>	<b>592,141</b>
Property, plant, and equipment	462,239	432,416	440,714
Less accumulated depreciation	298,646	277,901	283,935
	163,593	154,515	156,779
Deferred income taxes	4,196	9,721	4,196
Other assets	13,236	14,021	13,264
Goodwill, net	77,955	77,842	77,855
Other intangible assets, net	3,041	2,045	1,905
<b>Total assets</b>	<b>\$942,704</b>	<b>\$856,670</b>	<b>\$846,140</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Current portion of long-term debt	\$ 250	\$ 15,824	\$ 15,825
Short-term debt	5,784	8,011	1,156
Accounts payable	67,415	67,099	86,180
Accrued liabilities	239,707	216,523	190,589
<b>Total current liabilities</b>	<b>313,156</b>	<b>307,457</b>	<b>293,750</b>
Long-term debt, less current portion	178,703	178,768	178,756
Other long-term liabilities	10,231	7,429	8,344
Stockholders' equity:			
Preferred stock, par value \$1.00, authorized 1,000,000 voting and 850,000 non-voting shares, none issued and outstanding	—	—	—
Common stock, par value \$1.00, authorized 50,000,000 shares, issued and outstanding 24,470,181 shares as of August 1, 2003 (net of 2,545,929 treasury shares), 24,345,668 shares as of August 2, 2002 (net of 2,670,442 treasury shares), and 24,342,474 shares as of October 31, 2002 (net of 2,673,636 treasury shares)	24,470	24,346	24,342
Additional paid-in capital	13,663	11,584	11,193
Retained earnings	413,851	338,853	342,358
Accumulated other comprehensive loss	(11,370)	(11,767)	(12,603)
<b>Total stockholders' equity</b>	<b>440,614</b>	<b>363,016</b>	<b>365,290</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$942,704</b>	<b>\$856,670</b>	<b>\$846,140</b>

Shares have been adjusted for all periods presented to reflect a two-for-one stock split effective April 1, 2003.

See accompanying notes to condensed consolidated financial statements.

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

	Nine Months Ended	
	August 1, 2003	August 2, 2002
Cash flows from operating activities:		
Net earnings	\$ 75,996	\$ 30,325
Adjustments to reconcile net earnings to net cash (used in) provided by operating activities:		
Cumulative effect of change in accounting principle	—	24,614
Non-cash asset impairment write-off	901	4,163
Provision for depreciation and amortization	22,093	20,609
Gain on disposal of property, plant, and equipment	(31)	(718)
Increase in deferred income taxes	(3,577)	(2,550)
Tax benefits related to employee stock option transactions	1,916	1,420
Changes in operating assets and liabilities:		
Receivables, net	(116,838)	(70,214)
Inventories, net	(9,597)	25,341
Prepaid expenses and other current assets	(3,004)	257
Accounts payable and accrued liabilities	31,119	28,431
Net cash (used in) provided by operating activities	(1,022)	61,678
Cash flows from investing activities:		
Purchases of property, plant, and equipment	(32,110)	(32,866)
Proceeds from disposal of property, plant, and equipment	1,969	2,055
Decrease in investment in affiliates	1,000	—
Increase in other assets	(1,433)	(2,847)
Proceeds from sale of business	1,016	—
Acquisition, net of cash acquired	(1,244)	—
Net cash used in investing activities	(30,802)	(33,658)
Cash flows from financing activities:		
Increase (decrease) in short-term debt	4,628	(26,402)
Repayments of long-term debt	(15,825)	(486)
Increase in other long-term liabilities	1,887	280
Proceeds from exercise of stock options	6,639	11,827
Purchases of common stock	(9,629)	(22,558)
Dividends on common stock	(4,503)	(4,538)
Net cash used in financing activities	(16,803)	(41,877)
Foreign currency translation adjustment	1,536	987
Net decrease in cash and cash equivalents	(47,091)	(12,870)
Cash and cash equivalents as of the beginning of the period	62,816	12,876
Cash and cash equivalents as of the end of the period	\$ 15,725	\$ 6

See accompanying notes to condensed consolidated financial statements.

**THE TORO COMPANY AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)**  
**August 1, 2003**

**Basis of Presentation**

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and do not include all the information and notes required by accounting principles generally accepted in the United States of America for complete financial statements. Unless the context indicates otherwise, the terms "company" and "Toro" refer to The Toro Company and its subsidiaries. In the opinion of management, the unaudited condensed consolidated financial statements include all adjustments, consisting primarily of recurring accruals, considered necessary for a fair presentation of the financial position and the results of operations. Since the company's business is seasonal, operating results for the nine months ended August 1, 2003 cannot be annualized to determine the expected results for the fiscal year ending October 31, 2003. Certain amounts from prior period's financial statements have been reclassified to conform to this period's presentation.

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

For further information, refer to the consolidated financial statements and notes included in the company's Annual Report on Form 10-K for the fiscal year ended October 31, 2002. The policies described in that report are used for preparing quarterly reports.

**Accounting Policies**

In preparing the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, management must make decisions which impact the reported amounts and the related disclosures. Such decisions include the selection of the appropriate accounting principles to be applied and the assumptions on which to base accounting estimates. In reaching such decisions, management applies judgments based on its understanding and analysis of the relevant circumstances, historical experience, and actuarial valuations. Actual amounts could differ from those estimated at the time the consolidated financial statements are prepared. Note 1 to the consolidated financial statements in the company's Annual Report on Form 10-K provides a summary of the significant accounting policies followed in the preparation of the financial statements. Other footnotes in the company's Annual Report on Form 10-K describe various elements of the financial statements and the assumptions made in determining specific amounts.

**Comprehensive Income**

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

(Dollars in thousands)	Three Months Ended		Nine Months Ended	
	August 1, 2003	August 2, 2002	August 1, 2003	August 2, 2002
Net earnings	\$27,044	\$21,922	\$75,996	\$30,325
Other comprehensive income (loss):				
Cumulative translation adjustments	310	177	1,536	987
Unrealized gain (loss) on derivative instruments	464	448	(303)	234
Comprehensive income	\$27,818	\$22,547	\$77,229	\$31,546

[Table of Contents](#)

Stock-Based Compensation

The company accounts for stock-based employee compensation plans under the recognition and measurement principles of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," (APB No. 25), and related Interpretations. The following table illustrates the effect on net earnings and net earnings per share if the company had applied the fair value recognition provisions of Statement of Financial Accounting Standard (SFAS) No. 123, "Accounting for Stock-Based Compensation."

(Dollars in thousands, except per share data)	Three Months Ended		Nine Months Ended	
	August 1, 2003	August 2, 2002	August 1, 2003	August 2, 2002
Net earnings, as reported	\$27,044	\$21,922	\$75,996	\$30,325
Add: Stock-based employee compensation costs, net of tax, included in net earnings	2,083	1,020	3,746	2,490
Deduct: Stock-based employee compensation costs, net of tax, if fair value method had been applied	(799)	(504)	(6,024)	(5,584)
Pro forma net earnings	\$28,328	\$22,438	\$73,718	\$27,231
Net earnings per share data:				
As reported - Basic	\$ 1.08	\$ 0.87	\$ 3.04	\$ 1.21
Pro forma - Basic	\$ 1.13	\$ 0.89	\$ 2.95	\$ 1.08
As reported - Diluted	\$ 1.03	\$ 0.84	\$ 2.92	\$ 1.17
Pro forma - Diluted	\$ 1.08	\$ 0.87	\$ 2.85	\$ 1.07

Per share data has been adjusted for all periods presented to reflect a two-for-one stock split effective April 1, 2003.

Inventories

Inventories are valued at the lower of cost or net realizable value, with cost determined by the last-in, first-out (LIFO) method for most inventories.

Inventories were as follows:

(Dollars in thousands)	August 1, 2003	August 2, 2002	October 31, 2002
Raw materials and work in process	\$ 62,679	\$ 63,256	\$ 68,296
Finished goods and service parts	215,215	191,823	198,860
	277,894	255,079	267,156
Less: LIFO	26,903	29,264	26,903
Other reserves	14,956	16,495	15,886
Total	\$236,035	\$209,320	\$224,367

Restructuring and Other Expense

In fiscal 2002, the company announced plans to close its Riverside, California manufacturing operations and its Evansville, Indiana and Madera, California manufacturing facilities. Approximately 550 job positions and related staff reductions were expected to be lost in connection with closing these operations. As of August 1, 2003, of the 550 job position reductions, 531 had been eliminated. In addition, the company will incur ongoing costs after the facilities are closed and until they are sold, which is captioned in "other" below. These actions are part of the company's overall long-term strategy to reduce production costs and improve long-term competitiveness. The company also incurred a charge for asset impairment related to write-downs of patents and non-compete agreements during the first quarter of fiscal 2002.

[Table of Contents](#)

## Restructuring and Other Expense (continued)

In the second quarter of fiscal 2003, the company recorded a benefit of \$0.2 million for the reversal of the remaining accrual for closing a facility in Australia, which was sold March 28, 2003.

In the third quarter of fiscal 2003, the company announced plans to close its two-cycle engine manufacturing facility located in Oxford, Mississippi. Over the past few years, the Environmental Protection Agency (EPA) has lowered the allowable emission standard for hydrocarbon emissions from walk power mower engines to a level that is cost prohibitive for Toro to meet. Therefore, the company will phase out the two-cycle engine walk power mowers sold through the Lawn-Boy product line and is currently evaluating alternative sourcing options for its two-cycle engine utilized in snowthrower products. The company will produce compliant two-cycle engines for snowthrower products through January 31, 2004 that will be used for production of models through early fiscal 2005. Approximately 115 job positions and related staff reductions will be lost in connection with closing this facility, as to which the company recognized \$0.8 million of expense in the third quarter of fiscal 2003 for severance and benefits. In addition, the company recognized \$0.9 million of expense for asset impairment related to equipment and tooling that is expected to have no future value.

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

(Dollars in thousands)	Severance & Benefits	Asset Impairment	Other	Total
Balance as of October 31, 2002	\$ 1,865	\$ —	\$ 872	\$ 2,737
Changes in estimates	74	28	(295)	(193)
Initial charge	763	901	5	1,669
Utilization	(1,721)	(929)	(70)	(2,720)
Balance as of August 1, 2003	\$ 981	\$ —	\$ 512	\$ 1,493

The company expects a majority of the remaining accruals to be utilized by the end of the first quarter of fiscal 2004.

## Per Share Data

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

(Shares in thousands)	Three Months Ended		Nine Months Ended	
	August 1, 2003	August 2, 2002	August 1, 2003	August 2, 2002
<i>Basic</i>				
Weighted average number of shares of common stock outstanding	25,070	25,218	24,985	25,116
Assumed issuance of contingent shares	—	—	14	20
Weighted average number of shares of common stock and assumed issuance of contingent shares	25,070	25,218	24,999	25,136
<i>Dilutive</i>				
Weighted average number of shares of common stock and assumed issuance of contingent shares	25,070	25,218	24,999	25,136
Assumed conversion of stock options	1,235	879	1,063	784
Weighted average number of shares of common stock, assumed issuance of contingent shares, and assumed conversion of stock options	26,305	26,097	26,062	25,920

Shares for all periods presented have been adjusted to reflect a two-for-one stock split effective April 1, 2003.

[Table of Contents](#)

Segment Data

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

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

(Dollars in thousands)	Professional	Residential <sup>1</sup>	Distribution	Other	Total
Three months ended August 1, 2003					
Net sales	\$ 244,111	\$ 129,043	\$ 43,039	\$ (21,669)	\$ 394,524
Intersegment gross sales	25,189	1,948	—	(27,137)	—
Earnings (loss) before income taxes	42,235	13,205	2,327	(17,403)	40,364
Three months ended August 2, 2002					
Net sales	\$ 235,301	\$ 119,907	\$ 50,452	\$ (30,028)	\$ 375,632
Intersegment gross sales	31,551	2,711	—	(34,262)	—
Earnings (loss) before income taxes	34,822	12,161	2,311	(16,575)	32,719

<sup>1</sup> Includes restructuring and other expense of \$1.7 million in fiscal 2003.

	Professional <sup>1</sup>	Residential <sup>2</sup>	Distribution	Other	Total
Nine months ended August 1, 2003					
Net sales	\$ 751,671	\$ 396,177	\$ 96,987	\$ (58,509)	\$ 1,186,326
Intersegment gross sales	64,131	6,407	—	(70,538)	—
Earnings (loss) before income taxes	133,415	46,215	(423)	(65,781)	113,426
Total assets	459,931	195,574	58,057	229,142	942,704
Nine months ended August 2, 2002					
Net sales	\$ 701,267	\$ 381,858	\$ 118,825	\$ (78,089)	\$ 1,123,861
Intersegment gross sales	78,591	10,432	—	(89,023)	—
Earnings (loss) before income taxes and accounting change	97,119	39,938	1,961	(59,669)	79,349
Total assets	440,844	155,823	66,173	193,830	856,670

<sup>1</sup> Includes restructuring and other income of \$0.1 million in fiscal 2003 and restructuring and other expense of \$10.0 million in fiscal 2002.

<sup>2</sup> Includes restructuring and other expense of \$1.6 million in fiscal 2003.

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

(Dollars in thousands)	Three Months Ended		Nine Months Ended	
	August 1, 2003	August 2, 2002	August 1, 2003	August 2, 2002
Corporate expenses	\$(20,893)	\$(17,254)	\$(69,458)	\$(56,771)
Finance charge revenue	284	735	2,148	3,052
Elimination of corporate financing expense	4,789	4,415	11,683	11,453
Interest expense, net	(4,152)	(4,656)	(12,564)	(15,224)
Other income (expense)	2,569	185	2,410	(2,179)
Total	\$(17,403)	\$(16,575)	\$(65,781)	\$(59,669)

[Table of Contents](#)

## Goodwill

The changes in the net carrying amount of goodwill for the first nine months of fiscal 2003 were as follows:

(Dollars in thousands)	Professional Segment	Residential Segment	Total
Balance as of October 31, 2002	\$68,942	\$8,913	\$77,855
Translation adjustment	27	73	100
Balance as of August 1, 2003	\$68,969	\$8,986	\$77,955

## Other Intangible Assets

The components of other amortizable intangible assets were as follows:

(Dollars in thousands)	August 1, 2003		October 31, 2002	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Patents	\$6,553	\$(4,845)	\$6,104	\$(4,609)
Non-compete agreements	1,000	(537)	800	(405)
Other	1,700	(830)	800	(785)
Total	\$9,253	\$(6,212)	\$7,704	\$(5,799)
Total other intangible assets, net	\$3,041		\$1,905	

Amortization expense for intangible assets during the first nine months of fiscal 2003 was \$414,000. Estimated amortization expense for the remainder of fiscal 2003 and succeeding fiscal years is as follows: 2003 (remainder), \$186,000; 2004, \$648,000; 2005, \$628,000; 2006, \$601,000; 2007, \$407,000; 2008, \$281,000 and after 2008, \$290,000.

## Stock Split

On March 20, 2003, the company's Board of Directors declared a two-for-one stock split of the company's common stock, effected in the form of a 100 percent stock dividend issued to stockholders of record as of April 1, 2003 and paid on April 14, 2003. As a result of this action, approximately 12.5 million shares were issued. Par value of the common stock remains at \$1.00 per share and accordingly, approximately \$12.5 million was transferred from additional paid-in capital to common stock. All references to the number of common shares and per common share amounts have been adjusted to give retroactive effect to the stock split for all periods presented.

## Warranty Guarantees

The company's products are warranted to the end-user to ensure end-user confidence in design, workmanship, and overall quality. Warranty coverage varies by product line, ranging from a period of six months to seven years. The warranties generally cover parts, labor, and other expenses for non-maintenance repairs, provided operator abuse, improper use, or negligence did not necessitate the repair. An authorized distributor or dealer must perform warranty work and submit to the company claims for warranty reimbursement, which the company pays as long as the repairs meet prescribed standards. Warranty expense is accrued at the time of sale based on historical claims experience by individual product lines. Special warranty reserves are also accrued for special major rework campaigns. The company also offers additional warranty coverage on select products when the factory warranty period expires.

Warranty provisions, claims, and changes in estimates for the first nine months of fiscal 2003 and 2002 were as follows:

(Dollars in Thousands)	Beginning Balance	Warranty Provisions	Warranty Claims	Changes in Estimates	Ending Balance
Fiscal 2003	\$53,590	\$32,606	\$(27,524)	\$2,241	\$60,913
Fiscal 2002	\$57,882	\$32,470	\$(33,131)	\$4,075	\$61,296

## [Table of Contents](#)

### Derivative Instruments and Hedging Activities

The company uses derivative instruments to assist in the management of exposure to currency exchange rates. The company uses derivatives only in an attempt to limit underlying exposure to currency fluctuations, and not for trading purposes. The company documents all relationships between hedging instruments and the hedged items, as well as its risk-management objective and strategy for undertaking various hedges. The company assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of the hedged item.

The company enters into foreign currency exchange contracts to hedge the risk from forecasted settlement in local currencies of trade sales and purchases. These contracts are designated as cash flow hedges with the fair value recorded in accumulated comprehensive income (loss) and as a hedge asset or liability in prepaid expenses or accrued liabilities, as applicable. Once the forecasted transaction has been recognized as a sale or inventory purchase and a related asset or liability recorded on the balance sheet, the related fair value of the derivative hedge contract is reclassified from accumulated other comprehensive income (loss) into earnings. During the three and nine months ended August 1, 2003, the amount of losses reclassified to earnings for such cash flow hedges was \$1.4 million and \$3.9 million, respectively. As of August 1, 2003, the amount of such contracts outstanding was \$78.1 million. The unrecognized after-tax loss portion of the fair value of the contracts recorded in accumulated comprehensive loss as of August 1, 2003 was \$0.7 million.

The company also enters into other foreign currency exchange contracts. These contracts are intended to hedge intercompany financing transactions and other activities that are not subject to the accounting criteria of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities;" therefore, changes in fair value of these instruments are recorded in other income, net.

### New Accounting Pronouncements

SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" requires that a liability for a cost associated with an exit or disposal activity is recognized when the liability is incurred. This statement also establishes that fair value is the objective for initial measurement of the liability. The company applied the provisions of SFAS No. 146 for exit and disposal activities initiated after December 31, 2002, as required.

In November 2002, the FASB issued Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." This interpretation elaborates disclosure requirements for obligations by a guarantor under certain guarantees. This interpretation also requires a guarantor to recognize, at the inception of a guarantee, a liability for the fair value of an obligation undertaken in issuing a guarantee. The company will apply the initial recognition and measurement provisions of Interpretation No. 45 to guarantees issued or modified after December 31, 2002, as required. The company has adopted the disclosure requirements in this Interpretation beginning with the first quarter of fiscal 2003, as required.

SFAS No. 148, "Accounting for Stock-Based Compensation – Transition and Disclosure" requires certain pro forma disclosures related to stock-based compensation. This statement also amended the transition provisions of SFAS No. 123, "Accounting for Stock-Based Compensation." The company adopted the pro forma disclosures of SFAS No. 148 in the second quarter of fiscal 2003, as required.

### Acquisition

During the third quarter of fiscal 2003, the company completed the acquisition of R & D Engineering, a market leader in patented wireless rain and freeze switches for residential irrigation systems. This acquisition was immaterial based on the company's consolidated financial position and results of operations.

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

### Nature of Operations

The principal business of The Toro Company and its wholly owned and majority-owned domestic and foreign subsidiaries ("Toro" or "the company") is the development, manufacturing, and selling of outdoor beautification equipment and systems used in the residential and professional markets. Our products are generally sold through a network of distributors, dealers, hardware retailers, home centers, mass retailers, and through Internet retailers.

### Financial Trends

Throughout these financial sections, you will read about both recurring and significant transactions or events. Significant transactions in the current and prior period discussed in this Management's Discussion and Analysis include the cumulative effect of change in accounting principle in the first quarter of fiscal 2002, a federal tax refund in the second quarter of fiscal 2002, restructuring and other expense, and a gain resulting from a legal settlement in the first quarter of fiscal 2003. These significant transactions result from unique facts and circumstances that likely will not recur with similar materiality or impact on continuing operations. While these items are important in understanding and evaluating financial results and trends, other transactions or events such as those discussed later in this Management's Discussion and Analysis may also have a material impact. A complete understanding of these transactions is necessary in order to estimate the likelihood that these trends will continue.

### Accounting Policies and Critical Accounting Estimates

In preparing the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, we must make decisions which impact the reported amounts and the related disclosures. Such decisions include the selection of the appropriate accounting principles to be applied and the assumptions on which to base accounting estimates. In reaching such decisions, we apply judgment based on our understanding and analysis of the relevant circumstances, historical experience, and actuarial valuations. Actual amounts could differ from those estimated at the time the consolidated financial statements are prepared.

Our significant accounting policies are described in Note 1 to the consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended October 31, 2002. Not all of these significant accounting policies require us to make difficult subjective or complex judgments or estimates. However, we believe the following accounting policies, which require some of the more significant judgments and estimates used in the preparation of the consolidated financial statements, could be deemed to be critical within the Securities and Exchange Commission's (SEC) proposed rules related to critical accounting policy disclosure.

*Warranty Reserve.* We establish a reserve for future warranty claims at the time of sale by product line. The amount of the liability is based on the trend in the historical ratio of claims to sales, the historical length of time between the sale and resulting warranty claim, and other factors. We also establish reserves for special major rework campaigns. However, adjustments to the initial warranty accrual are recorded if actual claim experience indicates that adjustments are necessary. Actual claims could be higher or lower than amounts estimated, as the amount and value of warranty claims are subject to variation as a result of many factors that cannot be predicted with certainty, including performance of new products, significant manufacturing or design defects not discovered until after the product is delivered to customers, product failure rates, higher than expected service costs for a repair, and other similar factors. We believe that analysis of historical trends and knowledge of potential manufacturing or design problems provide sufficient information to establish a reasonable estimate for warranty claims at the time of sale.

*Accounts and Notes Receivable Valuation.* We establish a reserve for specific accounts and notes receivable that we believe are uncollectible, as well as an estimate of uncollectible receivables not specifically known. Each quarter, we evaluate past collection history, the age of the receivable, current financial conditions of key customers, and economic conditions when establishing an allowance for doubtful accounts. Portions of the accounts receivable are protected by a security interest in products held by customers, which minimizes our collection exposure. A deterioration in the financial condition of any key customer or a significant continued slow down in the economy could have a material negative impact on our ability to collect a portion or all of the accounts and notes receivable. We believe that analysis of historical trends and current knowledge of potential collection problems provides sufficient information to establish a reasonable estimate for accounts and notes receivable reserve.

## Results of Operations

### Net Earnings

Third quarter of fiscal 2003 net earnings were \$27.0 million or \$1.03 per diluted share compared to \$21.9 million or \$0.84 per diluted share for the third quarter of fiscal 2002. Results for the third quarter of fiscal 2003 included restructuring and other expense that reduced net earnings by \$1.7 million pre-tax (\$1.0 million net of tax). Year-to-date net earnings in fiscal 2003 were \$76.0 million or \$2.92 per diluted share compared to \$30.3 million or \$1.17 per diluted share for the same period last year. Fiscal 2003 year-to-date net earnings benefited from a gain related to a legal settlement of \$3.4 million pre-tax (\$2.1 million net of tax). However, fiscal 2003 year-to-date net earnings were reduced by restructuring and other expense of \$1.5 million pre-tax (\$0.9 million net of tax). Fiscal 2002 year-to-date net earnings included the following significant items: (i) the cumulative effect of a change in accounting principle that reduced net earnings by \$24.6 million related to the adoption of SFAS No. 142, "Goodwill and Other Intangible Assets;" (ii) restructuring and other expense that also reduced net earnings by \$10.0 million pre-tax (\$6.7 million net of tax); and (iii) a federal tax refund of \$1.8 million that reduced tax expense. Other factors contributing to the net earnings increase include higher sales, an increase in gross margins resulting from our "5 by Five" profit improvement initiatives, and lower interest expense, somewhat offset by higher selling, general, and administrative expense.

### Net Sales

Worldwide consolidated net sales for the third quarter and nine-month period of fiscal 2003 were up 5.0 percent and 5.6 percent, respectively, from the same periods in the prior year. Favorable currency rates contributed approximately 1 percent of the sales growth for both the quarter and year-to-date comparison. In addition, professional segment sales increased due primarily to the acceptance of new product introductions as well as a stronger order position and lower field inventory levels entering fiscal 2003 as compared to entering fiscal 2002. Residential segment sales were also up for the quarter and year-to-date comparison due to initial stocking shipments of the new TimeCutter® Z mower and new two-stage snowthrower product as well as strong sales of Toro walk power mowers. However, distribution segment sales were down for the quarter and year-to-date comparison due to the sale of a distribution company during the first quarter of fiscal 2003, which also contributed to the favorable change in the other segment due to a decrease in sales elimination. International sales for the third quarter and nine-month period of fiscal 2003 were up 15.2 percent and 9.9 percent, respectively, from the same periods in the prior year. This increase was driven primarily by favorable currency exchange rates and new product introductions. Disregarding currency effects, international sales increased 6.6 percent and 3.8 percent for the third quarter and nine-month period of fiscal 2003, respectively, compared to the same periods in fiscal 2002.

### Gross Profit

Gross profit as a percentage of net sales increased for the third quarter and nine-month period of fiscal 2003 by 2.9 and 1.7 percentage points from the same periods of the prior year, to 37.2 percent and 36.1 percent respectively. The increase was the result of the following factors: (i) cost reduction efforts that included moving production to facilities with lower operating costs; (ii) profit improvement strategies intended to reduce raw material costs as part of our ongoing "5 by Five" initiatives; (iii) increased sales of higher-margin products; (iv) lower manufacturing costs from increased plant utilization as a result of reduced excess manufacturing capacity, mainly related to the closure of two facilities and increased demand for our products; and (v) favorable foreign currency exchange rates compared to the U.S. dollar. Somewhat offsetting these positive factors were: (i) higher resin costs as a result of rising oil costs and (ii) higher inbound freight expense as we transitioned some of our manufacturing to Juarez, Mexico.

## [Table of Contents](#)

### Selling, General, and Administrative Expense

Selling, general, and administrative expense (SG&A) increased for the third quarter and nine-month period of fiscal 2003 by 9.4 percent and 7.7 percent, respectively, from the same periods in the prior year. SG&A as a percentage of net sales for the third quarter and first nine months of fiscal 2003 was 25.6 percent and 25.9 percent, respectively, compared to 24.6 percent and 25.4 percent for the comparable periods in fiscal 2002, respectively. These increases were due mainly to: (i) higher administration expenses, mainly from a higher amount of investments in information systems, increased expense for distributor changes, and rising insurance costs; (ii) increased marketing expense; (iii) higher incentive compensation expense; (iv) increased spending on engineering; and (v) higher currency exchange rates. Somewhat offsetting those increases was lower warranty expense due to a higher amount of specific reserves booked for known product modifications in fiscal 2002 compared to fiscal 2003 as well as the reversal of specific reserves in the second quarter of fiscal 2003 due to changes in estimates of claims payable from the original assumptions used when establishing the reserves.

### Restructuring and Other Expense

In the third quarter of fiscal 2003, we announced plans to close our two-cycle engine manufacturing facility that resulted in a pre-tax restructuring and other expense charge of \$1.7 million. In the second quarter of fiscal 2003, we recorded a benefit of \$0.2 million for the reversal of the remaining accrual for closing a facility in Australia, which was sold March 28, 2003. The combination of the charge and the benefit resulted in \$1.5 million pre-tax restructuring and other expense for the nine-month period of fiscal 2003.

In the first quarter of fiscal 2002, we incurred \$10.0 million of restructuring and other expense. The closure of two manufacturing facilities resulted in a pre-tax restructuring and other expense charge of \$8.0 million. In addition, we also incurred a \$2.0 million charge for asset impairment related to write-offs of patents and non-compete agreements in the agricultural irrigation business. Based on our evaluation of the recoverability of some acquired intangible assets, we determined that the acquired patents and non-compete agreements in the agricultural irrigation business had no future value due to changes in this industry.

### Interest Expense

Interest expense for the third quarter and nine-month period of fiscal 2003 was \$4.2 million and \$12.6 million, respectively, or a decrease of 10.8 percent and 17.5 percent, respectively, from the same periods in the prior year. These decreases were due primarily to lower levels of average debt.

### Other Income, Net

Other income, net for the third quarter and nine-month period of fiscal 2003 was \$0.3 million and \$6.9 million, respectively. For the third quarter comparison, other income, net was down \$0.5 million, mainly due to a gain on the sale of one of our owned facilities located in Riverside, California in the third quarter of fiscal 2002. For the year-to-date comparison, other income, net is up \$3.0 million primarily from a gain related to a legal settlement in the first quarter of fiscal 2003.

### Provision for Income Taxes

The effective tax rate for the third quarter and nine-month period of fiscal 2003 remained unchanged at 33.0 percent compared to the same prior year periods, before a federal tax refund of \$1.8 million. Including the federal tax refund, the effective tax rate was 30.8 percent for the first nine months of fiscal 2002.

### Cumulative Effect of Change in Accounting Principle

In connection with the adoption of SFAS No. 142 in the first quarter of fiscal 2002, we performed an evaluation of goodwill. The results of the evaluation indicated that goodwill related to the agricultural irrigation reporting unit was impaired. The performance of this reporting unit has not met our original expectations, mainly due to lower than anticipated growth rates in the drip line market. This is a result of lower industry-wide pricing and margins on product sales. We measured the amount of impairment based on a comparison of the fair value of the reporting unit to its carrying value. Accordingly, we recognized a \$24.6 million non-cash charge, net of income tax benefit of \$0.5 million, as the cumulative effect of a change in accounting principle.

## Business Segments

As described previously, we operate in three reportable segments: professional, residential, and distribution. A fourth segment called "other" consists of corporate and financing functions. Operating earnings (loss) by segment is defined as earnings (loss) from operations plus other income, net for the professional, residential, and distribution segments. The other segment operating loss consists of corporate activities, including corporate financing activities, other income, net, and interest expense. The business segment's operating profits and losses include direct costs incurred at the segment's operating level plus allocated expenses, such as profit sharing and manufacturing costs. The allocated expenses represent costs these operations would have incurred, but do not include general corporate expenses, interest expense, and income taxes.

The following table summarizes net sales by segment:

(Dollars in thousands)	Three Months Ended			
	August 1, 2003	August 2, 2002	\$ Change	% Change
Professional	\$ 244,111	\$ 235,301	\$ 8,810	3.7%
Residential	129,043	119,907	9,136	7.6
Distribution	43,039	50,452	(7,413)	(14.7)
Other	(21,669)	(30,028)	8,359	27.8
<b>Total *</b>	<b>\$ 394,524</b>	<b>\$ 375,632</b>	<b>\$ 18,892</b>	<b>5.0%</b>
* Includes international net sales of:	\$ 69,140	\$ 60,024	\$ 9,116	15.2%

  

(Dollars in thousands)	Nine Months Ended			
	August 1, 2003	August 2, 2002	\$ Change	% Change
Professional	\$ 751,671	\$ 701,267	\$ 50,404	7.2%
Residential	396,177	381,858	14,319	3.7
Distribution	96,987	118,825	(21,838)	(18.4)
Other	(58,509)	(78,089)	19,580	25.1
<b>Total *</b>	<b>\$ 1,186,326</b>	<b>\$ 1,123,861</b>	<b>\$ 62,465</b>	<b>5.6%</b>
* Includes international net sales of:	\$ 230,151	\$ 209,398	\$ 20,753	9.9%

### Professional

*Net Sales.* Worldwide net sales for the professional segment in the third quarter and nine-month period of fiscal 2003 were up 3.7 percent and 7.2 percent, respectively, compared to the same periods last year. Worldwide shipments of most product lines were up due to the success of introducing new products such as new lines of Toro® mid-size walk behind mowers, Toro 500 Series and Exmark® zero-turning radius riding mowers, and Toro Groundsmaster® rotary mowers. In addition, favorable currency exchange rates, better product availability of some irrigation products as well as a stronger order position and lower field inventory levels entering fiscal 2003 as compared to entering fiscal 2002 contributed to the sales growth. Worldwide agricultural irrigation product sales also increased as a result of additional manufacturing capacity, mainly in Europe. Shipments of Sitework Systems were down for the quarter comparison but up for the year-to-date comparison due to the addition of new dealers.

*Operating Earnings.* Operating earnings for the professional segment in the third quarter of fiscal 2003 were \$42.2 million compared to \$34.8 million in the third quarter of fiscal 2002, an increase of 21.3 percent. Expressed as a percentage of net sales, professional segment operating margins increased to 17.3 percent compared to 14.8 percent in the third quarter of fiscal 2002. Year-to-date operating earnings for the professional segment through the third quarter of fiscal 2003 were \$133.4 million compared to \$97.1 million last year. However, year-to-date fiscal 2002 operating earnings were reduced by restructuring and other expense of \$10.0 million. The increases were due mainly to higher gross margins as a result of the same factors discussed previously in the Gross Profit section. SG&A expense as a percentage of net sales was slightly higher for the quarter comparison primarily from higher marketing and engineering costs as well as the impact of higher currency exchange rates. For the year-to-date comparison, SG&A expense as a percentage of net sales was lower due mainly to leveraging fixed SG&A costs over higher sales volumes. In addition, a gain resulting from a legal settlement contributed to the year-to-date profit improvement.

## [Table of Contents](#)

### Residential

*Net Sales.* Worldwide net sales for the residential segment in the third quarter and nine-month period of fiscal 2003 were up by 7.6 percent and 3.7 percent, respectively, compared to the same periods last year. Riding product sales increased due to initial stocking orders for the new TimeCutter Z mower. However, shipments of other riding product lines were down due to continued strong competition, consumer preference for lower-priced units, and a shift of sales to the new TimeCutter riding mowers. Shipments of Toro walk power mowers were up due to successful retail promotional programs as well as strong retail demand. Snowthrower sales were also up due to initial stocking orders for a new two-stage snowthrower product. Somewhat offsetting these increases were lower electric trimmer sales due to lost shelf space at a home center customer. Electric blower product sales were also down, mainly for the year-to-date comparison, due to the cold fall weather in most markets in 2002 that reduced retail demand compared to the warm fall weather in 2001 that extended the selling season into the first quarter of fiscal 2002. Retail irrigation product sales also declined for the third quarter comparison due to poor weather conditions in key domestic markets, somewhat offset by new product introductions and strong demand in Australia due to dry weather conditions.

*Operating Earnings.* Operating earnings for the residential segment in the third quarter and nine-month period of fiscal 2003 increased 8.6 percent and 15.7 percent, respectively, compared to the same periods last year. Operating earnings as a percentage of net sales increased for the third quarter and nine-month period of fiscal 2003 by 0.1 and 1.2 percentage points from the same periods of the prior year, to 10.2 percent and 11.7 percent respectively. Fiscal 2003 operating earnings were negatively affected by a third quarter restructuring and other expense charge of \$1.7 million related to the announced closure of the two-cycle engine manufacturing facility. The operating profit improvement was mainly due to higher gross margins as a result of the same factors discussed previously in the Gross Profit section. Somewhat offsetting the profit improvement was higher SG&A expense, mainly for the third quarter comparison, due to an increase of marketing and warranty expense.

### Distribution

*Net Sales.* Worldwide net sales for the distribution segment in the third quarter and nine-month period of fiscal 2003 were down 14.7 percent and 18.4 percent, respectively, compared to the same periods last year. The sales decline was primarily the result of selling one of the previously owned distributorships effective December 31, 2002, somewhat offset by the addition of sales from a southeastern-based distributor acquired during the second quarter of fiscal 2003. Factoring out sales from the distribution company sold and the acquired distributorship, net sales for the distribution segment in the third quarter and nine-month period of fiscal 2003 were down 1.4 percent and 3.4 percent, respectively, compared to the same periods last year. The sales decline at the other company-owned distributors was due to continued weak economic conditions.

*Operating Earnings (Losses).* Operating earnings for the distribution segment for the third quarter comparison were even at \$2.3 million. Year-to-date operating losses for fiscal 2003 were \$0.4 million compared to operating earnings of \$2.0 million last year. This unfavorable change in operating results for the year-to-date comparison was due to lower sales volumes as well as the sale of a previously owned distributorship effective December 31, 2002.

### Other

*Net Sales.* Net sales for the other segment include the elimination of sales from the professional and residential segments to the distribution segment. Professional and residential segment shipments to the company-owned distributorships are eliminated in the other segment because consolidated results reflect those sales in the distribution segment after products are sold by the company-owned distributorships. In addition, elimination of the professional and residential segments' floor plan interest costs from Toro Credit Company are also included in this segment. The other segment net sales elimination decreased for the third quarter and nine-month period of fiscal 2003 by 27.8 percent and 25.1 percent, respectively, compared to the same periods last year. This decline reflects lower shipments to the distribution companies mainly as a result of selling one of the previously owned distributorships, somewhat offset by the acquisition of a distributorship during the second quarter of fiscal 2003 as discussed above.

*Operating Losses.* Operating losses for the other segment were up for the third quarter and nine-month period of fiscal 2003 by \$0.8 million and \$6.1 million, respectively, compared to the same periods last year. This loss increase was due to higher incentive compensation expenses, increased investments in information systems, higher expense for distributor changes, and rising insurance costs. Somewhat offsetting the operating loss increase was lower interest expense, higher litigation recovery, and a reduction of the gross profit elimination percentage due to a change in estimate applied to the ending Toro inventory at our company-owned distributors.

## Financial Position

### Working Capital

During the third quarter of fiscal 2003, emphasis continued on reducing average short-term debt. However, average inventory and receivables were up for the first nine months of fiscal 2003 compared to the first nine months of fiscal 2002. Average working capital for the first nine months of fiscal 2003 was \$327.3 million compared to \$278.5 million for the first nine months of fiscal 2002. The increase of 17.5 percent was due to lower average short-term debt, higher average inventory levels, and higher average receivables, somewhat offset by higher payables and other accrued liabilities. Based on the last twelve months ended August 1, 2003, inventory turns were slightly down compared to the twelve months ended August 2, 2002. This unfavorable change was due to higher average inventory levels in the second and third quarters of fiscal 2003 from the prior year comparable periods as a result of prebuilding some residential segment products together with lower than expected sales. Average days outstanding for receivables slightly improved to 84.3 days based on the last twelve months ended August 1, 2003 compared to 84.7 days based on the last twelve months ended August 2, 2002. This decrease was due to a higher proportion of sales that have shorter payment terms. In addition, higher foreign currency exchange rates also contributed to the higher receivables and inventory values as of the end of the third quarter of fiscal 2003 compared to the end of the third quarter of fiscal 2002.

### Liquidity and Capital Resources

Our businesses are working capital intensive and require funding for purchases of production and replacement parts inventory, capital expenditures, expansion and upgrading of existing facilities, and for financing receivables from customers. We believe that cash generated from operations, our medium-term bank credit lines, and cash on hand provide us with adequate liquidity to meet our operating requirements. We believe that the combination of funds available through existing or anticipated financing arrangements, coupled with forecasted cash flows, will provide the necessary capital resources for our anticipated working capital, capital additions, acquisitions, long-term debt repayments, and stock repurchases for the next twelve months.

*Cash Flow.* Cash used in operating activities for the first nine months of fiscal 2003 was \$1.0 million compared to cash provided by operations of \$61.7 million for the first nine months of fiscal 2002. This unfavorable change was due primarily to a higher increase of receivables and inventory levels, somewhat offset by higher cash-related earnings and a higher increase of accounts payable and accruals for the first nine months of fiscal 2003 compared to the first nine months of fiscal 2002. Cash used in investing activities for the first nine months of fiscal 2003 was 8.5 percent lower than the first nine months in fiscal 2002 as a result of slightly lower levels of purchases of property, plant, and equipment, proceeds from an investment and the sale of a previously owned distribution company, and a smaller increase of other assets. This was somewhat offset by cash used for the acquisition of R & D Engineering. Cash used in financing activities for the first nine months of fiscal 2003 was 59.9 percent lower than the first nine months of fiscal 2002 mainly due to higher levels of short-term debt repayments in fiscal 2002 compared to fiscal 2003.

*Credit Lines and Other Capital Resources.* Our U.S. seasonal working capital requirements are funded with a \$175.0 million medium-term committed unsecured bank credit line with various banks, which expires in February 2005. We also had a \$75.0 million short-term committed unsecured credit line, which expired in February 2003. During the third quarter of fiscal 2003, we replaced the expired unsecured line of credit with a new \$75.0 million secured line of credit backed by a multi-year credit agreement, which is expected to reduce our interest costs. Interest expense on these credit lines is determined from a LIBOR or commercial paper rate plus a basis point spread defined in the credit agreements. In addition, our non-U.S. operations and a domestic subsidiary also maintain unsecured short-term lines of credit of approximately \$11 million. These facilities bear interest at various rates depending on the rates in their respective countries of operation. We also have a letter of credit subfacility as part of the above Working Capital Agreements. Average borrowings were \$47.9 million in the first nine months of fiscal 2003 compared to \$86.0 million in the first nine months of fiscal 2002. The decrease in average short-term debt resulted primarily from the use of cash earnings to pay for working capital requirements and higher levels of accounts payable and other accruals, somewhat offset by higher levels of receivables and inventory. Our business is seasonal, with peak borrowing generally occurring between February and May each year.

## [Table of Contents](#)

Significant financial covenants in the Working Capital Agreements are interest coverage and debt to total capitalization ratios. We were in compliance with all covenants related to the Working Capital Agreements as of August 1, 2003. If we were out of compliance with any debt covenant required by the Working Capital Agreements, the banks could terminate their commitments unless we could negotiate a covenant waiver from the banks. In addition, our long-term public notes and debentures could become due and payable if we were unable to obtain a covenant waiver or refinance our medium-term debt under our Working Capital Agreements. If our credit rating falls below investment grade, the interest rate we currently pay on outstanding debt on the Working Capital Agreements would increase, but the credit commitments could not be cancelled by the banks based only on a ratings downgrade. Our debt rating for long-term unsecured senior, non-credit enhanced debt has been unchanged for the third quarter of fiscal 2003 by Standard and Poor's Ratings Group at BBB- and by Moody's Investors Service at Baa3.

### Inflation

We are subject to the effects of inflation and changing prices. In our opinion, changes in net sales and net earnings that have resulted from inflation and changing prices have not been material during the periods presented. However, there is no assurance that inflation will not materially affect us in the future. We attempt to deal with these inflationary pressures by actively pursuing internal cost reduction efforts and introducing slight price increases.

### Outlook

Based on our performance for the first nine months of fiscal 2003, we anticipate continued revenue and profit growth for the fourth quarter of fiscal 2003 compared to the fourth quarter of fiscal 2002. In addition, we expect to realize continued benefits from our profit improvement initiatives implemented under our "5 by Five" program. We expect a slight improvement in sales growth in fiscal 2003 compared to the sales growth in fiscal 2002, and strong diluted earnings per share growth in fiscal 2003 over fiscal 2002 before the cumulative effect of a change in accounting principle. We will continue, however, to keep a cautionary eye on the challenging and uncertain world economies, weather, and geopolitical conditions that may cause actual results to differ from our outlook.

### Forward-Looking Information

*Safe Harbor Statement.* This Quarterly Report on Form 10-Q contains not only historical information, but also forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Statements that are not historical are forward-looking and reflect expectations about our future performance. In addition, forward-looking statements may be made orally or in press releases, conferences, reports, on our worldwide web site, or otherwise, in the future by or on our behalf. When used by or on our behalf, the words "expect", "looking ahead", "anticipate", "estimate", "believe", "could", "will", "may", "should", "intend", and similar expressions generally identify forward-looking statements.

Forward-looking statements involve risks and uncertainties. These uncertainties include factors that affect all businesses operating in a global market as well as matters specific to us. The following are some of the factors that could cause our financial condition to differ materially from what we have anticipated in our forward-looking statements:

- Continued threat of terrorist acts and war, which may result in heightened security and higher costs for import and export shipments of components or finished goods, reduced business or leisure travel that negatively affects the travel industry, and contraction of the U.S. and worldwide economies.
- Changes in global and domestic economies, including but not limited to further slowing in growth, slow down in home sales, rise in interest rates and oil costs, inflation, unemployment, and weaker consumer confidence, which could have a negative impact on our financial results.
- Increased competition, including competitive pricing pressures, new product introductions, and financing programs offered by both domestic and foreign companies.
- Weather conditions that reduce demand for our products.
- Our ability to achieve sales growth and strong diluted earnings per share growth in fiscal 2003 compared to fiscal 2002.
- Our ability to achieve goals of the "5 by Five" profit improvement program, which is intended to improve after-tax return on sales.
- Unforeseen inventory adjustments, higher field inventory levels, or changes in purchasing patterns by our customers, which could reduce sales and necessitate lowering manufacturing volumes, or increase our inventory above acceptable levels.

## Table of Contents

- Our ability to acquire, develop, and integrate new businesses and manage alliances successfully, both of which are important to our revenue growth.
- Market acceptance of new products as well as sales generated from these new products relative to expectations, based on existing and anticipated investments in manufacturing capacity and commitments to fund advertising, marketing, promotional programs, and research and development.
- Market acceptance of existing products based on our commitment to develop and improve existing product lines.
- Unforeseen product quality problems in the development and production of new and existing products, which could result in loss of market share and higher warranty expense.
- Degree of success in restructuring and plant consolidation, including our ability to cost-effectively expand existing, open new, move production between, and close manufacturing facilities.
- Continued slow growth rate in new golf course construction or existing golf course renovations.
- Changing buying patterns, including but not limited to, a trend away from purchases at dealer outlets to price and value sensitive purchases at hardware retailers, home centers, and mass retailers.
- Increased dependence on The Home Depot as a customer for the residential segment.
- Elimination or reduction of shelf space for our products at retailers.
- Reduced government spending for grounds maintenance equipment due to reduced tax revenue and tighter government budgets.
- Financial viability of some distributors and dealers, changes in distributor ownership, success in partnering with new dealers, and our customers' ability to pay amounts owed to us.
- Changes in laws and regulations, including changes in accounting standards; taxation changes, including tax rate changes, new tax laws, revised tax law interpretations, or the repeal of the foreign export benefit; imposition of new tariffs on commodities such as steel; and environmental laws.
- Changes in cost of raw materials, including higher oil prices.
- The effects of litigation, including threatened or pending litigation, on matters relating to patent infringement, employment, and commercial disputes.
- Adverse changes in currency exchange rates or raw material commodity prices, and the costs we incur in providing price support to international customers and suppliers.

*We wish to caution readers not to place undue reliance on any forward-looking statement and to recognize that the statements are predictions of future results, which may not occur as anticipated. Actual results could differ materially from those anticipated in the forward-looking statements and from historical results, due to the risks and uncertainties described above, as well as others not now anticipated. The foregoing statements are not exclusive and further information concerning the company and our businesses, including factors that potentially could materially affect our financial results or condition, may emerge from time to time. We assume no obligation to update forward-looking statements to reflect actual results or changes in factors or assumptions affecting such forward-looking statements.*

**Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

We are exposed to market risk stemming from changes in foreign currency exchange rates, interest rates, and commodity prices. Changes in these factors could cause fluctuations in our net earnings and cash flows. In the normal course of business, we actively manage the exposure of foreign currency market risk by entering into various hedging instruments, authorized under company policies that place controls on these activities, with counterparties that are highly rated financial institutions. Our hedging activities involve the use of a variety of derivative financial instruments. We use derivatives only in an attempt to limit underlying exposure from currency fluctuations and to minimize earnings and cash volatility associated with foreign exchange rate changes, and not for trading purposes. Our market risk on interest rates relates primarily to short-term debt and the potential increase in fair value of long-term debt resulting from a potential decrease in interest rates. However, we do not have a cash flow or earnings exposure due to market risks on long-term debt. See further discussions on these market risks below.

*Foreign Currency Exchange Rate Risk.* We are exposed to foreign currency exchange rate risk arising from transactions in the normal course of business, such as sales and loans to wholly owned subsidiaries as well as sales to third party customers, purchases from suppliers, and bank lines of credit with creditors denominated in foreign currencies. Because our products are manufactured or sourced primarily from the United States, a stronger U.S. dollar generally has a negative impact on results from operations outside the United States while a weaker dollar generally has a positive effect. Our primary exchange rate exposure is with the euro, the Japanese yen, the Australian dollar, the Canadian dollar, the British pound, and the Mexican peso against the U.S. dollar.

We enter into various contracts, principally forward contracts that change in value as foreign exchange rates change, to protect the value of existing foreign currency assets, liabilities, anticipated sales, and probable commitments. Decisions on whether to use such contracts are made based on the amount of exposures to the currency involved, and an assessment of the near-term market value for each currency. The gains and losses on these contracts offset changes in the value of the related exposures. Therefore, changes in market values of these hedge instruments are highly correlated with changes in market values of underlying hedged items both at inception of the hedge and over the life of the hedge contract. During the three and nine months ended August 1, 2003, the amount of losses reclassified to earnings for such cash flow hedges was \$1.4 million and \$3.9 million, respectively.

The following foreign currency exchange contracts held by us have maturity dates in fiscal 2003 and fiscal 2004. All items are non-trading and stated in U.S. dollars. Some derivative instruments we enter into do not meet the hedging criteria of SFAS No. 133; therefore, changes in fair value are recorded in other income, net. The average contracted rate, notional amount, pre-tax value of derivative instruments in accumulated other comprehensive income (loss), and fair value impact of derivative instruments in other income, net as of August 1, 2003 was as follows:

Dollars in thousands (except average contracted rate)	Average Contracted Rate	Notional Amount	Value in Accumulated Other Comprehensive Income (Loss)	Fair Value Impact Gain (Loss)
Buy US dollar/Sell Australian dollar	0.6292	\$30,563.4	\$(314.4)	\$ (176.0)
Buy US dollar/Sell Canadian dollar	1.4544	8,680.6	(132.3)	(107.0)
Buy US dollar/Sell Euro	1.0884	57,360.3	(535.9)	(1,804.6)
Buy British pound/Sell US dollar	1.5915	756.0	4.4	—
Buy Japanese yen/Sell US dollar	117.7166	7,942.8	(107.3)	0.9
Buy Mexican peso/Sell US dollar	10.8286	17,278.3	40.6	—
Buy Canadian dollar/Sell US dollar	1.4102	354.6	—	2.1

*Interest Rate Risk.* We are exposed to interest rate risk arising from transactions that are entered into during the normal course of business. Our medium-term debt rates are dependent upon the LIBOR rate plus an additional percentage based on our current borrowing level. See our most recent Annual Report filed on Form 10-K (Item 7A). There has been no material change in this information.

*Commodity Price Risk.* Some raw materials used in our products are exposed to commodity price changes. We manage some of this risk by using a combination of short-term and long-term agreements with some vendors. The primary commodity price exposures are with aluminum, steel, and plastic resin.

#### ITEM 4. CONTROLS AND PROCEDURES

The company maintains disclosure controls and procedures designed to ensure that information required to be disclosed in reports filed under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized, and reported within the specified time periods. The company's principal executive officer and principal financial officer evaluated the effectiveness of the company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-14(c) and 15d-14(c)) with the participation of the company's management as of the end of the period covered in this Quarterly Report on Form 10-Q. Based on that evaluation, such officers concluded that the company's disclosure controls and procedures were effective as of the end of such period to provide reasonable assurance that material information relating to the company and its consolidated subsidiaries would be made known to them by others within those entities. There were no significant changes in the company's internal controls over financial reporting that occurred during the company's most recent fiscal quarter that have materially affected or are reasonably likely to materially affect the company's internal control over financial reporting.

**PART II. OTHER INFORMATION**

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

- 3(i) and 4(a) Amended and Restated Certificate of Incorporation of Registrant (incorporated by reference to Exhibit 4(b) to Registrant's Current Report on Form 8-K dated May 28, 2003, Commission File No. 1-8649).
- 3(ii) and 4(b) Bylaws of Registrant (incorporated by reference to Exhibit 4(c) to Registrant's Current Report on Form 8-K dated May 28, 2003, Commission File No. 1-8649).
- 4(c) Specimen form of Common Stock certificate (incorporated by reference to Exhibit 4(c) to Registrant's Registration Statement on Form S-8, Registration No. 2-94417).
- 4(d) Rights Agreement dated as of May 20, 1998, between Registrant and Wells Fargo Bank Minnesota, National Association relating to rights to purchase Series B Junior Participating Voting Preferred Stock, as amended (incorporated by reference to Registrant's Current Report on Form 8-K dated May 27, 1998, Commission File No. 1-8649).
- 4(e) Certificate of Adjusted Purchase Price or Number of Shares dated April 14, 2003 filed by Registrant with Wells Fargo Bank Minnesota, N.A., as Rights Agent, in connection with Rights Agreement dated as of May 20, 1998 (incorporated by reference to Exhibit 2 to Registrant's Amendment No. 1 to Registration Statement on Form 8-A/A dated April 14, 2003, Commission File No. 1-8649).
- 4(f) Indenture dated as of January 31, 1997, between Registrant and First National Trust Association, as Trustee, relating to the Registrant's 7.125% Notes due June 15, 2007 and its 7.80% Debentures due June 15, 2027 (incorporated by reference to Exhibit 4(a) to Registrant's Current Report on Form 8-K for June 24, 1997, Commission File No. 1-8649).
- 10(n) Multi-Year Credit Agreement dated as of February 22, 2002, by and among The Toro Company and Toro Credit Company, the borrowers and other obligated parties named therein, Bank of America, N.A. as Administrative Agent, U.S. Bank National Association and Suntrust Bank as co-syndication agents, Harris Trust and Savings Bank and Wells Fargo Bank, National Association as co-documentation agents, and Banc of America Securities LLC as sole lead arranger and sole book manager.
- 10(o) Amendment No. 1 to Multi-Year Credit Agreement dated as of December 11, 2002, by and among The Toro Company and Toro Credit Company, the borrowers, Toro Manufacturing LLC, Bank of America, N.A. as Administrative Agent, and each of the Banks as defined in the Multi-Year Credit Agreement dated as of February 22, 2002.
- 10(p) Amendment No. 2 to Multi-Year Credit Agreement dated as of July 9, 2003, by and among The Toro Company and Toro Credit Company, the borrowers, Exmark Manufacturing Company Incorporated, Bank of America, N.A. as Administrative Agent, and each of the Banks as defined in the Multi-Year Credit Agreement dated as of February 22, 2002.
- 10(q) Loan Agreement dated as of July 9, 2003 among Toro Receivables Company, as borrower, and The Toro Company, as servicer, and Three Pillars Funding Corporation, as lender, and Suntrust Capital Markets, Inc., as administrator.
- 31(a) Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31(b) Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K

During the fiscal quarter ended August 1, 2003 and through September 10, 2003, Toro furnished a Current Report on Form 8-K dated August 26, 2003 pursuant to Item 12 that attached a press release announcing Toro's financial results for the fiscal quarter ended August 1, 2003.

SIGNATURES

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

THE TORO COMPANY  
(Registrant)

Date: September 10, 2003

By /s/ Stephen P. Wolfe

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Stephen P. Wolfe  
Vice President Finance,  
Treasurer and Chief Financial Officer  
(duly authorized officer and principal financial officer)

MULTI-YEAR CREDIT AGREEMENT

Dated as of February 22, 2002

among

THE TORO COMPANY,  
THE SUBSIDIARY BORROWERS  
and  
TORO CREDIT COMPANY  
as Borrowers,

BANK OF AMERICA, N.A.  
as Administrative Agent, Swing Line Bank, Letter of Credit Issuing Bank and  
Bank,

and

THE OTHER FINANCIAL INSTITUTIONS PARTY HERETO

and

U.S. BANK NATIONAL ASSOCIATION  
and  
SUNTRUST BANK  
as Co-Syndication Agents,

and

HARRIS TRUST AND SAVINGS BANK  
and  
WELLS FARGO BANK, NATIONAL ASSOCIATION  
as Co-Documentation Agents,

and

BANC OF AMERICA SECURITIES LLC  
as Sole Lead Arranger and Sole Book Manager

TABLE OF CONTENTS

		PAGE
ARTICLE I.	DEFINITIONS	
1.1	Certain Defined Terms.....	1
1.2	Other Interpretive Provisions.....	23
1.3	Accounting Principles.....	24
ARTICLE II.	THE CREDITS	
2.1	Amounts and Terms of Commitments.....	27
2.2	Loan Accounts.....	28
2.3	Procedure for Borrowing.....	29
2.4	Conversion and Continuation Elections for Borrowings.....	30
2.5	The Swing Loan Facility.....	31
2.6	Voluntary Termination or Reduction of Commitments.....	32
2.7	Optional Prepayments.....	33
2.8	Repayment of Loans.....	33
2.9	Interest.....	33
2.10	Fees.....	35
2.11	Computation of Fees and Interest.....	35
2.12	Payments by the Companies.....	35
2.13	Payments by the Banks to the Administrative Agent.....	36
2.14	Sharing of Payments, Etc.....	37
2.15	Limitations on Borrowings.....	38

TABLE OF CONTENTS  
(continued)

	PAGE
ARTICLE III.	THE LETTERS OF CREDIT
3.1	The Letter of Credit Subfacility..... 38
3.2	Issuance, Amendment and Renewal of Letters of Credit..... 39
3.3	Risk Participations, Drawings and Reimbursements..... 41
3.4	Repayment of Participations..... 42
3.5	Role of the Issuing Bank..... 43
3.6	Obligations Absolute..... 44
3.7	Letter of Credit Fees..... 45
3.8	Applicability of ISP98..... 45
ARTICLE IV.	TAXES, YIELD PROTECTION AND ILLEGALITY
4.1	Taxes..... 45
4.2	Illegality..... 46
4.3	Increased Costs and Reduction of Return..... 47
4.4	Funding Losses..... 48
4.5	Inability to Determine Rates..... 49
4.6	Certificates of Banks..... 49
4.7	Substitution of Banks..... 49
4.8	Survival..... 49
ARTICLE V.	CONDITIONS PRECEDENT
5.1	Conditions of Effectiveness..... 49
5.2	Conditions to All Loans, Swing Loans and Letter of Credit Issuances..... 52

TABLE OF CONTENTS  
(continued)

		PAGE
ARTICLE VI.	REPRESENTATIONS AND WARRANTIES	
6.1	Corporate Existence and Power.....	52
6.2	Corporate Authorization; No Contravention.....	53
6.3	Governmental or Third-Party Authorization.....	53
6.4	Binding Effect.....	53
6.5	Litigation.....	53
6.6	No Default.....	54
6.7	ERISA Compliance.....	54
6.8	Taxes.....	54
6.9	Financial Condition.....	55
6.10	Environmental Matters.....	55
6.11	Regulated Entities.....	55
6.12	Copyrights, Patents, Trademarks and Licenses, etc.....	55
6.13	Subsidiaries.....	56
6.14	Insurance.....	56
6.15	Full Disclosure.....	56
ARTICLE VII.	AFFIRMATIVE COVENANTS	
7.1	Financial Statements.....	56
7.2	Certificates; Other Information.....	57
7.3	Notices.....	57
7.4	Preservation of Corporate Existence, Etc.....	58
7.5	Maintenance of Property.....	59

TABLE OF CONTENTS  
(continued)

	PAGE
7.6 Insurance.....	59
7.7 Compliance with Laws and Contractual Obligations.....	59
7.8 Compliance with ERISA.....	59
7.9 Inspection of Property and Books and Records.....	59
7.10 Use of Proceeds.....	60
ARTICLE VIII. NEGATIVE COVENANTS	
8.1 Limitation on Liens.....	60
8.2 Disposition of Assets.....	61
8.3 Consolidations and Mergers.....	62
8.4 Loans and Investments.....	62
8.5 Transactions with Affiliates.....	63
8.6 Contingent Obligations.....	63
8.7 Restricted Payments.....	63
8.8 Maintenance of Business.....	64
8.9 Minimum Interest Coverage.....	64
8.10 Maximum Total Indebtedness to Capitalization.....	64
8.11 Toro and Credit Portion of Assets.....	64
8.12 Negative Pledge Clause.....	64
8.13 Burdensome Contractual Obligation.....	65
ARTICLE IX. EVENTS OF DEFAULT	
9.1 Events of Default.....	65

TABLE OF CONTENTS  
(continued)

		PAGE
9.2	Remedies.....	68
9.3	Rights Not Exclusive.....	69
ARTICLE X.	THE ADMINISTRATIVE AGENT	
10.1	Appointment and Authorization of Administrative Agent.....	70
10.2	Delegation of Duties.....	70
10.3	Liability of Administrative Agent.....	70
10.4	Reliance by Administrative Agent.....	71
10.5	Notice of Default.....	71
10.6	Credit Decision; Disclosure of Information by Administrative Agent.....	72
10.7	Indemnification of Administrative Agent.....	72
10.8	Administrative Agent in its Individual Capacity.....	73
10.9	Successor Administrative Agent.....	73
10.10	Other Agents.....	74
10.11	Withholding Tax.....	74
ARTICLE XI.	GUARANTY	
11.1	The Guaranty.....	75
11.2	Guaranty Unconditional.....	76
11.3	Discharge Only Upon Payment In Full; Reinstatement In Certain Circumstances.....	77
11.4	Waiver by Toro.....	77
11.5	No Subrogation.....	77

TABLE OF CONTENTS  
(continued)

	PAGE
11.6 Stay of Acceleration.....	77
ARTICLE XII. MISCELLANEOUS	
12.1 Amendments, Etc.....	77
12.2 Notices.....	78
12.3 No Waiver; Cumulative Remedies.....	79
12.4 Costs and Expenses.....	80
12.5 Indemnification.....	80
12.6 Payments Set Aside.....	81
12.7 Successors and Assigns.....	81
12.8 Confidentiality.....	84
12.9 Set-off.....	84
12.10 Automatic Debits of Principal, Interest Fees.....	85
12.11 Notification of Addresses, Lending Offices, Etc.....	85
12.12 Counterparts.....	85
12.13 Severability.....	85
12.14 No Third Parties Benefited.....	85
12.15 Governing Laws and Jurisdiction.....	85
12.16 Waiver of Jury Trial.....	86
12.17 Entire Agreement.....	86
12.18 Liability of the Companies.....	87
12.19 Judgment Currency.....	87

TABLE OF CONTENTS  
(continued)

	PAGE
12.20 Interest Rate Limitation.....	87
12.21 Termination of Existing Facilities.....	88

## SCHEDULES

Schedule 2.1	Commitments
Schedule 6.5	Litigation
Schedule 6.7	ERISA
Schedule 6.9	Permitted Liabilities
Schedule 6.10	Environmental Matters
Schedule 6.13	Subsidiaries and Minority Interests
Schedule 6.14	Insurance Matters
Schedule 8.1	Permitted Liens
Schedule 12.2	Lending Offices, Addresses for Notices

## EXHIBITS

Exhibit A-1	Form of Notice of Borrowing
Exhibit A-2	Form of Swing Loan Notice of Borrowing
Exhibit B	Form of Notice of Conversion/Continuation
Exhibit C	Form of Compliance Certificate
Exhibit D	Form of Assignment and Assumption
Exhibit E-1	Form of Revolving Note for Toro and Credit
Exhibit E-2	Form of Revolving Note for each Subsidiary Borrower
Exhibit E-3	Form of Swing Line Note

## MULTI-YEAR CREDIT AGREEMENT

This MULTI-YEAR CREDIT AGREEMENT is entered into as of February 22, 2002, among The Toro Company, a Delaware corporation ("Toro"), the Subsidiary Borrowers (as defined herein) and Toro Credit Company, a Minnesota corporation ("Credit," together with the Subsidiary Borrowers and Toro sometimes collectively referred to herein as the "Companies" and individually as a "Company"), the several financial institutions from time to time party to this Agreement (collectively, the "Banks"; individually, a "Bank"), and Bank of America, N.A., as Letter of Credit Issuing Bank, Swing Line Bank, a Bank and as Administrative Agent for the Banks and Banc of America Securities LLC, as Sole Lead Arranger and Sole Book Manager.

WHEREAS, the Banks have agreed to make available to the Companies a \$175 million revolving credit facility with a letter of credit subfacility and a swing line subfacility upon the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained herein, the parties agree as follows:

### ARTICLE I.

#### DEFINITIONS

- 1.1 Certain Defined Terms. The following terms have the following meanings:

"364-Day Credit Agreement" means that certain 364-Day Credit Agreement dated as of even date herewith by and among Toro, the Subsidiary Borrowers and Credit, Bank of America, as Administrative Agent, and the other financial institutions party thereto, as such agreement may be amended, modified or restated from time to time, pursuant to which the Agent and the other financial institutions party thereto have agreed to provide to the Companies a 364 day revolving credit facility.

"Acquisition" means any investment which involves a transaction or series of related transactions for the purpose of or resulting, directly or indirectly, in (a) the acquisition of all or substantially all of the assets of a Person, or of any business or division of a Person, (b) the acquisition of in excess of 50% of the capital stock, partnership interests, membership interests or equity of any Person, or otherwise causing any Person to become a Subsidiary, or (c) a merger or consolidation or any other combination with another Person that is otherwise permitted under this Agreement.

"Administrative Agent" means Bank of America in its capacity as administrative agent for the Banks, and any successor administrative agent arising under Section 10.9.

"Administrative Agent-Related Persons" means Bank of America and any successor administrative agent arising under Section 10.9, together with their respective Affiliates (including in the case of Bank of America the Arranger), and the officers, directors, employees, agents and attorneys-in-fact of such Persons and Affiliates.

"Administrative Agent's Payment Office" means the address for payments set forth on Schedule 12.2 or such other address as the Administrative Agent may from time to time specify.

"Affected Bank" has the meaning specified in Section 4.7.

"Affiliate" means, as to any Person, any other Person which, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. A Person shall be deemed to control another Person if the controlling Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of the other Person, whether through the ownership of voting securities, membership interests, by contract, or otherwise.

"Agreement" means this Credit Agreement.

"Applicable Margin" means, from time to time,

(i) with respect to Base Rate Loans, 0%; and

(ii) with respect to Offshore Rate Loans, for the purpose indicated, the respective percentages per annum, based upon the Debt Rating, as set forth below:

PRICING LEVEL	DEBT RATING S&P/MOODY'S	OFFSHORE RATE LOANS AND LETTER OF CREDIT FEES
1	> than = BBB+/Baa1	60.0 bps
2	BBB/Baa2	70.0 bps
3	BBB-/Baa3	77.5 bps
4	BB+/Ba1	95.0 bps
5	< than = BB/Ba2	115.0 bps

Initially, the Applicable Margin shall be determined based upon the Debt Rating specified in the certificate delivered pursuant to Section 5.1(h). Thereafter, each change in the Applicable Margin resulting from a publicly announced change in the Debt Rating shall be effective during the period commencing on the date of the public announcement thereof and ending on the date immediately preceding the effective date of the next such change. In the event that none of the Debt Ratings are applicable because Toro ceases to have any Rated Debt outstanding, all the Banks, the Administrative Agent and Toro will negotiate in good faith to determine an appropriate Applicable Margin or an alternative basis for determination thereof.

"Approved Fund" means any Person (other than a natural Person) that (i) is or will be engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business and (ii) is administered or managed by (x) a Bank, (y) an Affiliate of a Bank or (z) an entity or an Affiliate of an entity that administers or manages a Bank.

"Arranger" means Banc of America Securities LLC.

"Assignment and Assumption" has the meaning specified in Section 12.7(a).

"Attorney Costs" means and includes all reasonable fees and disbursements of any law firm or other external counsel, the allocated cost of internal legal services and all disbursements of internal counsel.

"Australian Dollars" means the lawful currency of Australia.

"Bank" has the meaning specified in the introductory clause hereto, and, as the context requires, includes the Issuing Bank and the Swing Line Bank.

"Bank of America" shall mean Bank of America, N.A., a national banking association, and any successor by purchase or merger.

"Bankruptcy Code" means the Federal Bankruptcy Reform Act of 1978 (11 U.S.C. Section 101, et seq.) as amended from time to time.

"Base Rate" means, for any day, the higher of (a) 0.50% per annum above the latest Federal Funds Rate; and (b) the rate of interest in effect for such day as publicly announced from time to time by Bank of America, as its "prime rate." (The "prime rate" is a rate set by Bank of America based upon various factors including Bank of America's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate.) Any change in the prime rate announced by Bank of America shall take effect at the opening of business on the day specified in the public announcement of such change.

"Base Rate Loan" means a Loan in Dollars that bears interest based on the Base Rate.

"Borrowing" means a borrowing hereunder consisting of Loans of the same Type made to any of the Companies on the same day by the Banks ratably according to their respective Pro Rata Shares and, other than in the case of Base Rate Loans, having the same Interest Period.

"Borrowing Date" means any date on which a Borrowing occurs under Section 2.3 or Section 2.5.

"British Pounds Sterling" and "(pound)" means the lawful currency of the United Kingdom of Britain and Northern Ireland.

"Business Day" means (a) for all purposes other than transactions referred to in clause (b) below, a day other than Saturday or Sunday on which banks are open for

business in New York, New York and on which the Administrative Agent is open for business in San Francisco, California, and (b) with respect to all notices and determinations in connection with, and payments of principal of and interest on Offshore Rate Loans, any day which is a Business Day described in clause (a) and is also (i) a day on which banks are open for business and quoting interest rates for Dollar deposits or the relevant Optional Currency deposits in London, England, (ii) if the applicable Business Day relates to an Optional Currency Loan other than an Optional Currency Loan denominated in euro, a day on which dealings in deposits in the relevant optional currency are conducted by and between banks in the London interbank market or (iii) if the applicable Business Day relates to an Optional Currency Loan denominated in euro, a TARGET Business Day.

"Capital Adequacy Regulation" means any guideline, request or directive of any central bank or other Governmental Authority, or any other law, rule or regulation, whether or not having the force of law, in each case, regarding capital adequacy of any bank or of any corporation controlling a bank.

"Cash Collateral" means all cash, deposit accounts and all balances therein pledged or deposited with or delivered to the Administrative Agent to Cash Collateralize the L/C Obligations.

"Cash Collateralize" means to pledge and deposit with or deliver to the Administrative Agent, for the benefit of the Issuing Bank and the Banks, as collateral for the L/C Obligations plus all fees accrued or to be incurred in connection therewith, Cash Collateral, in an amount not less than the sum of such L/C Obligations and fees, pursuant to documentation in form and substance satisfactory to the Administrative Agent and the Issuing Bank (which documents are hereby consented to by the Banks) and to take all such other action as shall be necessary for the Administrative Agent to have "control" thereof within the meaning of the Uniform Commercial Code applicable thereto. Derivatives of such term shall have corresponding meaning. Toro hereby grants the Administrative Agent, for the benefit of the Issuing Bank and the Banks, a Lien on all such Cash Collateral. Cash Collateral shall be maintained in blocked, non-interest bearing deposit accounts at Bank of America or other institutions satisfactory to it.

"Closing Date" means the date on which all conditions precedent set forth in Section 5.1 are satisfied or waived by all Banks (or, in the case of subsection 5.1(e), waived by the Person entitled to receive such payment) and this Agreement shall become effective.

"Code" means the Internal Revenue Code of 1986, and regulations promulgated thereunder.

"Commitment", as to each Bank, has the meaning specified in Section 2.1.

"Compliance Certificate" means a certificate substantially in the form of Exhibit C.

"Consolidated EBIT" means, for any period, for Toro and its Subsidiaries on a consolidated basis, an amount equal to the sum of (a) Consolidated Net Income, (b) Consolidated Interest Charges, (c) the amount of taxes, based on or measured by income, used or included in determining such Consolidated Net Income and (d) for any such period including the first fiscal quarter of the fiscal year of Toro ending October 31, 2002 (the "First Quarter of FY2002"), the sum of (i) a non-cash impairment charge related to agricultural irrigation business of the Companies incurred during the First Quarter of FY2002 in an amount not to exceed \$30,000,000 and (ii) restructuring charges related to the Evansville, Indiana and Riverside, California manufacturing facilities of the Companies incurred during the First Quarter of FY2002 in an amount not to exceed \$8,000,000.

"Consolidated Interest Charges" means, for any period, for Toro and its Subsidiaries on a consolidated basis, the sum of (a) all interest, discounts, premium payments, commissions, fees (other than fees incurred hereunder or in connection herewith), charges and related expenses of Toro and its Subsidiaries in connection with Indebtedness (including capitalized interest) or in connection with the deferred purchase price of assets or incurred with respect to any Receivables Purchase Facility permitted hereunder, in each case to the extent treated as interest in accordance with GAAP and (b) the portion of rent expense of Toro and its Subsidiaries with respect to such period under capital leases that is treated as interest in accordance with GAAP.

"Consolidated Interest Coverage Ratio" means, as of any date of determination, the ratio of (a) Consolidated EBIT for the period of four fiscal quarters ending on such date to (b) Consolidated Interest Charges for such period.

"Consolidated Net Income" means, for any period, for Toro and its Subsidiaries on a consolidated basis, the net income of Toro and its Subsidiaries for that period.

"Contingent Obligation" means, as to any Person, any direct or indirect liability of that Person, whether or not contingent, with or without recourse, (a) with respect to any Indebtedness, lease, dividend, letter of credit or other obligation (the "primary obligations") of another Person (the "primary obligor"), including any obligation of that Person (i) to purchase, repurchase or otherwise acquire such primary obligations or any security therefor, (ii) to advance or provide funds for the payment or discharge of any such primary obligation, or to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency or any balance sheet item, level of income or financial condition of the primary obligor, (iii) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation, or (iv) otherwise to assure or hold harmless the holder of any such primary obligation against loss in respect thereof (each, a "Guaranty Obligation"); (b) with respect to any Surety Instrument issued for the account of that Person or as to which that Person is otherwise liable for reimbursement of drawings or payments; (c) to purchase any materials, supplies or other property from, or to obtain the services of, another Person

if the relevant contract or other related document or obligation requires that payment for such materials, supplies or other property, or for such services, shall be made regardless of whether delivery of such materials, supplies or other property is ever made or tendered, or such services are ever performed or tendered, or (d) in respect of any Swap Contract which is not a Permitted Swap Obligation. The amount of any Contingent Obligation shall, in the case of Guaranty Obligations, be deemed equal to the stated or determinable amount of the primary obligation in respect of which such Guaranty Obligation is made or, if not stated or if indeterminable, the maximum reasonably anticipated liability in respect thereof, and in the case of other Contingent Obligations other than in respect of Swap Contracts, shall be equal to the maximum reasonably anticipated liability in respect thereof and, in the case of Contingent Obligations in respect of Swap Contracts which are not Permitted Swap Obligations, shall be equal to the Swap Termination Value at any time of determination.

"Contractual Obligation" means, as to any Person, any provision of any security issued by such Person or of any agreement, undertaking, contract, indenture, mortgage, deed of trust or other instrument, document or agreement to which such Person is a party or by which it or any of its property is bound.

"Conversion/Continuation Date" means any date on which, under Section 2.4, the Company (a) converts Loans of one Type to another Type, or (b) continues as Loans of the same Type, but with a new Interest Period, Loans having Interest Periods expiring on such date.

"Debt Rating" means, as of any date of determination, the rating as determined by both S&P and Moody's (collectively, the "Debt Ratings") of the non-credit-enhanced, senior unsecured long-term debt ("Rated Debt") of Toro; provided that (i) if a different level of Debt Rating is issued by each of the foregoing rating agencies, then the higher level of such Debt Ratings shall apply (with Pricing Level 1 in the definition of "Applicable Margin" being the highest and Pricing Level 5 in the definition of "Applicable Margin" being the lowest), unless there is a split in the level of Debt Ratings of more than one level, in which case the level that is one level higher than the lower level of Debt Rating shall apply and (ii) if a Debt Rating is issued by only one of the foregoing rating agencies, then such Debt Rating shall apply.

"Default" means any event or circumstance which, with the giving of notice, the lapse of time, or both, would (if not cured or otherwise remedied during such time) constitute an Event of Default.

"Distributor Subsidiary" means a Subsidiary of Toro which is a distributor of products manufactured by Toro or one of its Subsidiaries which has been acquired by Toro or one of its Subsidiaries under extraordinary circumstances, not in the ordinary course of business, with a view toward divestiture at some future time and to facilitate the orderly distribution of such products. Such definition shall not apply to Subsidiaries organized or acquired with a view toward discontinuing or modifying Toro's historical system of independent distributors.

"Dollar Equivalent Amount" means, in relation to any Optional Currency Loan, at any date any determination thereof is made, the amount in Dollars of such Loan calculated at the Spot Rate of Exchange for the purchase of Dollars with the relevant Optional Currency quoted by Bank of America at approximately 11:00 a.m. at the office of Bank of America generally applicable to transactions with respect to such Optional Currency two (2) Business Days prior to the date of determination.

"Dollars" "dollars" and "\$" each mean lawful currency of the United States.

"Effective Amount" means (i) with respect to any Loans on any date, the aggregate outstanding principal amount thereof after giving effect to any Borrowings, advancing of Swing Loans and prepayments or repayments of Loans occurring on such date; and (ii) with respect to any outstanding L/C Obligations on any date, the amount of such L/C Obligations on such date after giving effect to any Issuances of Letters of Credit occurring on such date and any other changes in the aggregate amount of the L/C Obligations as of such date, including as a result of any reimbursements of outstanding unpaid drawings under any Letters of Credit or any reductions in the maximum amount available for drawing under Letters of Credit taking effect on such date. To the extent that the Effective Amount shall be determined on any date with respect to any Optional Currency Loan, this calculation shall be based upon the Dollar Equivalent Amount of such Optional Currency Loan determined as of the most recent Revaluation Date.

"Eligible Assignee" means (i) a Bank, (ii) an Affiliate of a Bank, (iii) an Approved Fund and (iv) any other Person (other than a natural Person) approved by the Administrative Agent, the Swing Line Bank, the Issuing Bank and Toro (provided that, if (x) such Person is taking delivery of an assignment in connection with physical settlement of a credit derivatives transaction or (y) an Event of Default or Default has occurred and is continuing at the time any assignment is effected in accordance with Section 12.7, the approval of Toro shall not be required), each such approval not to be unreasonably withheld (provided that the incurrence by the Companies of additional costs pursuant to Section 4.3 as a result of such assignment shall constitute a reasonable basis for withholding such consent) or delayed; provided, however, that neither the Companies nor an Affiliate of the Companies shall qualify as an Eligible Assignee.

"EMU" means the economic and monetary unit in accordance with the Treaty of Rome of 1957, as amended by the Single European Act 1986, the Maastricht Treaty of 1992, and the Amsterdam Treaty of 1998, as amended from time to time.

"Environmental Claims" means all claims, however asserted, by any Governmental Authority or other Person alleging potential liability or responsibility for violation of any Environmental Law, or for release or injury to the environment.

"Environmental Laws" means all federal, state or local laws, statutes, common law duties, rules, regulations, ordinances and codes, together with all administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements

with, any Governmental Authorities, in each case relating to environmental, health, safety and land use matters.

"ERISA" means the Employee Retirement Income Security Act of 1974, and regulations promulgated thereunder.

"ERISA Affiliate" means any trade or business (whether or not incorporated) under common control with any Company within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code).

"ERISA Event" means (a) a Reportable Event with respect to a Pension Plan; (b) a withdrawal by any Company or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations which is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by any Company or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is in reorganization; (d) the filing of a notice of intent to terminate, the treatment of a Plan amendment as a termination under Section 4041 or 4041A of ERISA, or the commencement of proceedings by the PBGC to terminate a Pension Plan or Multiemployer Plan; (e) an event or condition which might reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan or Multiemployer Plan; or (f) the imposition of any liability under Title IV of ERISA, other than PBGC premiums due but not delinquent under Section 4007 of ERISA, upon any Company or any ERISA Affiliate.

"euro" means the single lawful currency of the Participating Member States introduced in accordance with EMU legislation.

"Eurocurrency Reserve Percentage" has the meaning specified in the definition of "Offshore Rate".

"Event of Default" means any of the events or circumstances specified in Section 9.1.

"Exchange Act" means the Securities Exchange Act of 1934, and regulations promulgated thereunder.

"Existing Facilities" means (a) the Credit Agreement dated February 12, 1996 by and among Toro, Credit, Bank of America (as successor in interest to Bank of America National Trust and Savings Association), as Agent, Bank of America (as successor in interest to Bank of America Illinois), as Letter of Credit Issuing Bank and other financial institutions party thereto, as amended thereafter and (b) the Amended and Restated Credit Agreement dated as of January 26, 2001 by and among Toro, Credit, the Subsidiary

Borrowers, Bank of America as Agent and as Letter of Credit Issuing Bank and the other financial institutions party thereto, as amended thereafter.

"Facility Fee" shall mean, with respect to each Bank, a per annum fee calculated on a 360 day year for actual days elapsed based on the amount of such Bank's Commitment, regardless of utilization (or, if the Commitment of such Bank has been terminated, based on the principal amount of the Loans, Swing Loans or participations in Swing Loans and L/C Obligations then owing to or held by such Bank, if any), equal to the Facility Fee as set forth below:

PRICING LEVEL	DEBT RATING S&P/MOODY'S	FACILITY FEE
1	> than = BBB+/Baa1	15.0 bps
2	BBB/Baa2	17.5 bps
3	BBB-/Baa3	22.5 bps
4	BB+/Ba1	30.0 bps
5	< than = BB/Ba2	35.0 bps

Initially, the Facility Fee shall be determined based upon the Debt Rating specified in the certificate delivered pursuant to Section 5.1(h). Thereafter, each change in the Facility Fee resulting from a publicly announced change in the Debt Rating shall be effective during the period commencing on the date of the public announcement thereof and ending on the date immediately preceding the effective date of the next such change. In the event that none of the Debt Ratings are applicable because Toro ceases to have any Rated Debt outstanding, all the Banks, the Administrative Agent and Toro will negotiate in good faith to determine an appropriate Facility Fee or an alternative basis for determination thereof.

"FDIC" means the Federal Deposit Insurance Corporation, and any Governmental Authority succeeding to any of its principal functions.

"Federal Funds Rate" means, for any day, the rate set forth in the weekly statistical release designated as H.15(519), or any successor publication, published by the Federal Reserve Bank of New York (including any such successor, "H.15(519)") on the preceding Business Day opposite the caption "Federal Funds (Effective)"; or, if for any relevant day such rate is not so published on any such preceding Business Day, the rate for such day will be the arithmetic mean as determined by the Administrative Agent of the rates for the last transaction in overnight Federal funds arranged prior to 9:00 a.m. (New York City time) on that day by each of three leading brokers of Federal funds transactions in New York City selected by the Administrative Agent.

"Fee Letter" has the meaning specified in Section 2.10.

"Foreign Currency Equivalent" means, in relation to any amount of Dollars, at any date of determination thereof, the amount in any Optional Currency calculated at the Spot Rate of Exchange for the purchase of Optional Currency with Dollars quoted by Bank of America at approximately 11:00 a.m. at the office of Bank of America generally applicable to transactions with respect to such Optional Currency two (2) Business Days prior to the date of determination.

"FRB" means the Board of Governors of the Federal Reserve System, and any Governmental Authority succeeding to any of its principal functions.

"Fund" means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

"Further Taxes" means any and all present or future taxes, levies, assessments, imposts, duties, deductions, fees, withholdings or similar charges (including, without limitation, net income taxes and franchise taxes), and all liabilities with respect thereto, imposed by any jurisdiction on account of amounts payable or paid pursuant to Section 4.1.

"GAAP" means generally accepted accounting principles set forth from time to time in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the U.S. accounting profession), which are applicable to the circumstances as of the Closing Date.

"Governmental Authority" means any nation or government, any state or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, and any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

"Guaranty Obligation" has the meaning specified in the definition of "Contingent Obligation."

"Honor Date" has the meaning specified in subsection 3.3(c).

"Indebtedness" of any Person means, without duplication, (a) all indebtedness for borrowed money; (b) all obligations issued, undertaken or assumed as the deferred purchase price of property or services (other than trade payables entered into in the ordinary course of business on ordinary terms); (c) all non-contingent reimbursement or payment obligations with respect to Surety Instruments; (d) all obligations evidenced by notes, bonds, debentures or similar instruments, including obligations so evidenced incurred in connection with the acquisition of property, assets or businesses; (e) all

indebtedness created or arising under any conditional sale or other title retention agreement, or incurred as financing, in either case with respect to property acquired by the Person (even though the rights and remedies of the seller or bank under such agreement in the event of default are limited to repossession or sale of such property); (f) all obligations with respect to capital or synthetic leases; (g) all indebtedness referred to in clauses (a) through (f) above secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien upon or in property (including accounts and contracts rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness; (h) the unpaid amount of all Receivables sold by any Company; and (i) all Guaranty Obligations in respect of indebtedness or obligations of others of the kinds referred to in clauses (a) through (g) above. For all purposes of this Agreement, the Indebtedness of any Person shall include all recourse Indebtedness of any partnership or joint venture or limited liability company in which such Person is a general partner or a joint venturer or a member.

"Indemnified Liabilities" has the meaning specified in Section 12.5.

"Indemnified Person" has the meaning specified in Section 12.5.

"Independent Auditor" has the meaning specified in subsection 7.1(a).

"Insolvency Proceeding" means, with respect to any Person, (a) any case, action or proceeding with respect to such Person before any court or other Governmental Authority relating to bankruptcy, reorganization, insolvency, liquidation, receivership, dissolution, winding-up or relief of debtors, or (b) any general assignment for the benefit of creditors, composition, marshalling of assets for creditors, or other, similar arrangement in respect of its creditors generally or any substantial portion of its creditors; undertaken under U.S. Federal, state or foreign law, including the Bankruptcy Code.

"Interbank Offered Rate" has the meaning therefor set forth in the definition of "Offshore Rate".

"Interest Payment Date" means, as to any Offshore Rate Loan, the last day of each Interest Period applicable to such Loan and, as to any Base Rate Loan, the last Business Day of each calendar quarter and each date such Loan is converted into another Type of Loan and in the case of a Swing Loan, the date on which payment is demanded, provided, however, that if any Interest Period for an Offshore Rate Loan exceeds three months, the date that falls three months after the beginning of such Interest Period and after each Interest Payment Date thereafter is also an Interest Payment Date.

"Interest Period" means, as to any Offshore Rate Loan, the period commencing on the Borrowing Date of such Loan, or on the Conversion/Continuation Date on which the Loan is converted into or continued as an Offshore Rate Loan, and ending on the date fourteen days or one, two, three or six months thereafter (or, with respect to those Offshore Rate Loans requested on the first Borrowing Notice which requests Offshore

Rate Loans on or within seven (7) days after the Closing Date, such number of days less than one month after the Borrowing Date of such Offshore Rate Loans as selected by Toro and agreed to by the Administrative Agent) as selected by Toro in its Notice of Borrowing or Notice of Conversion/Continuation, as the case may be; provided that:

(i) if any Interest Period would otherwise end on a day that is not a Business Day, that Interest Period shall be extended to the following Business Day unless the result of such extension would be to carry such Interest Period into another calendar month, in which event such Interest Period shall end on the preceding Business Day;

(ii) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(iii) no Interest Period for any Loan shall extend beyond the Revolving Termination Date.

"IRS" means the Internal Revenue Service, and any Governmental Authority succeeding to any of its principal functions under the Code.

"Issuance Date" has the meaning specified in subsection 3.1(a).

"Issue" means, with respect to any Letter of Credit, to issue or to extend the expiry of, or to renew or increase the amount of, such Letter of Credit; and the terms "Issued," "Issuing" and "Issuance" have corresponding meanings.

"Issuing Bank" means Bank of America in its capacity as issuer of one or more Letters of Credit hereunder, together with any replacement letter of credit issuer arising under subsection 10.1(b) or Section 10.9.

"Joint Venture" means a corporation, partnership, limited liability company, joint venture or other similar legal arrangement (whether created by contract or conducted through a separate legal entity) now or hereafter formed or entered into by any of the Companies or any of their Subsidiaries with another Person in order to conduct a common venture or enterprise with such Person, the investment in which does not constitute an Acquisition.

"L/C Advance" means each Bank's participation in any L/C Borrowing in accordance with its Pro Rata Share.

"L/C Amendment Application" means an application form for amendment of outstanding standby letters of credit as shall at any time be in use at the Issuing Bank, as the Issuing Bank shall request.

"L/C Application" means an application form for issuances of standby letters of credit as shall at any time be in use at the Issuing Bank, as the Issuing Bank shall request.

"L/C Borrowing" means an extension of credit resulting from a drawing under any Letter of Credit which shall not have been reimbursed on the date when made nor converted into a Borrowing of Loans under subsection 3.3(c).

"L/C Commitment" means the commitment of the Issuing Bank to Issue, and the commitment of the Banks severally to participate in, Letters of Credit from time to time Issued or outstanding under Article III, in an aggregate amount not to exceed on any date the lesser of the amount of \$20,000,000, or the aggregate amount of the Commitments as the same shall be reduced pursuant to Section 2.6; provided that the L/C Commitment is a part of the combined Commitments, rather than a separate, independent commitment.

"L/C Obligations" means at any time the sum of (a) the aggregate undrawn amount of all Letters of Credit then outstanding, plus (b) the amount of all unreimbursed drawings under all Letters of Credit, including all outstanding L/C Borrowings.

"L/C-Related Documents" means the Letters of Credit, the L/C Applications, the L/C Amendment Applications and any other document relating to any Letter of Credit, including any of the Issuing Bank's standard form documents for letter of credit issuances.

"Lending Office" means, as to any Bank, the office or offices of such Bank specified as its "Lending Office" or "Domestic Lending Office" or "Offshore Lending Office", as the case may be, on Schedule 12.2, or such other office or offices as to which such Bank may from time to time notify the Companies and the Administrative Agent.

"Letters of Credit" means any standby letters of credit Issued by the Issuing Bank pursuant to Article III.

"Lien" means any security interest, mortgage, deed of trust, pledge, hypothecation, assignment, charge or deposit arrangement, encumbrance, lien (statutory or other) or preferential arrangement of any kind or nature whatsoever in respect of any property (including those created by, arising under or evidenced by any conditional sale or other title retention agreement, the interest of a lessor under a capital lease, any financing lease having substantially the same economic effect as any of the foregoing) and any contingent or other agreement to provide any of the foregoing, but not including the interest of a lessor under an operating lease.

"Loan" means an extension of credit by the Administrative Agent or a Bank to any of the Companies under Article II (other than Swing Loans) and any L/C Advance under Article III.

"Loan Documents" means this Agreement, any Notes, the Fee Letter, the L/C-Related Documents and all other documents delivered to the Administrative Agent or any Bank in connection herewith.

"Mandatory Cost" means, with respect to Optional Currency Loans advanced in British Pounds Sterling, a rate per annum determined by the Administrative Agent calculated in accordance with the following formula:

$$\text{Mandatory Cost per annum} = \frac{\text{BY} + \text{S}(\text{Y}-\text{Z}) + (\text{F} \times 0.01)}{100 - (\text{B}+\text{S})}$$

where on the day of application of the formula:

B = The percentage of the Administrative Agent's Eligible Liabilities (in excess of any stated minimum) by reference to which the Bank of England and/or the Financial Services Authority requires the Administrative Agent to hold on a non-interest bearing deposit account in accordance with its cash ratio requirements;

Y = The percentage rate per annum at which sterling deposits are offered by the Administrative Agent to leading banks in the London interbank market at or about 11:00 a.m. (London, England time) on that day for the relevant period;

F = The rate of charge payable by the Administrative Agent to the Financial Services Authority under Section 2.02 or 2.03 (as appropriate) of the Fees Regulations (but where for this purpose the figure at Section 2.02(b) or 2.03(b) shall be deemed to be zero) and expressed in British Pounds Sterling per (pound)1,000,000 of the Fee Base of the Administrative Agent;

S = The percentage of the Administrative Agent's Eligible Liabilities which the Bank of England (or other relevant United Kingdom governmental authority or agency) requires the Administrative Agent to place as a Special Deposit; and

Z = The interest rate per annum payable by the Bank of England to the Administrative Agent on Special Deposits.

(a) For the purposes of this definition:

(i) "Eligible Liabilities" and "Special Deposits" shall have the meanings given to them at the time of application of the above formula under or pursuant to the Bank of England Act 1998 or by the Bank of England (as appropriate);

(ii) "Fee Base" has the meaning given to it in the Fees Regulations;

(iii) "Fees Regulations" means any regulations governing the payment of fees for banking supervision;

(b) In the application of the above formula, B, Y, S, and Z are included in the formula as figures and not as percentages, e.g. if  $B = 0.5\%$  and  $Y = 15\%$ ,  $BY$  is calculated as  $0.5 \times 15$  and not as  $0.5\% \times 15\%$ . A negative result obtained from subtracting Z from Y is to be treated as zero.

(c) The above formula is applied on the first day of each relevant period comprised in the relevant Interest Period. Each rate calculated in accordance with the above formula is, if necessary, rounded upward to four decimal places.

(d) The Administrative Agent may, from time to time, after consultation with Toro and the Banks, determine and notify Toro and the Banks of any amendments or variations which are required to be made to the formula set out above in order to comply with any requirements from time to time imposed by any applicable regulatory authority in relation to Optional Currency Loans denominated in British Pounds Sterling (including, without limitation, any requirements relating to British Pounds Sterling primary liquidity) and any such determination shall, in the absence of manifest error, be conclusive and binding on Toro, the Banks, and the Administrative Agent.

"Margin Stock" means "margin stock" as such term is defined in Regulation T, U or X of the FRB.

"Material Adverse Effect" means (a) a material impairment of the ability of Toro or Credit to pay or perform its Obligations under any Loan Document; or (b) a material adverse effect upon the legality, validity, binding effect or enforceability against any of the Companies of any Loan Document.

"Material Subsidiary" means, at any time of determination, (a) any Subsidiary (other than a Distributor Subsidiary) having at such time either (i) total (gross) revenues for the preceding four fiscal quarter period in excess \$10,000,000 or (ii) total assets, as of the last day of the preceding fiscal quarter, having a net book value in excess of \$10,000,000, in each case, based upon Toro's most recent annual or quarterly financial statements delivered to the Banks under Section 7.1 and (b) any Distributor Subsidiary having total assets, as of the last day of the preceding quarter, having a net book value in excess of \$10,000,000 based upon Toro's most recent annual or quarterly financial statements delivered to the Administrative Agent under Section 7.1.

"Moody's" means Moody's Investors Service, Inc. or its successor or, if Moody's Investors Service, Inc. or its successor shall no longer be rating corporate debt

securities generally, such other nationally recognized statistical rating organization as shall be selected by the Required Banks.

"Multiemployer Plan" means a "multiemployer plan", within the meaning of Section 4001(a)(3) of ERISA, to which any Company or any ERISA Affiliate makes, is making, or is obligated to make contributions or, during the preceding three calendar years, has made, or been obligated to make, contributions.

"Note" or "Notes" means, collectively, the Revolving Notes and the Swing Line Note.

"Notice of Borrowing" means a notice in substantially the form of Exhibit A-1.

"Notice of Borrowing for Swing Loan" means a notice in substantially the form of Exhibit A-2.

"Notice of Conversion/Continuation" means a notice in substantially the form of Exhibit B.

"Obligations" means all advances, debts, liabilities, obligations, covenants and duties arising under any Loan Document, owing by the Companies or any of them to any Bank, the Administrative Agent, or any Indemnified Person, whether direct or indirect (including those acquired by assignment), absolute or contingent, due or to become due, now existing or hereafter arising.

"Offshore Rate" means (a) for any Interest Period with respect to any Offshore Rate Loan other than one referred to in subsection (b) of this definition, a rate per annum determined by Administrative Agent pursuant to the following formula:

$$\text{Offshore Rate} = \frac{\text{Interbank Offered Rate}}{1.00 - \text{Eurodollar Reserve Percentage}}$$

Where "Interbank Offered Rate" means, for such Interest Period:

(i) the rate per annum equal to the rate determined by the Administrative Agent to be the offered rate that appears on the page of the Telerate screen (or any successor thereto) that displays an average British Bankers Association Interest Settlement Rate for deposits in the relevant currency (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period, determined as of approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, or

(ii) if the rate referenced in the preceding subsection (i) does not appear on such page or service or such page or service shall not be available, the rate per annum equal to the rate determined by the Administrative Agent to be the offered rate on such other page or other service that displays an average British

Bankers Association Interest Settlement Rate for deposits in the relevant currency (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period, determined as of approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, or

(iii) if the rates referenced in the preceding subsections (i) and (ii) are not available, the rate per annum determined by the Administrative Agent as the rate of interest at which deposits in the relevant currency for delivery on the first day of such Interest Period in same day funds in the approximate amount of the Offshore Rate Loan being made, continued or converted by Bank of America in its capacity as a Bank and with a term equivalent to such Interest Period would be offered by Bank of America's London branch or London Affiliate to major banks in the applicable offshore Dollar market at their request at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period.

The determination of the Offshore Rate by the Administrative Agent shall be conclusive in the absence of manifest error.

(b) for any Interest Period with respect to any Offshore Rate Loan advances by a Bank required to comply with the relevant requirements of the Bank of England and the Financial Services Authority of the United Kingdom, the sum of (i) the rate determined in accordance with subsection (a) of this definition and (ii) the Mandatory Cost Rate for such Interest Period.

"Offshore Rate Loan" means any Loan that bears interest based on the Offshore Rate.

"Optional Currency" means euros, Australian Dollars, British Pounds Sterling and any other lawful currency which is freely transferable and freely convertible into Dollars and the deposits of which are traded in the London interbank market and that is approved by each Bank.

"Optional Currency Loan" means any Loan denominated in an Optional Currency.

"Organizational Documents" means (i) for any corporation, the certificate or articles of incorporation, the bylaws, any certificate of determination or instrument relating to the rights of preferred shareholders of such corporation, any shareholder rights agreement, and all applicable resolutions of the board of directors (or any committee thereof) of such corporation, (ii) for any limited liability company, the operating agreement and articles of organization, and (iii) for any limited partnership, the limited partnership agreement and certificate of limited partnership.

"Original Dollar Amount" means in relation to any Optional Currency Loan, at any time any determination thereof is made, the amount in Dollars which would have

been outstanding if such Optional Currency Loan had first been disbursed and remained denominated in Dollars (taking into account any partial repayments thereof) calculated at the Spot Rate of Exchange for the purchase of Dollars with the relevant Optional Currency quoted by Bank of America at approximately 11:00 a.m. at the office of Bank of America generally applicable to transactions with respect to such Optional Currency two (2) Business days prior to the Borrowing Date of such Optional Currency Loan.

"Originators" means any Company and/or any of its domestic Wholly-Owned Subsidiaries in their respective capacities as parties to any documents related to any Receivables Purchase Facility, as sellers or transferors of any Receivables and related security in connection with a Permitted Receivables Transfer.

"Other Taxes" means any present or future stamp, court or documentary taxes or any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or from the execution, delivery, performance, enforcement or registration of, or otherwise with respect to, this Agreement or any other Loan Documents.

"Overnight Rate" means, for any day, (a) with respect to any amount denominated in Dollars, the Federal Funds Rate and (b) with respect to any amount denominated in an Offshore Currency, the rate of interest per annum at which overnight deposits in the applicable Offshore Currency, in an amount approximately equal to the amount with respect to which such rate is being determined, would be offered for such day by a branch or Affiliate of Bank of America in the applicable interbank market for such currency to major banks in such interbank market.

"Participating Member State" means each state so described in EMU Legislation.

"Participant" has the meaning specified in subsection 12.7(d).

"PBGC" means the Pension Benefit Guaranty Corporation, or any Governmental Authority succeeding to any of its principal functions under ERISA.

"Pension Plan" means a pension plan (as defined in Section 3(2) of ERISA) subject to Title IV of ERISA which any Company sponsors, maintains, or to which it makes, is making, or is obligated to make contributions, or in the case of a multiple employer plan (as described in Section 4064(a) of ERISA) has made contributions at any time during the immediately preceding five (5) plan years.

"Permitted Liens" has the meaning specified in Section 8.1.

"Permitted Receivables Transfer" means (i) a sale or other transfer by an Originator to a SPV of Receivables for fair market value and without recourse (except for limited recourse typical of such structured finance transactions), and/or (ii) a sale or other transfer by a SPV to (a) purchasers of or other investors in such Receivables and related security or (b) any other Person (including a SPV) in a transaction in which purchasers or

other investors purchase or are otherwise transferred such Receivables and related security, in the case of either (i) or (ii) above pursuant to and in accordance with the terms of the documents related to any Receivables Purchase Facility.

"Permitted Swap Obligation" means all obligations (contingent or otherwise) of any Company or any Subsidiary existing or arising under Swap Contracts, provided that each of the following criteria is satisfied: (a) such obligations are (or were) entered into by such Person in the ordinary course of business for the purpose of directly mitigating risks associated with liabilities, commitments or assets held or reasonably anticipated by such Person, or changes in the value of securities issued by such Person in conjunction with a securities repurchase program not otherwise prohibited hereunder, and not for purposes of speculation or taking a "market view;" and (b) such Swap Contracts do not contain any provision ("walk-away" provision) exonerating the non-defaulting party from its obligation to make payments on outstanding transactions to the defaulting party.

"Person" means an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture or Governmental Authority.

"Plan" means an employee benefit plan (as defined in Section 3(3) of ERISA) which any Company sponsors or maintains or to which any Company makes, is making, or is obligated to make contributions and includes any Pension Plan.

"Pro Rata Share" means, as to any Bank at any time, the percentage equivalent (expressed as a decimal, rounded to the ninth decimal place) at such time of such Bank's Commitment divided by the combined Commitments of all Banks.

"Receivables" shall mean, with respect to any Person, all obligations of any obligor (whether now existing or hereafter arising) under a contract for sale of goods or services by such Person or any of them, which shall include any obligation of such obligor (whether now existing or hereafter arising) to pay interest, finance charges or amounts with respect thereto, and, with respect to any of the foregoing receivables or obligations, (a) all of the interest of such Person in the goods (including returned goods) the sale of which gave rise to such receivable or obligation after the passage of title thereto to any obligor, (b) all other Liens and property subject thereto from time to time purporting to secure payment of such receivables or obligations, (c) all guarantees, insurance, letters of credit and other agreements or arrangements of whatever character from time to time supporting or securing payment of any such receivables or obligations, (d) all Records and (e) all proceeds of the foregoing.

"Receivables Purchase Facility" shall mean any agreement of any Originator, approved by the Administrative Agent (such approval not to be unreasonably withheld), providing for sales, transfers or conveyances of Receivables of such Originator purporting to be sales (and considered sales under GAAP) that do not provide, directly or indirectly, for recourse against the seller of such Receivables (or against any of such seller's Affiliates) by way of a guaranty or any other support arrangement, with respect to

the amount of such Receivables (based on the financial condition or circumstances of the obligor thereunder), other than such limited recourse as is reasonable given market standards for transactions of a similar type, taking into account such factors as historical bad debt loss experience and obligor concentration levels.

"Records" means, for any Receivable, all contracts, books, records and other documents or information (including computer programs, tapes, disks, software and related property and rights) relating to such Receivable or the related obligor.

"Reference Bank" means Bank of America.

"Replacement Bank" has the meaning specified in Section 4.7.

"Reportable Event" means, any of the events set forth in Section 4043(c) of ERISA or the regulations thereunder, other than any such event for which the 30-day notice requirement under ERISA has been waived in regulations issued by the PBGC.

"Required Banks" means (a) until the Revolving Termination Date, Banks then holding more than 50% of the combined Voting Percentages, and (b) on and after the Revolving Termination Date, Banks then holding more than 50 % of the aggregate amount of the Voting Percentages.

"Requirement of Law" means, as to any Person, any law (statutory or common), treaty, rule or regulation or determination of an arbitrator or of a Governmental Authority, in each case applicable to or binding upon the Person or any of its property or to which the Person or any of its property is subject.

"Responsible Officer" means the secretary of Toro, or any other officer having substantially the same authority and responsibility; or, with respect to compliance with financial covenants, the chief financial officer or the treasurer of Toro, or any other officer having substantially the same authority and responsibility.

"Restricted Payment" shall have the meaning set forth in Section 8.7 hereof.

"Revaluation Date" means with respect to Loans denominated in an Optional Currency, each of the following with respect to such Optional Currency: (a) the date a Notice of Borrowing or Notice of Conversion/Continuation is delivered to the Administrative Agent with respect to each Loan issued that results in such outstanding amount, (b) each date on which any such outstanding amount is due, (c) any Interest Payment Date applicable thereto, (d) any additional and more frequent dates as Administrative Agent in its sole discretion may, or at the direction of the Required Banks shall, select from time to time.

"Revolving Note" means a promissory note made by Toro, Credit or a Subsidiary Borrower, as the case may be, in favor of a Bank evidencing the Loans made by such

Bank, substantially in the form of Exhibit E-1 (for Toro or Credit) or Exhibit E-2 (for Subsidiary Borrowers).

"Revolving Termination Date" means the earlier to occur of:

(a) February 22, 2005; and

(b) the date on which the Commitments terminate in accordance with the provisions of this Agreement.

"SEC" means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

"SPV" means any special purpose entity established for the purpose of purchasing receivables in connection with a Receivables Purchase Facility.

"S&P" means Standard & Poor's Investor Services, a division of McGraw Hill Corporation or its successor or, if it or its successor shall no longer be rating corporate debt securities generally, such other nationally recognized statistical rating organization as shall be selected by the Required Banks.

"Spot Rate of Exchange" for a currency means the rate quoted by Bank of America as the spot rate for the purchase by Bank of America of such currency with another currency through its principal foreign exchange trading office at approximately 11:00 a.m., at the applicable time, on the date two Business Days prior to the date on which the foreign exchange transaction is made.

"Subsidiary" of a Person means any corporation, association, partnership, limited liability company, joint venture or other business entity of which more than 50% of the voting stock, membership interests or other equity interests (in the case of Persons other than corporations), is owned or controlled directly or indirectly by the Person, or one or more of the Subsidiaries of the Person, or a combination thereof. Unless the context otherwise clearly requires, references herein to a "Subsidiary" refer to a Subsidiary of Toro.

"Subsidiary Borrowers" means collectively, Toro International Company, a Minnesota corporation, Tover Overseas B.V., a Netherlands company and Toro Factoring Company N.V., a Netherlands Antilles company.

"Surety Instruments" means all standby letters of credit, banker's acceptances and bank guaranties not attributable to the purchase of supplies and inventory in the ordinary course of business and shipside bonds, surety bonds and similar instruments.

"Swap Contract" means any agreement, whether or not in writing, relating to any transaction that is a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap or option, bond, note or bill option,

interest rate option, forward foreign exchange transaction, cap, collar or floor transaction, currency swap, cross-currency rate swap, swaption, currency option or any other, similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a) the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts (which may include any Bank).

"Swing Line Bank" means Bank of America in its capacity as provider of Swing Loans, or any successor swing line Bank hereunder.

"Swing Line Note" means a promissory note made by the Toro and Credit in favor of the Issuing Bank evidencing the Swing Loans made by the Issuing Bank, substantially in the form of Exhibit E-2.

"Swing Loan" means a loan made by the Administrative Agent pursuant to Section 2.5 hereof.

"TARGET Business Day" means any day on which the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET) System (or, if such clearing system ceases to be operative, such other clearing system (if any) determined by the Administrative Agent to be a suitable replacement) is operating.

"Taxes" means any and all present or future taxes, levies, assessments, imposts, duties, deductions, fees, withholdings or similar charges, and all liabilities with respect thereto, excluding, in the case of each Bank and the Administrative Agent, respectively, franchise taxes and taxes imposed on or measured by its existence or net income by the jurisdiction (or any political subdivision thereof) under the laws of which such Bank or the Administrative Agent, as the case may be, is organized or maintains a lending office.

"Type" means, with respect to each Loan, whether it constitutes an Offshore Rate Loan or a Base Rate Loan.

"Unfunded Pension Liability " means the excess of a Plan's benefit liabilities under Section 4001(a)(16) of ERISA, over the current value of that Plan's assets, determined in accordance with the assumptions used for funding the Pension Plan pursuant to Section 412 of the Code for the applicable plan year.

"United States" and "U.S.," each means the United States of America.

"Utilization Fee" shall have the meaning specified in Section 2.9(e).

"Voting Percentage" means, as to any Bank, (a) at any time when the combined Commitments of all Banks are in effect, such Bank's Pro Rata Share and (b) at any time after the termination of the combined Commitments of all Banks, the percentage (carried out to the ninth decimal place) which (i) the sum of (A) the Dollar Equivalent Amount of the outstanding amount of such Bank's Loans, plus (B) such Bank's Pro Rata Share of the outstanding amount of L/C Obligations, plus (C) such Bank's Pro Rata Share of the outstanding amount of Swing Loans, then comprises of (ii) the Dollar Equivalent Amount of the aggregate outstanding amount of all Loans, Swing Loans and L/C Obligations; provided, however, that if any Bank has failed to fund any portion of the Loans, participations in L/C Obligations or participations in Swing Loans required to be funded by it hereunder, such Bank's Voting Percentage shall be deemed to be zero, and the respective Pro Rata Shares and Voting Percentages of the other Banks shall be recomputed for purposes of this definition and the definition of "Required Banks" without regard to such Bank's Commitment or the outstanding amount of its Loans, L/C Advances and funded participations in Swing Loans, as the case may be.

"Wholly-Owned Subsidiary" means any corporation in which (other than directors' qualifying shares required by law) 100% of the capital stock of each class having ordinary voting power, and 100% of the capital stock of every other class, in each case, at the time as of which any determination is being made, is owned, beneficially and of record, by one of the Companies, or by one or more of the other Wholly-Owned Subsidiaries, or both.

#### 1.2 Other Interpretive Provisions.

(a) The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms.

(b) The words "hereof", "herein", "hereunder" and similar words refer to this Agreement as a whole and not to any particular provision of this Agreement; and subsection, Section, Schedule and Exhibit references are to this Agreement unless otherwise specified.

(c) (i) The term "documents" includes any and all instruments, documents, agreements, certificates, indentures, notices and other writings, however evidenced.

(ii) The term "including" is not limiting and means "including without limitation."

(iii) In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including"; the words "to"

and "until" each mean "to but excluding", and the word "through" means "to and including."

(d) Unless otherwise expressly provided herein, (i) references to agreements (including this Agreement) and other contractual instruments shall be deemed to include all subsequent amendments and other modifications thereto, but only to the extent such amendments and other modifications are not prohibited by the terms of any Loan Document, and (ii) references to any statute or regulation are to be construed as including all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting the statute or regulation.

(e) The captions and headings of this Agreement are for convenience of reference only and shall not affect the interpretation of this Agreement.

(f) This Agreement and other Loan Documents may use several different limitations, tests or measurements to regulate the same or similar matters. All such limitations, tests and measurements are cumulative and shall each be performed in accordance with their terms. Unless otherwise expressly provided, any reference to any action of the Administrative Agent or the Banks by way of consent, approval or waiver shall be deemed modified by the phrase "in its/their sole discretion."

(g) This Agreement and the other Loan Documents are the result of negotiations among and have been reviewed by counsel to the Administrative Agent, the Companies and the other parties, and are the products of all parties. Accordingly, they shall not be construed against the Banks or the Administrative Agent merely because of the Administrative Agent's or Banks' involvement in their preparation.

(h) Each reference to "basis points" or "bps" shall be interpreted in accordance with the convention that 100 bps = 1.0%.

### 1.3 Accounting Principles.

(a) Unless the context otherwise clearly requires, all accounting terms not expressly defined herein shall be construed, and all financial computations required under this Agreement shall be made, in accordance with GAAP, consistently applied.

(b) References herein to "fiscal year" and "fiscal quarter" refer to such fiscal periods of the Companies.

(c) If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Loan Document, and either the Companies, the Administrative Agent or the Required Banks shall so request, the Administrative Agent, the Banks and the Companies shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Required Banks); provided that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) the Companies shall provide to the Administrative Agent and the Banks financial statements and other documents required under this Agreement or as

reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP.

(d) With respect to any Acquisition consummated on or after the Closing Date, the following shall apply:

(i) For each period of four fiscal quarters of Toro and its Subsidiaries ending next following the date of any Acquisition, Consolidated EBIT shall include the results of operations of the Person or assets so acquired on a historical pro forma basis, and which amounts may include such adjustments as are permitted under Regulation S-X of the Securities and Exchange Commission and reasonably satisfactory to the Administrative Agent;

(ii) For each period of four fiscal quarters of Toro and its Subsidiaries ending next following the date of each Acquisition, Consolidated Interest Charges shall include the results of operations of the Person or assets so acquired, which amounts shall be determined on a historical pro forma basis; provided, however, Consolidated Interest Charges shall be adjusted on a historical pro forma basis to (A) eliminate interest expense accrued during such period on any Indebtedness repaid in connection with such Acquisition and (B) include interest expense on any Indebtedness (including Indebtedness hereunder) incurred, acquired or assumed in connection with such Acquisition ("Incremental Debt") calculated (I) as if all such Incremental Debt had been incurred as of the first day of such four-quarter period and (II) at the following interest rates: (x) for all periods subsequent to the date of the Acquisition and for Incremental Debt assumed or acquired in the Acquisition and in effect prior to the date of Acquisition, at the actual rates of interest applicable thereto, and (y) for all periods prior to the actual incurrence of such Incremental Debt, equal to the rate of interest actually applicable to such Incremental Debt hereunder or under other financing documents applicable thereto as at the end of each affected period of such four fiscal quarters, as the case may be.

(e) With respect to any Material Disposition consummated on or after the Closing Date,

(i) For each period of four fiscal quarters of Toro and its Subsidiaries ending next following the date of such Material Disposition, Consolidated EBIT for such period shall be either (A) reduced by an amount equal to the Consolidated EBIT (if positive) attributable to the property that is the subject of such Material Disposition for such period or (B) increased by an amount equal to the Consolidated EBIT (if negative) attributable to such property for such period.

(ii) For each period of four fiscal quarters of Toro and its Subsidiaries ending next following the date of such Material Disposition, Consolidated Interest Charges shall be reduced by an amount equal to the Consolidated Interest Charges incurred by the applicable Company or Subsidiary in connection with Indebtedness which is either (x) repaid with the proceeds received by the

applicable Company or Subsidiary in connection with such Material Disposition or (y) assigned or transferred to, and assumed by, the Person to whom the Material Disposition is made by the applicable Company or Subsidiary.

For the purposes of this paragraph, "Material Disposition" means any Disposition, or series of related Dispositions, by Toro and its Subsidiaries of real or personal property that has a gross book value, as determined in accordance with GAAP, equal to or greater than 5% of consolidated total assets of Toro and its Subsidiaries determined as of the last day of the immediately preceding fiscal quarter of Toro, and "Disposition" means the sale, transfer, license or other disposition (including any sale and leaseback transaction) of any property by any Person, other than pursuant to or in connection with a Receivables Purchase Facility.

#### 1.4 Exchange Rates; Currency Equivalents.

(a) The Administrative Agent shall determine the Spot Rates of Exchange as of each Revaluation Date applicable to any Optional Currency to be used for calculating Dollar Equivalent Amounts of Loans denominated in such Optional Currency. Spot Rates of Exchange shall become effective as of such Revaluation Date and shall be the Spot Rates of Exchange employed in converting any amounts between the applicable currencies until the next Revaluation Date to occur. Except for purposes of financial statements delivered by the Companies hereunder or calculating financial covenants hereunder or except as otherwise provided herein, the applicable amount of any currency for purposes of the Loan Documents shall be such Dollar Equivalent Amount as so determined by the Administrative Agent.

(b) Wherever in this Agreement in connection with a Borrowing, Conversion, Continuation or prepayment of a Loan, an amount such as a required minimum or multiple amount is expressed in Dollars, but such Borrowing or Loan is denominated in an Optional Currency, such amount shall be the relevant Foreign Currency Equivalent of such Dollar amount (rounded to the nearest 1,000 units of such Optional Currency), as determined by the Administrative Agent.

#### 1.5 Redenomination of Certain Alternative Currencies.

(a) Each obligation of the Companies to make a payment denominated in the national currency of any member state of the European Union that adopts the euro as its lawful currency after the date hereof shall be redenominated into euro at the effective date of the euro as such lawful currency (in accordance with the EMU Legislation). If, in relation to the currency of any such member state, the basis of accrual of interest expressed in this Agreement in respect of that currency shall be inconsistent with any convention or practice in the London interbank market for the basis of accrual of interest in respect of the euro, such expressed basis shall be replaced by such convention or practice with effect from the date on which such member state adopts the euro as its lawful currency; provided that if any Borrowing in the currency of such member state is outstanding immediately prior to such date, such replacement shall take effect, with respect to such Borrowing, at the end of the then current Interest Period.

(b) Each provision of this Agreement shall be subject to such reasonable changes of construction as the Administrative Agent may from time to time specify to be appropriate to reflect the adoption of the euro by any member state of the European Union and any relevant market conventions or practices relating to the euro. The Administrative Agent may from time to time further modify the terms of, and practices contemplated by, this Agreement with respect to the euro to the extent Administrative Agent determines, in its reasonable discretion, that such modifications are necessary or convenient to reflect new laws, regulations, customs or practices developed in connection with the euro. The Administrative Agent may effect such modifications, and this Agreement shall be deemed so amended, without the consent of the Companies or the Banks to the extent such modifications are not materially disadvantageous to the Companies or the Banks, upon notice thereto.

## ARTICLE II.

### THE CREDITS

#### 2.1 Amounts and Terms of Commitments.

(a) Each Bank severally agrees, on the terms and conditions set forth herein, to make loans in Dollars or any Optional Currency to any of the Companies from time to time on any Business Day during the period from the Closing Date to the Revolving Termination Date, in an aggregate amount not to exceed at any time outstanding the amount for such Bank set forth on Schedule 2.1 (such amount as the same may be reduced under Section 2.6 or as a result of one or more assignments under Section 12.7, the Bank's "Commitment"); provided, however, that, after giving effect to any Borrowing, the Effective Amount of all outstanding Loans (after determining the Dollar Equivalent Amount of all Optional Currency Loans) and the Effective Amount of all L/C Obligations and Swing Loans shall not at any time exceed the combined Commitments and provided further that the Effective Amount of the Loans of any Bank plus the participation of such Bank in the Effective Amount of outstanding Swing Loans and L/C Obligations (or, with respect to the Swing Line Bank and the Issuing Bank, the Effective Amount of outstanding Swing Loans and L/C Obligations, respectively, after subtracting the participations therein of all other Banks) shall not exceed such Bank's Commitment. Within the limits of each Bank's Commitment, and subject to the other terms and conditions hereof, the Companies may borrow under this Section 2.1, prepay under Section 2.7 and reborrow under this Section 2.1. Optional Currency Loans may be outstanding in no more than four (4) Optional Currencies at any one time.

(b) Unavailability of Optional Currency. If a Bank determines that (i) an Optional Currency is not available to it in sufficient amount and for a sufficient term to enable it to make any Optional Currency Loan requested by or on behalf of any Company pursuant to Section 2.3, (ii) making any Optional Currency Loan requested by any Company would subject the Bank, in the Bank's sole judgment, to any Taxes, duty, or other change with respect to any Optional Currency Loan or its obligation to make Optional Currency Loans, or change the basis on which taxes are imposed on any amount payable to such Bank under this Agreement in respect of such Optional Currency Loan,

the result of which would increase the cost to such Bank of making, funding or maintaining such Optional Currency Loan or to reduce any sum received or receivable by such Bank under this Agreement with respect to such Optional Currency Loan, or (iii) exchange controls or similar monetary restrictions are imposed or that with certainty will in the future be imposed that, in the reasonable judgment of such Bank, adversely affect the ability of such Bank to make such Optional Currency Loan, and so notifies the Administrative Agent no later than 3:00 p.m. (Chicago time) on the same day it receives notice from the Administrative Agent of such requested Loan, the Administrative Agent shall use its best efforts to notify the Companies by 5:00 p.m. (Chicago time) on the same day. If the Companies nevertheless desire such Optional Currency Loan, they shall notify the Administrative Agent by no later than 10:00 a.m. (Chicago time), on the third (3rd) Business Day prior to the Borrowing Date. If the Administrative Agent does not receive such notice from the Companies by 10:00 a.m. (Chicago time) on the (3rd) Business Day prior to the Borrowing Date, the Companies shall automatically be deemed to have revoked their request for such Optional Currency Loan and the Administrative Agent shall promptly advise the Banks of such revocation. If the Companies do give such notice by such time, each Bank that did not so notify the Administrative Agent shall, subject to Article V, make its Loan in the Optional Currency requested in accordance with Section 2.3. Each Bank that did so notify the Administrative Agent by 3:00 p.m. (Chicago time), shall, subject to Article V, make an Offshore Rate Loan in the amount of the Original Dollar Amount of, and with the same Interest Period as, the Optional Currency Loan such Bank was originally requested to make. Such Offshore Rate Loan shall be made by the affected Bank on the same day as the other Banks make their relevant Pro Rata Share of Optional Currency Loans and shall be made available in accordance with the procedures for disbursing Loans in Dollars under Section 2.3. Any Loan made in an Optional Currency shall be advanced in such currency, and all payments of principal and interest thereon shall be made in such Optional Currency. However, if exchange controls or similar monetary restrictions are imposed or that with certainty will in the future be imposed that, in the reasonable judgment of any Bank, adversely affect the ability of such Bank to transfer or convert such Optional Currency payment into Dollars, such Bank will provide the Companies with notice and an opportunity to repay in such Optional Currency (including any cost incurred by such Bank under Section 4.4) for so long as such Bank can transfer or convert such Optional Currency payment into Dollars. Thereafter, all payments of principal and interest thereon shall be in the Dollar Equivalent Amount of such Optional Currency payment. In addition, if a Default or Event of Default exists, then all amounts owing with respect to any Optional Currency Loan shall be repaid at the end of the Interest Period and, at the option of the applicable Company, may be reborrowed as a Base Rate Loan in the Dollar Equivalent Amount of the Optional Currency Loan.

## 2.2 Loan Accounts.

(a) The Loans made by each Bank shall be evidenced by one or more loan accounts or records maintained by such Bank in the ordinary course of business. The loan accounts or records maintained by each Bank shall be rebuttable presumptive evidence of the amount of the Loans made by the Banks to the Companies and the interest and payments thereon. Any failure so to record or any error in doing so shall not,

however, limit or otherwise affect the obligation of the Companies hereunder to pay any amount owing with respect to the Loans or any Letter of Credit. If there is any discrepancy between the loan account records kept by a Bank and the loan account records kept by the Administrative Agent for such Bank, the records of the Bank shall control, absent manifest error.

(b) Upon the request of any Bank made through the Administrative Agent, the Loans made by such Bank shall be evidenced by a Revolving Note or Swing Line Note, as applicable, instead of or in addition to loan accounts. Each such Bank shall endorse on the schedules annexed to its Note(s) the date, amount, currency (in the case of Optional Currency Loans) and maturity of each Loan made by it and the amount of each payment of principal made by the Companies with respect thereto. Each Bank is irrevocably authorized by the Companies to endorse its Note(s) and each Bank's (or the Administrative Agent's) record shall be rebuttable presumptive evidence of the amount of the Loans made by the Banks to the Companies; provided, however, that the failure of a Bank to make, or an error in making, a notation thereon with respect to any Loan shall not limit or otherwise affect the obligations of the Companies hereunder or under any such Note to such Bank.

(c) In addition to the accounts and records referred to in subsection (a), each Bank and the Administrative Agent shall maintain in accordance with its usual practice accounts or records evidencing the purchases and sales by such Bank of participations in Letters of Credit and Swing Loans. In the event of any conflict between the accounts and records maintained by the Administrative Agent and the accounts and records of any Bank in respect of such matters, the accounts and records of the Administrative Agent, in the absence of manifest error, shall control.

### 2.3 Procedure for Borrowing.

(a) Each Borrowing shall be made upon Toro's irrevocable written notice delivered to the Administrative Agent in the form of a Notice of Borrowing (which notice must be received by the Administrative Agent prior to (i) 12:00 noon (Chicago time) three (3) Business Days prior to the requested Borrowing Date, in the case of Offshore Rate Loans in Dollars, and four (4) Business Days prior to the requested Borrowing Date in the case of Optional Currency Loans, and (ii) 10:30 a.m. (Chicago time) on the requested Borrowing Date in the case of Base Rate Loans, in each case specifying:

(i) the amount of the Borrowing, which shall be in an aggregate minimum amount of \$5,000,000 or any multiple of \$1,000,000 in excess thereof for Dollar Borrowings and for Borrowings of Optional Currency Loans in a minimum amount of the Foreign Currency Equivalent of \$5,000,000;

(ii) the requested Borrowing Date, which shall be a Business Day;

(iii) the Type of Loans comprising the Borrowing, for which Company the Loan is being requested, and, if the Loan is to be made in currency other than Dollars, the Optional Currency in which such Loan is requested to be made; and

(iv) the duration of the Interest Period applicable to such Loans included in such notice. If the Notice of Borrowing fails to specify the duration of the Interest Period for any Borrowing comprised of Offshore Rate Loans, such Interest Period shall be one month.

(b) The Administrative Agent will promptly notify each Bank of its receipt of any Notice of Borrowing and of the amount of such Bank's Pro Rata Share of that Borrowing.

(c) Each Bank will make the amount of its Pro Rata Share of each Borrowing available to the Administrative Agent for the account of the applicable Company at the Administrative Agent's Payment Office by 12:00 noon (Chicago time) on the requested Borrowing Date in funds immediately available to the Administrative Agent. The proceeds of all such Loans will then be made available to the applicable Company by the Administrative Agent by wire transfer in accordance with written instructions provided to the Administrative Agent by Toro of like funds as received by the Administrative Agent.

(d) After giving effect to any Borrowing, unless the Administrative Agent shall otherwise consent, there may not be more than eight different Interest Periods in effect in respect of all Loans together then outstanding.

2.4 Conversion and Continuation Elections for Borrowings. By delivering a Continuation/Conversion Notice to the Administrative Agent on or before 10:30 a.m. (Chicago time) on a Business Day, the Companies may from time to time irrevocably elect, on not less than (a) three (3) Business Days' notice for Loans denominated in Dollars and (b) four (4) Business Days' notice for Loans denominated in an Optional Currency, that all, or any portion in an aggregate minimum amount of \$5,000,000 and integral multiples of \$1,000,000 for Loans denominated in Dollars (or the Foreign Currency Equivalent of \$5,000,000 in the case of Optional Currency Loans), of the Loans be, (i) in the case of Base Rate Loans, converted into Offshore Rate Loans denominated in Dollars, (ii) in the case of Offshore Rate Loans denominated in Dollars, be converted into Base Rate Loans or continued as Offshore Rate Loans, or (iii) in the case of Offshore Rate Loans denominated in an Optional Currency, continued as Offshore Rate Loans in the same Optional Currency. Loans may only be converted or continued as Loans denominated in the same currency as originally borrowed.

In the absence of delivery of a Continuation/Conversion Notice with respect to an Offshore Rate Loan at least (a) three (3) Business Days for such Offshore Rate Loan denominated in Dollars, and (b) four (4) Business Days for such Offshore Rate Loan denominated in an Optional Currency, before the last day of the then current Interest Period with respect thereto and unless such Offshore Rate Loan is repaid on such date,

(a) an Offshore Rate Loan denominated in Dollars shall be converted automatically on such last day of such Interest Period to a Base Rate Loan, and

(b) an Offshore Rate Loan denominated in an Optional Currency shall be deemed continued by the Companies on the last day of such Interest Period for another Interest Period equal to one month.

Each such conversion and continuation shall be prorated among the applicable outstanding Loans of all Banks, and no portion of the outstanding principal amount of any Loan may be continued as, or be converted into, an Offshore Rate Loan when any Default or Event of Default has occurred and is continuing. The Administrative Agent shall promptly notify each Bank of the applicable Interest Period and interest rate.

## 2.5 The Swing Loan Facility.

(a) Making of Swing Loans. During the period from the Closing Date to the Business Day immediately preceding the Revolving Termination Date, upon receipt of telephonic request from Toro, no later than 12:00 noon (Chicago time) on any Business Day, (which shall be confirmed immediately in writing by Toro via fax to the Swing Line Bank and the Administrative Agent in substantially the form of a Notice of Borrowing for Swing Loans) the Swing Line Bank shall make loans in Dollars to Toro and Credit solely for the Swing Line Bank's own account (except as otherwise provided in Section 2.5(b) (the "Swing Loans")), up to an aggregate principal amount at any one time outstanding not to exceed the lesser of (i) \$20,000,000 and (ii) an amount equal to (A) the aggregate amount of the Commitments of all Banks at such time minus the Effective Amount of all Loans, Swing Loans and L/C Obligations then outstanding. The Swing Line Bank shall make the proceeds of such Loans available to Toro and Credit on the requested funding date and shall disburse such funds in Dollars and in immediately available funds to an account of either Toro or Credit, designated by Toro from time to time. Each Swing Loan shall be in a minimum amount of \$500,000 and integral multiples of \$100,000 in excess of that amount. All Swing Loans shall be payable on demand with accrued interest thereon and shall otherwise be subject to all the terms and conditions applicable to Loans, except that all interest thereon shall be at a per annum rate quoted to Toro by the Swing Line Bank on the date any Swing Loan shall be requested and be payable to the Administrative Agent, solely for the account of the Swing Line Bank (except as otherwise provided in Section 2.5(b)). The Swing Line Bank shall not make any Swing Loan after it receives written notice from either Toro or Credit or a Bank that one or more of the conditions precedent contained in Sections 5.2(b) or (c) will not on such date be satisfied, until such conditions are satisfied or waived by the Required Banks, and the Swing Line Bank shall not otherwise be required to determine that, or take notice whether, the conditions precedent set forth in Sections 5.2(b) and (c) hereof have been satisfied.

(b) Repayment of Swing Loans. Upon demand by the Swing Line Bank (through the Administrative Agent) at any time when any Swing Loan remains outstanding, Toro and Credit shall and hereby jointly and severally promise to promptly repay all Swing Loans to the Administrative Agent (for the account of the Swing Line Bank). Upon such demand, Toro and Credit shall promptly borrow Loans from all the Banks, and the Banks shall promptly make Loans to Toro and Credit pursuant to Section 2.1 hereof (and for the purposes solely of such Borrowing, the required minimum

amounts for Loans shall not be effective) and Toro and Credit hereby authorize the Swing Line Bank to apply the proceeds of such Loans to the repayment of such outstanding Swing Loans. The failure of any Bank to make available to the Administrative Agent (for the account of the Swing Line Bank) its Pro Rata Share of such Loans shall not relieve any other Bank of its obligation hereunder to make available to the Administrative Agent (for the account of the Swing Line Bank) such other Pro Rata Share of such Loans on the date funds are to be made available to repay such Swing Loans. If either Toro or Credit voluntarily or involuntarily fail to repay any such Swing Loan within one (1) Business Day after demand therefor by the Swing Line Bank (through the Administrative Agent), such Swing Loan will thereafter accrue interest at the per annum rate equal to the Base Rate plus 2% and each Bank hereby irrevocably and unconditionally agrees to purchase from the Swing Line Bank, without recourse or warranty, an undivided interest and participation in such Swing Loan in an amount equal to such Bank's Pro Rata Share thereof and shall pay such amount to the Administrative Agent (for the account of the Swing Line Bank) in Dollars and in immediately available funds. Such purchase shall become effective hereunder without the necessity of further action by any Person. If the amount required to be paid hereunder for the purchase of such participation interest is not paid to the Administrative Agent (for the account of the Swing Line Bank) by any Bank, the Swing Line Bank (acting through the Administrative Agent) shall be entitled to recover such amount on demand from such Bank together with accrued interest thereon, for each day from the date of demand therefor, if made prior to 12:00 noon (Chicago time) on any Business Day, or, if made at any other time, from the next Business Day following the date of such demand, until the date such amount is paid to the Administrative Agent (for the account of the Swing Line Bank) by such Bank, until three (3) Business Days have expired at the Federal Funds Rate and thereafter at the Base Rate. Nothing in this Section 2.5(b) shall be deemed to relieve any Bank of its obligation hereunder to pay the purchase price of its participation interest hereunder.

(c) Each Bank's obligation to make Loans or to purchase and fund in Dollars participations in Swing Loans pursuant to this Section 2.5 shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any set-off, counterclaim, recoupment, defense or other right which such Bank may have against the Swing Line Bank, the Companies or any other Person for any reason whatsoever, (B) the occurrence or continuance of a Default or Event of Default, or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing; provided, however, that each Bank's obligation to make Swing Loans pursuant to this Section 2.5 is subject to the conditions set forth in Section 5.2. Any such purchase of participations by each Bank from the Swing Line Bank shall not relieve or otherwise impair the obligation of Toro and Credit to repay Swing Loans, together with interest as provided herein.

2.6 Voluntary Termination or Reduction of Commitments. Toro may, upon not less than five Business Days' prior notice from Toro to the Administrative Agent, terminate the Commitments, or permanently reduce the Commitments by an aggregate minimum amount of \$5,000,000 or any multiple of \$1,000,000 in excess thereof; unless, after giving effect thereto and to any prepayments of Loans made on the effective date thereof, (a) the Effective Amount of all Loans, Swing Loans and L/C Obligations together would exceed the amount of the combined Commitments then in effect or (b) the Effective Amount of all L/C Obligations then outstanding

would exceed the L/C Commitment. Once reduced in accordance with this Section, the Commitments may not be increased. Any reduction of the Commitments shall be applied to each Bank according to its Pro Rata Share. All accrued Facility Fees and letter of credit fees to, but not including the effective date of any reduction or termination of Commitments, shall be paid on the effective date of such reduction or termination.

2.7 Optional Prepayments. Subject to Section 4.4, the Companies may, at any time or from time to time upon irrevocable notice from Toro to the Administrative Agent, ratably prepay Loans in whole or in part, in minimum amounts of \$5,000,000 or any multiple of \$1,000,000 in excess thereof (or, in relation to any Optional Currency Loan in a minimum amount of the Foreign Currency Equivalent of \$5,000,000); provided that such notice must be received by the Administrative Agent not later than 10:30 a.m., Chicago time, (A) three Business Days prior to any date of prepayment of Offshore Rate Loans denominated in Dollars, (B) four Business Days prior to any date of prepayment of an Optional Currency Loan denominated in any Optional Currency, and (C) on the date of prepayment of Base Rate Committed Loans. Such notice of prepayment shall specify the date and amount of such prepayment and the Type(s) of Loans to be prepaid. The Administrative Agent will promptly notify each Bank of its receipt of any such notice, and of such Bank's Pro Rata Share of such prepayment. If such notice is given by Toro, the Companies shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein, together with accrued interest, to each such date on the amount prepaid and any amounts required pursuant to Section 4.4.

2.8 Repayment of Loans. Each of the Companies shall and do hereby promise to repay to the Banks on the Revolving Termination Date the aggregate principal amount of Loans outstanding on such date made to it hereunder. If at any time the Effective Amount of all Loans, Swing Loans and L/C Obligations outstanding under this Agreement exceeds the combined Commitments of the Banks, Toro shall, or shall cause the applicable Company, to promptly prepay to the Administrative Agent for the account of the Banks an amount equal to such excess plus accrued interest thereon.

2.9 Interest.

(a) Each Loan, other than Swing Loans and Optional Currency Loans, shall bear interest on the outstanding principal amount thereof from the applicable Borrowing Date at a rate per annum equal to the Offshore Rate or the Base Rate, as the case may be (and subject to the Companies' right to convert to other Types of Loans under Section 2.4), plus the Applicable Margin. Each Optional Currency Loan shall bear interest on the outstanding principal amount thereof from the applicable Borrowing Date at a rate per annum equal to the Offshore Rate plus the Applicable Margin.

(b) Interest on each Loan, other than Swing Loans, shall be paid in arrears on each Interest Payment Date. Interest shall also be paid on the date of any prepayment of Loans under Section 2.7 for the portion of the Loans so prepaid and upon payment (including prepayment) in full thereof and, during the existence of any Event of Default, interest shall be paid on demand of the Administrative Agent at the request or with the consent of the Required Banks.

(c) Notwithstanding subsection (a) of this Section, while any Event of Default exists or after acceleration, at the request of the Required Banks, the Companies shall pay interest (after as well as before entry of judgment thereon to the extent permitted by law) on the principal amount of all outstanding Obligations, at a rate per annum which is determined by adding 2% per annum to the interest rate then in effect for such Loans and, in the case of Obligations not subject to an Applicable Margin, at a rate per annum equal to the Base Rate plus 2%; provided, however, that, on and after the expiration of any Interest Period applicable to any Offshore Rate Loan outstanding on the date of occurrence of such Event of Default or acceleration, the principal amount of such Loan shall, during the continuation of such Event of Default or after acceleration, bear interest at a rate per annum equal to the Base Rate plus 2%.

(d) Anything herein to the contrary notwithstanding, the obligations of the Companies to any Bank hereunder shall be subject to the limitation that payments of interest shall not be required for any period for which interest is computed hereunder, to the extent (but only to the extent) that contracting for or receiving such payment by such Bank would be contrary to the provisions of any law applicable to such Bank limiting the highest rate of interest that may be lawfully contracted for, charged or received by such Bank, and in such event the Companies shall pay such Bank interest at the highest rate permitted by applicable law.

(e) For any day on which the sum of the outstanding principal amount of all Loans, Swing Loans, L/C Obligations and Loans (as defined in the 364-Day Agreement) under the 364-Day Agreement shall be greater than or equal to 25% of the sum of the combined Commitments of the Banks under this Agreement plus the combined Commitments (as defined in the 364-Day Credit Agreement) of the Banks under the 364-Day Credit Agreement (such determination referred to as the "Utilization Percentage"), the Companies shall pay to the Administrative Agent for the account of each Bank in accordance with its Pro Rata Share a utilization fee (a "Utilization Fee") equal to the percent per annum set forth in the chart below according to the applicable Utilization Percentage on the aggregate actual daily Dollar Equivalent Amount of all outstanding Loans, Swing Loans and L/C Obligations to the Companies on such day.

UTILIZATION PERCENTAGE	UTILIZATION FEE
Greater than or equal to 25% but less than 50%	0.125%
Greater than or equal to 50%	0.250%

The accrued Utilization Fees, if any, shall be calculated and payable quarterly in arrears on the last Business Day of each March, June, September and December commencing on the first such date after the Closing Date and on the date or dates on which the Commitments terminate and any outstanding Loans are repaid. All Utilization Fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The Utilization Fee

shall accrue at all times, including at any time during which one or more of the conditions of Article V are not met.

2.10 Fees.

(a) Toro shall pay the fees to the Administrative Agent as required by the letter agreement ("Fee Letter") addressed to Toro and acknowledged by the Administrative Agent dated January 3, 2002.

(b) The Companies shall pay to the Administrative Agent for the account of each Bank the Facility Fee quarterly, in arrears, on the last Business Day of each calendar quarter; provided, however, that the Companies shall not be obligated to pay the Facility Fee for the account of any Bank which has failed and continues to fail to fund, or provide for the funding of, Loans as provided hereunder.

2.11 Computation of Fees and Interest.

(a) All computations of interest for Base Rate Loans shall be made on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed. All other computations of fees and interest shall be made on the basis of a 360-day year and actual days elapsed, or, in the case of interest in respect of Loans denominated in Optional Currencies as to which market practice differs from the foregoing, in accordance with such market practice as determined by the Administrative Agent. Interest and fees shall accrue during each period during which interest or such fees are computed from the first day thereof to the last day thereof.

(b) Each determination of an interest rate by the Administrative Agent shall be conclusive and binding on the Companies and the Banks in the absence of manifest error.

2.12 Payments by the Companies.

(a) All payments to be made by the Companies shall be made without set-off, recoupment, defense or counterclaim. Except as otherwise expressly provided herein, all payments by the Companies shall be made to the Administrative Agent for the account of the Banks at the Administrative Agent's Payment Office, and shall be made in the same currency in which such Loan was made and in immediately available funds, no later than 1:00 p.m. (Chicago time) on the date specified herein. The Administrative Agent will promptly distribute to each Bank its Pro Rata Share (or other applicable share as expressly provided herein) of such payment in like funds as received. Any payment received by the Administrative Agent later than 1:00 p.m. (Chicago time) shall be deemed to have been received on the following Business Day and any applicable interest or fee shall continue to accrue.

(b) Subject to the provisions set forth in the definition of "Interest Period" herein, whenever any payment is due on a day other than a Business Day, such payment shall be made on the following Business Day, and such extension of time shall in such case be included in the computation of interest or fees, as the case may be.

(c) Unless the Administrative Agent receives notice from Toro prior to the date on which any payment is due to the Banks that the Companies will not make such payment in full as and when required, the Administrative Agent may assume that the Companies have made such payment in full to the Administrative Agent on such date in immediately available funds and the Administrative Agent may (but shall not be so required), in reliance upon such assumption, distribute to each Bank on such due date an amount equal to the amount then due such Bank. If and to the extent the Companies have not made such payment in full to the Administrative Agent, each Bank shall repay to the Administrative Agent on demand such amount distributed to such Bank, together with interest thereon at the Overnight Rate until three Business Days have expired, and then at the Base Rate, for each day from the date such amount is distributed to such Bank until the date repaid.

(d) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, L/C Borrowings, interest and fees then due hereunder, such funds shall be applied (i) first, toward costs and expenses (including attorney fees and expenses and amounts payable under Article IV) incurred by the Administrative Agent and each Bank, (ii) second, toward repayment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (iii) third, toward repayment of principal and L/C Borrowings then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal and L/C Borrowings then due to such parties.

#### 2.13 Payments by the Banks to the Administrative Agent.

(a) Unless the Administrative Agent receives notice from a Bank on or prior to the Closing Date or, with respect to any Borrowing after the Closing Date, at least one Business Day prior to the date of such Borrowing, that such Bank will not make available as and when required hereunder to the Administrative Agent for the account of the Companies the amount of that Bank's Pro Rata Share of the Borrowing, the Administrative Agent may assume that each Bank has made such amount available to the Administrative Agent in immediately available funds on the Borrowing Date and the Administrative Agent may (but shall not be so required), in reliance upon such assumption, make available to the Companies on such date a corresponding amount. If and to the extent any Bank shall not have made its full amount available to the Administrative Agent in immediately available funds and the Administrative Agent in such circumstances has made available to the Companies such amount, that Bank shall on the Business Day following such Borrowing Date make such amount available to the Administrative Agent, together with interest at the Overnight Rate until three Business Days have expired, and then at the Base Rate, for each day during such period. A notice of the Administrative Agent submitted to any Bank with respect to amounts owing under this subsection (a) shall be conclusive, absent manifest error. If such amount is so made available, such payment to the Administrative Agent shall constitute such Bank's Loan on the date of Borrowing for all purposes of this Agreement. If such amount is not made available to the Administrative Agent on the Business Day following the Borrowing Date, the Administrative Agent will notify Toro of such failure to fund and, upon demand

by the Administrative Agent, the Companies shall pay such amount to the Administrative Agent for the Administrative Agent's account, together with interest thereon for each day elapsed since the date of such Borrowing, at a rate per annum equal to the interest rate applicable at the time to the Loans comprising such Borrowing.

(b) The failure of any Bank to make any Loan on any Borrowing Date shall not relieve any other Bank of any obligation hereunder to make a Loan on such Borrowing Date, but no Bank shall be responsible for the failure of any other Bank to make the Loan to be made by such other Bank on any Borrowing Date.

(c) If any Bank makes available to the Administrative Agent funds for any Loan to be made by such Bank as provided in the foregoing provisions of this Article II, and such funds are not made available to the Companies by the Administrative Agent because the conditions to the applicable Credit Extension set forth in Article V are not satisfied or waived in accordance with the terms hereof, the Administrative Agent shall return such funds (in like funds as received from such Bank) to such Bank, without interest.

(d) Nothing herein shall be deemed to obligate any Bank to obtain the funds for any Loan in any particular place or manner or to constitute a representation by any Bank that it has obtained or will obtain the funds for any Loan in any particular place or manner.

2.14 Sharing of Payments, Etc. If, other than as expressly provided elsewhere herein, any Bank shall obtain on account of the Loans made by it any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) in excess of its ratable share (or other share contemplated hereunder), such Bank shall immediately (a) notify the Administrative Agent of such fact, and (b) purchase from the other Banks such participations in the Loans made by them as shall be necessary to cause such purchasing Bank to share the excess payment pro rata with each of them; provided, however, that if all or any portion of such excess payment is thereafter recovered from the purchasing Bank (including pursuant to any settlement entered into by the Administrative Agent or any Bank in its discretion), such purchase shall to that extent be rescinded and each other Bank shall repay to the purchasing Bank the purchase price paid therefor, together with an amount equal to such paying Bank's ratable share (according to the proportion of (i) the amount of such paying Bank's required repayment to (ii) the total amount so recovered from the purchasing Bank) of any interest or other amount paid or payable by the purchasing Bank in respect of the total amount so recovered, without further interest thereon. The Companies agree that any Bank so purchasing a participation from another Bank may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off, but subject to Section 12.9) with respect to such participation as fully as if such Bank were the direct creditor of the Companies in the amount of such participation. The Administrative Agent will keep records (which shall be conclusive and binding in the absence of manifest error) of participations purchased under this Section and will in each case notify the Banks following any such purchases or repayments. Each Bank that purchases a participation pursuant to this Section shall from and after such purchase have the right to give all notices, requests, demands, directions and other communications under this Agreement with respect to

the portion of the Obligations purchased to the same extent as though the purchasing Bank were the original owner of the Obligations purchased.

2.15 Limitations on Borrowings. Notwithstanding anything to the contrary in this Agreement, (a) no Loans shall be requested by or made to Tover Overseas B.V. by any Bank until such time as all certificates and other documents required by Sections 5.1(b) and 5.1(c)(ii) have been received by the Administrative Agent, and (b) no Loans shall be requested by or made to Toro Factoring Company N.V. by any Bank until such time as the certificate required by Section 5.1(c)(ii) has been received by the Administrative Agent.

#### ARTICLE III.

##### THE LETTERS OF CREDIT

###### 3.1 The Letter of Credit Subfacility.

(a) On the terms and conditions set forth herein (i) the Issuing Bank agrees, (A) from time to time on any Business Day during the period from the Closing Date to the date which is seven Business Days immediately preceding the Revolving Termination Date to Issue Letters of Credit denominated in Dollars for the account of either Toro or Credit, and to amend or renew Letters of Credit previously Issued by it, in accordance with subsections 3.2(c) and 3.2(d), and (B) to honor drafts under the Letters of Credit; and (ii) the Banks severally agree to participate in Letters of Credit Issued for the account of either Toro or Credit; provided, that the Issuing Bank shall not Issue, and no Bank shall be obligated to participate in, any Letter of Credit if as of the date of Issuance of such Letter of Credit (the "Issuance Date") (1) the Effective Amount of all L/C Obligations plus the Effective Amount of all Loans plus the Effective Amount of all Swing Loans exceeds the combined Commitments, (2) the participation of any Bank in the Effective Amount of all L/C Obligations plus the Effective Amount of the Loans plus the Effective Amount of all Swing Loans of such Bank exceeds such Bank's Commitment, or (3) the Effective Amount of L/C Obligations exceeds the L/C Commitment. Within the foregoing limits, and subject to the other terms and conditions hereof, Toro or Credit's ability to obtain Letters of Credit shall be fully revolving, and, accordingly, Toro or Credit may, during the foregoing period, obtain Letters of Credit to replace Letters of Credit which have expired or which have been drawn upon and reimbursed.

(b) The Issuing Bank shall not Issue any Letter of Credit if:

(i) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain the Issuing Bank from Issuing such Letter of Credit, or any Requirement of Law applicable to the Issuing Bank or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over the Issuing Bank shall prohibit, or request that the Issuing Bank refrain from, the Issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon the Issuing Bank with respect to such Letter of Credit any restriction, reserve or

capital requirement (for which the Issuing Bank is not otherwise compensated hereunder) not in effect on the Closing Date, or shall impose upon the Issuing Bank any unreimbursed loss, cost or expense which was not applicable on the Closing Date and which the Issuing Bank in good faith deems material to it;

(ii) the Issuing Bank has received written notice from any Bank, the Administrative Agent or either Toro or Credit, on or prior to the Business Day prior to the requested date of Issuance of such Letter of Credit, that one or more of the applicable conditions contained in Article V is not then satisfied;

(iii) the expiry date of any requested Letter of Credit occurs after the Revolving Termination Date;

(iv) any requested Letter of Credit does not provide for drafts, or is not otherwise in form and substance acceptable to the Issuing Bank, or the Issuance of a Letter of Credit shall violate any applicable policies of the Issuing Bank; or

(v) such Letter of Credit is in a face amount less than \$1,000,000 or to be denominated in a currency other than Dollars.

### 3.2 Issuance, Amendment and Renewal of Letters of Credit.

(a) Each Letter of Credit shall be Issued upon the irrevocable written request of Toro received by the Issuing Bank (with a copy sent by Toro to the Administrative Agent) at least three Business Days (or such shorter time as the Issuing Bank may agree in a particular instance in its sole discretion) prior to the proposed date of Issuance. Each such request for issuance of a Letter of Credit shall be by facsimile in the form of an L/C Application, and shall specify in form and detail satisfactory to the Issuing Bank: (i) the proposed date of Issuance of the Letter of Credit (which shall be a Business Day); (ii) the face amount of the Letter of Credit; (iii) the expiry date of the Letter of Credit; (iv) the name and address of the beneficiary thereof; (v) the documents to be presented by the beneficiary of the Letter of Credit in case of any drawing thereunder; (vi) the full text of any certificate to be presented by the beneficiary in case of any drawing thereunder; and (vii) such other matters as the Issuing Bank may require.

(b) Prior to the Issuance of any Letter of Credit, the Issuing Bank will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has received a copy of the L/C Application or L/C Amendment Application from the applicable Company and, if not, the Issuing Bank will provide the Administrative Agent with a copy thereof. Unless the Issuing Bank has received notice on or before the Business Day immediately preceding the date the Issuing Bank is to Issue a requested Letter of Credit from the Administrative Agent (A) directing the Issuing Bank not to Issue such Letter of Credit because such Issuance is not then permitted under subsection 3.1 (a) as a result of the limitations set forth in clauses (1) through (3) thereof or subsection 3.1(b)(ii); or (B) that one or more conditions specified in Article V are not then satisfied; then, subject to the terms and conditions hereof, the Issuing Bank shall, on

the requested date, Issue a Letter of Credit for the account of the Company designated by Toro in accordance with the Issuing Bank's usual and customary business practices.

(c) From time to time while a Letter of Credit is outstanding and prior to the Revolving Termination Date, the Issuing Bank will, upon the written request of Toro received by the Issuing Bank (with a copy sent by Toro to the Administrative Agent) at least three Business Days (or such shorter time as the Issuing Bank may agree in a particular instance in its sole discretion) prior to the proposed date of amendment, amend any Letter of Credit Issued by it. Each such request for amendment of a Letter of Credit shall be made by facsimile in the form of an L/C Amendment Application and shall specify in form and detail satisfactory to the Issuing Bank: (i) the Letter of Credit to be amended; (ii) the proposed date of amendment of the Letter of Credit (which shall be a Business Day); (iii) the nature of the proposed amendment; and (iv) such other matters as the Issuing Bank may require. The Issuing Bank shall be under no obligation to amend any Letter of Credit if: (A) the Issuing Bank would have no obligation at such time to Issue such Letter of Credit in its amended form under the terms of this Agreement; or (B) the beneficiary of any such Letter of Credit does not accept the proposed amendment to the Letter of Credit. The Administrative Agent will promptly notify the Banks of the Issuance of a Letter of Credit (or amendment thereto) pursuant to any L/C Application or L/C Amendment Application.

(d) The Issuing Bank and the Banks agree that, while a Letter of Credit is outstanding and prior to the Revolving Termination Date, at the option of Toro and upon the written request of Toro received by the Issuing Bank (with a copy sent by Toro to the Administrative Agent) at least three Business Days (or such shorter time as the Issuing Bank may agree in a particular instance in its sole discretion) prior to the proposed date of notification of renewal, the Issuing Bank shall be entitled to authorize the automatic renewal of any Letter of Credit Issued by it. Each such request for renewal of a Letter of Credit shall be made by facsimile, confirmed immediately in an original writing, in the form of an L/C Amendment Application, and shall specify in form and detail satisfactory to the Issuing Bank: (i) the Letter of Credit to be renewed; (ii) the proposed date of notification of renewal of the Letter of Credit (which shall be a Business Day); (iii) the revised expiry date of the Letter of Credit; and (iv) such other matters as the Issuing Bank may require. The Issuing Bank shall be under no obligation to renew any Letter of Credit if: (A) the Issuing Bank would have no obligation at such time to Issue or amend such Letter of Credit in its renewed form under the terms of this Agreement; or (B) the beneficiary of any such Letter of Credit does not accept the proposed renewal of the Letter of Credit. If any outstanding Letter of Credit shall provide that it shall be automatically renewed unless the beneficiary thereof receives notice from the Issuing Bank that such Letter of Credit shall not be renewed, and if at the time of renewal the Issuing Bank would be entitled to authorize the automatic renewal of such Letter of Credit in accordance with this subsection 3.2(d) upon the request of Toro but the Issuing Bank shall not have received any L/C Amendment Application from Toro with respect to such renewal or other written direction by the Companies with respect thereto, the Issuing Bank shall nonetheless be permitted to allow such Letter of Credit to renew, and Toro and the Banks hereby authorize such renewal, and, accordingly, the Issuing Bank shall be

deemed to have received an L/C Amendment Application from Toro requesting such renewal.

(e) The Issuing Bank may, at its election (or as required by the Administrative Agent at the direction of the Required Banks), deliver any notices of termination or other communications to any Letter of Credit beneficiary or transferee, and take any other action as necessary or appropriate, at any time and from time to time, in order to cause the expiry date of such Letter of Credit to be a date not later than the Revolving Termination Date.

(f) This Agreement shall control in the event of any conflict with any L/C-Related Document (other than any Letter of Credit).

(g) The Issuing Bank will also deliver to the Administrative Agent, concurrently or promptly following its delivery of a Letter of Credit, or amendment to or renewal of a Letter of Credit, to an advising bank or a beneficiary, a true and complete copy of each such Letter of Credit or amendment to or renewal of a Letter of Credit and the Administrative Agent shall promptly (but in no event less than quarterly) provide the Banks a summary of the Letters of Credit outstanding.

### 3.3 Risk Participations, Drawings and Reimbursements.

(a) Immediately upon the Issuance of each Letter of Credit, each Bank shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the Issuing Bank a participation in such Letter of Credit and each drawing thereunder in an amount equal to the product of (i) the Pro Rata Share of such Bank, times (ii) the maximum amount available to be drawn under such Letter of Credit and the amount of such drawing, respectively. For purposes of subsection 2.1(a), each Issuance of a Letter of Credit shall be deemed to utilize the Commitment of each Bank by an amount equal to the amount of such participation.

(b) In the event of any request for a drawing under a Letter of Credit by the beneficiary or transferee thereof, the Issuing Bank will promptly notify Toro. The applicable Company shall reimburse the Issuing Bank prior to 12:00 noon (Chicago time), on each date that any amount is paid by the Issuing Bank under any Letter of Credit (each such date, an "Honor Date"), in an amount equal to the amount so paid by the Issuing Bank. In the event the applicable Company fails to reimburse the Issuing Bank for the full amount of any drawing under any Letter of Credit by 12:00 noon (Chicago time) on the Honor Date, the Issuing Bank will promptly notify the Administrative Agent and the Administrative Agent will promptly notify each Bank thereof, and the applicable Company shall be deemed to have requested that Base Rate Loans in the amount of the shortfall be made by the Banks to be disbursed on the Honor Date under such Letter of Credit, subject to the amount of the unutilized portion of the combined Commitments and subject to the conditions set forth in Section 5.2. Any notice given by the Issuing Bank or the Administrative Agent pursuant to this subsection 3.3(b) may be oral if immediately confirmed in writing (including by facsimile); provided

that the lack of such an immediate confirmation shall not affect the conclusiveness or binding effect of such notice.

(c) Each Bank shall upon any notice pursuant to subsection 3.3(b) make available to the Administrative Agent for the account of the relevant Issuing Bank an amount in Dollars and in immediately available funds equal to its Pro Rata Share of the amount of the drawing, whereupon the participating Banks shall (subject to subsection 3.3(d)) each be deemed to have made a Base Rate Loan to the applicable Company in that amount. If any Bank so notified fails to make available to the Administrative Agent for the account of the Issuing Bank the amount of such Bank's Pro Rata Share of the amount of the drawing by no later than 2:00 p.m. (Chicago time) on the Honor Date, then interest shall accrue on such Bank's obligation to make such payment, from the Honor Date to the date such Bank makes such payment, at a rate per annum equal to the Overnight Rate in effect from time to time during such period until three Business Days have expired, and then at the Base Rate. The Administrative Agent will promptly give notice of the occurrence of the Honor Date, but failure of the Administrative Agent to give any such notice on the Honor Date or in sufficient time to enable any Bank to effect such payment on such date shall not relieve such Bank from its obligations under this Section 3.3.

(d) With respect to any unreimbursed drawing that is not paid with the proceeds of Base Rate Loans to the applicable Company in whole or in part, because of the applicable Company's failure to satisfy the conditions set forth in Section 5.2 or for any other reason, the applicable Company shall be deemed to have incurred from the Issuing Bank an L/C Borrowing in the amount of such drawing, which L/C Borrowing shall be due and payable on demand (together with interest) and shall bear interest at a rate per annum equal to the Base Rate plus 2% per annum, and each Bank's payment to the Issuing Bank pursuant to subsection 3.3(c) shall be deemed payment in respect of its participation in such L/C Borrowing and shall constitute an L/C Advance from such Bank in satisfaction of its participation obligation under this Section 3.3.

(e) Each Bank's obligation in accordance with this Agreement to make the Loans or L/C Advances, as contemplated by this Section 3.3, as a result of a drawing under a Letter of Credit, shall be absolute and unconditional and without recourse to the Issuing Bank and shall not be affected by any circumstance, including (i) any set-off, counterclaim, recoupment, defense or other right which such Bank may have against the Issuing Bank, the applicable Company or any other Person for any reason whatsoever; (ii) the occurrence or continuance of a Default, an Event of Default or a Material Adverse Effect; or (iii) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing; provided, however, that each Bank's obligation to make Loans under this Section 3.3 is subject to the conditions set forth in Section 5.2.

#### 3.4 Repayment of Participations.

(a) Upon (and only upon) receipt by the Administrative Agent or the Issuing Bank for the account of the Issuing Bank of immediately available funds from the applicable Company (i) in reimbursement of any payment made by the Issuing Bank

under the Letter of Credit with respect to which any Bank has paid the Administrative Agent for the account of the Issuing Bank for such Bank's participation in the Letter of Credit pursuant to Section 3.3 or (ii) in payment of interest thereon, the Administrative Agent will pay to each Bank, in the same funds as those received by the Administrative Agent for the account of the Issuing Bank, the amount of such Bank's Pro Rata Share of such funds, and the Issuing Bank shall receive the amount of the Pro Rata Share of such funds of any Bank that did not so pay the Administrative Agent for the account of the Issuing Bank as required pursuant to Section 3.3.

(b) If the Administrative Agent or the Issuing Bank is required at any time to return to the applicable Company, or to a trustee, receiver, liquidator, custodian, or any official in any Insolvency Proceeding, any portion of the payments made by the applicable Company to the Administrative Agent for the account of the Issuing Bank, and the Administrative Agent has so paid each Bank its Pro Rata Share thereof pursuant to subsection 3.4(a), in reimbursement of a payment made under the Letter of Credit or interest or fee thereon, each Bank shall, on demand of the Administrative Agent, forthwith return to the Administrative Agent or the Issuing Bank the amount of its Pro Rata Share of any amounts so returned by the Administrative Agent or the Issuing Bank plus interest thereon from the date such demand is made to the date such amounts are returned by such Bank to the Administrative Agent or the Issuing Bank, at a rate per annum equal to the Overnight Rate in effect from time to time during such period until three Business Days have expired, and then at the Base Rate.

### 3.5 Role of the Issuing Bank.

(a) Each Bank, Toro and Credit agree that, in paying any drawing under a Letter of Credit, the Issuing Bank shall not have any responsibility to obtain any document (other than any sight draft and certificates expressly required by the Letter of Credit) or to ascertain or inquire as to the validity or accuracy of any such document or the authority of the Person executing or delivering any such document.

(b) No Administrative Agent-Related Person nor any of the respective correspondents, participants or assignees of the Issuing Bank shall be liable to any Bank for: (i) any action taken or omitted in connection herewith at the request or with the approval of the Banks; (ii) any action taken or omitted in the absence of gross negligence or willful misconduct; or (iii) the due execution, effectiveness, validity or enforceability of any L /C-Related Document.

(c) Toro and Credit hereby assume all risks of the acts or omissions of any beneficiary or transferee with respect to its use of any Letter of Credit; provided, however, that this assumption is not intended to, and shall not, preclude Toro or Credit from pursuing such rights and remedies as it may have against the beneficiary or transferee at law or under any other agreement. No Administrative Agent-Related Person, nor any of the respective correspondents, participants or assignees of the Issuing Bank, shall be liable or responsible for any of the matters described in clauses (i) through (vii) of Section 3.6; provided, however, anything in such clauses to the contrary notwithstanding, that the applicable Company may have a claim against the Issuing Bank,

and the Issuing Bank may be liable to the applicable Company, to the extent, but only to the extent, of any direct, as opposed to consequential, indirect, special or punitive damages suffered by the applicable Company which the applicable Company proves were caused by the Issuing Bank's willful misconduct or gross negligence or the Issuing Bank's willful failure to pay under any Letter of Credit after the presentation to it by the beneficiary of a sight draft and certificate(s) strictly complying with the terms and conditions of a Letter of Credit. In furtherance and not in limitation of the foregoing: (i) the Issuing Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary; and (ii) the Issuing Bank shall not be responsible for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign a Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason.

3.6 Obligations Absolute. The obligations of Toro and Credit under this Agreement and any L/C-Related Document to reimburse the Issuing Bank for a drawing under a Letter of Credit, and to repay any L/C Borrowing and any drawing under a Letter of Credit converted into Loans, shall be unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement and each such other L/C-Related Document under all circumstances, including the following:

- (i) any lack of validity or enforceability of this Agreement or any L/C-Related Document;
- (ii) any change in the time, manner or place of payment of, or in any other term of, all or any of the obligations of the applicable Company in respect of any Letter of Credit or any other amendment or waiver of or any consent to departure from all or any of the L/C-Related Documents;
- (iii) the existence of any claim, set-off, defense or other right that the applicable Company may have at any time against any beneficiary or any transferee of any Letter of Credit (or any Person for whom any such beneficiary or any such transferee may be acting), the Issuing Bank or any other Person, whether in connection with this Agreement, the transactions contemplated hereby or by the L/C-Related Documents or any unrelated transaction;
- (iv) any draft, demand, certificate or other document presented under any Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; or any loss or delay in the transmission or otherwise of any document required in order to make a drawing under any Letter of Credit;
- (v) any payment by the Issuing Bank under any Letter of Credit against presentation of a draft or certificate that does not strictly comply with the terms of any Letter of Credit; or any payment made by the Issuing Bank under any Letter of Credit to any Person purporting to be a trustee in bankruptcy, debtor-in-possession, assignee for the benefit of creditors, liquidator, receiver or

other representative of or successor to any beneficiary or any transferee of any Letter of Credit, including any arising in connection with any Insolvency Proceeding; provided, however, neither Toro nor Credit shall be obligated to reimburse the Issuing Bank for any wrongful payment or disbursements made under any Letter of Credit as a result of acts or omissions constituting gross negligence or willful misconduct on the part of the Issuing Bank;

(vi) any exchange, release or non-perfection of any collateral, or any release or amendment or waiver of or consent to departure from any other guarantee, for all or any of the obligations of Toro or Credit in respect of any Letter of Credit; or

(vii) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, including any other circumstance that might otherwise constitute a defense available to, or a discharge of, Toro, Credit or a guarantor.

### 3.7 Letter of Credit Fees.

(a) On the last Business Day of each calendar quarter, Toro and Credit shall pay to the Administrative Agent for the account of each of the Banks a letter of credit fee equal to a per annum rate equal to the Applicable Margin at such time of the stated amount of all Letters of Credit outstanding on each day during such calendar quarter as calculated by the Administrative Agent. Such letter of credit fees shall be due and payable quarterly in arrears on the last Business Day of each calendar quarter during which Letters of Credit are outstanding, commencing on the first such quarterly date to occur after the Closing Date, through the Revolving Termination Date, with the final payment to be made on the Revolving Termination Date.

(b) Toro and Credit shall pay to the Issuing Bank a fronting fee for each Letter of Credit Issued by the Issuing Bank equal to 0.125% of the amount of such Letter of Credit. Such Letter of Credit fronting fee shall be due and payable on the date of Issuance of each Letter of Credit.

(c) Toro and Credit shall pay to the Issuing Bank from time to time on demand the normal issuance, presentation, amendment and other processing fees, and other standard costs and charges, of the Issuing Bank relating to letters of credit as from time to time in effect.

3.8 Applicability of ISP98. Unless otherwise expressly agreed by the Issuing Bank and Toro when a Letter of Credit is Issued, the rules of the "International Standby Practices 1998" published by the Institute of International Banking Law & Practice (or such later version thereof as may be in effect at the time of issuance) shall apply to each standby Letter of Credit.

ARTICLE IV.

TAXES, YIELD PROTECTION AND ILLEGALITY

4.1 Taxes.

(a) Any and all payments by the Companies to each Bank, or the Administrative Agent under this Agreement and any other Loan Document shall be made free and clear of, and without deduction or withholding for, any Taxes. In addition, the Companies shall pay all Other Taxes.

(b) If the Companies shall be required by law to deduct or withhold any Taxes, Other Taxes or Further Taxes from or in respect of any sum payable hereunder to any Bank or the Administrative Agent, then:

(i) the sum payable shall be increased as necessary so that, after making all required deductions and withholdings (including deductions and withholdings applicable to additional sums payable under this Section), such Bank or the Administrative Agent, as the case may be, receives and retains an amount equal to the sum it would have received and retained had no such deductions or withholdings been made;

(ii) the Companies shall make such deductions and withholdings;

(iii) the Companies shall pay the full amount deducted or withheld to the relevant taxing authority or other authority in accordance with applicable law; and

(iv) the Companies shall also pay to each Bank or the Administrative Agent for the account of such Bank, at the time interest is paid, Further Taxes in the amount that the respective Bank specifies as necessary to preserve the after-tax yield the Bank would have received if such Taxes, Other Taxes or Further Taxes had not been imposed.

(c) The Companies agree to indemnify and hold harmless each Bank and the Administrative Agent for the full amount of (i) Taxes, (ii) Other Taxes, and (iii) Further Taxes in the amount that the respective Bank specifies as necessary to preserve the after-tax yield the Bank would have received if such Taxes, Other Taxes or Further Taxes had not been imposed, and any liability (including penalties, interest, additions to tax and expenses) arising therefrom or with respect thereto, whether or not such Taxes, Other Taxes or Further Taxes were correctly or legally asserted. Payment under this indemnification shall be made within 30 days after the date the Bank or the Administrative Agent makes written demand therefor.

(d) Within 30 days after the date of any payment by the Companies or any of them of Taxes, Other Taxes or Further Taxes, the Companies shall furnish to each Bank or the Administrative Agent the original or a certified copy of a receipt evidencing

payment thereof, or other evidence of payment satisfactory to such Bank or the Administrative Agent.

(e) If the Companies, or any of them, are required to pay any amount to any Bank or the Administrative Agent pursuant to subsection (b) or (c) of this Section, then such Bank shall use reasonable efforts (consistent with legal and regulatory restrictions) to change the jurisdiction of its Lending Office so as to eliminate any such additional payment by the Companies which may thereafter accrue, if such change in the sole judgment of such Bank is not otherwise disadvantageous to such Bank.

#### 4.2 Illegality.

(a) If any Bank determines that the introduction of any Requirement of Law or any change in any Requirement of Law or in the interpretation or administration of any Requirement of Law, has made it unlawful, or that any central bank or other Governmental Authority has asserted that it is unlawful, for any Bank or its applicable Lending Office, to make Offshore Rate Loans, then, on notice thereof by the Bank to Toro through the Administrative Agent, any obligation of that Bank to make Offshore Rate Loans shall be suspended until the Bank notifies the Administrative Agent and Toro that the circumstances giving rise to such determination no longer exist.

(b) If a Bank determines that it is unlawful for such Bank to maintain any Offshore Rate Loan, the Companies shall, upon Toro's receipt of notice of such fact and demand from such Bank (with a copy to the Administrative Agent), prepay in full such Offshore Rate Loans of that Bank then outstanding, together with interest accrued thereon and amounts required under Section 4.4, either on the last day of the Interest Period thereof, if the Bank may lawfully continue to maintain such Offshore Rate Loans to such day, or immediately, if the Bank may not lawfully continue to maintain such Offshore Rate Loan. If the Companies are required to so prepay any Offshore Rate Loan, then concurrently with such prepayment, the Companies shall borrow from the affected Bank, in the amount of such repayment, a Base Rate Loan.

(c) If the obligation of any Bank to make or maintain Offshore Rate Loans has been so terminated or suspended, the Companies may elect, by Toro giving notice to such Bank through the Administrative Agent, that all Loans which would otherwise be made by the Bank as Offshore Rate Loans shall be instead Base Rate Loans.

(d) Before giving any notice to the Administrative Agent under this Section, the affected Bank shall designate a different Lending Office with respect to its Offshore Rate Loans if such designation will avoid the need for giving such notice or making such demand and will not, in the judgment of the Bank, be illegal or otherwise disadvantageous to the Bank.

#### 4.3 Increased Costs and Reduction of Return.

(a) If any Bank determines that, due to either (i) the introduction of or any change in or in the interpretation of any law or regulation or (ii) the compliance by that Bank with any guideline or request from any central bank or other Governmental

Authority (whether or not having the force of law), there shall be any increase in the cost to such Bank of agreeing to make or making, funding or maintaining any Offshore Rate Loans or participating in Letters of Credit, or in the case of the Issuing Bank, any increase in the cost to the Issuing Bank of agreeing to Issue, issuing or maintaining any Letter of Credit or of agreeing to make or making, funding or maintaining any unpaid drawing under any Letter of Credit, then the Companies shall be liable for, and shall from time to time, upon demand (with a copy of such demand to be sent to the Administrative Agent), pay to the Administrative Agent for the account of such Bank, additional amounts as are sufficient to compensate such Bank for such increased costs.

(b) If any Bank shall have determined that (i) the introduction of any Capital Adequacy Regulation, (ii) any change in any Capital Adequacy Regulation, (iii) any change in the interpretation or administration of any Capital Adequacy Regulation by any central bank or other Governmental Authority charged with the interpretation or administration thereof, or (iv) compliance by the Bank (or its Lending Office) or any corporation controlling the Bank with any Capital Adequacy Regulation, affects or would affect the amount of capital required or expected to be maintained by the Bank or any corporation controlling the Bank and (taking into consideration such Bank's or such corporation's policies with respect to capital adequacy and such Bank's desired return on capital) and shall have determined that the amount of such capital is increased as a consequence of its Commitment, loans, credits or obligations under this Agreement, then, upon demand of such Bank or such corporation to Toro through the Administrative Agent, the Companies shall pay to the Bank, from time to time as reasonably determined by the Bank, additional amounts sufficient to compensate the Bank or such corporation for such increase. Each Bank agrees to take reasonable steps to reduce the amount of such increase provided no Bank shall be required to take any such step, if in its sole opinion, such Bank would suffer any economic, legal or regulatory disadvantage in connection therewith.

4.4 Funding Losses. (a) Upon demand of any Bank (with a copy to the Administrative Agent) from time to time, the Companies shall reimburse each Bank and hold each Bank harmless from any loss or expense which the Bank may sustain or incur as a consequence of:

(a) the failure of the Companies to make on a timely basis any payment of principal of any Offshore Rate Loan;

(b) the failure of the Companies to borrow, continue or convert a Loan after Toro has given (or is deemed to have given) a Notice of Borrowing or a Notice of Conversion/Continuation;

(c) the failure of the Companies to make any prepayment of any Loan in accordance with any notice delivered under Section 2.7;

(d) the prepayment (including pursuant to either Section 2.7 or 2.8) or other payment (including after acceleration thereof) of any Loan other than a Base Rate Loan on a day that is not the last day of the relevant Interest Period; or

(e) the automatic conversion under Section 2.4 of any Offshore Rate Loan to a Base Rate Loan on a day that is not the last day of the relevant Interest Period;

including any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain its Offshore Rate Loans or from fees payable to terminate the deposits from which such funds were obtained. Each Bank agrees to take reasonable steps to reduce the amount of such loss or expense, provided no Bank shall be required to take any such step, if in its sole opinion, such Bank would suffer any economic, legal or regulatory disadvantage in connection therewith. For purposes of calculating amounts payable by the Companies to the Banks under this Section 4.4, each Bank shall be deemed to have funded each Offshore Rate Loan made by it at the Interbank Offered Rate used in determining the Offshore Rate for such Loan by a matching deposit or other borrowing in the applicable offshore interbank market for such currency for a comparable amount and for a comparable period, whether or not such Offshore Rate Loan was in fact so funded.

4.5 Inability to Determine Rates. If the Administrative Agent determines that for any reason adequate and reasonable means do not exist for determining the Offshore Rate for any requested Interest Period with respect to a proposed Offshore Rate Loan, or that the Offshore Rate for any requested Interest Period with respect to a proposed Offshore Rate Loan does not adequately and fairly reflect the cost to the Banks of funding such Loan, the Administrative Agent will promptly so notify Toro and each Bank. Thereafter, the obligation of the Banks to make or maintain Offshore Rate Loans, as the case may be, hereunder shall be suspended until the Administrative Agent revokes such notice in writing. Upon receipt of such notice, Toro may revoke any Notice of Borrowing or Notice of Conversion/Continuation then submitted by it. If the Companies do not revoke such Notice, the Banks shall make, convert or continue the Loans, as proposed by the Companies, in the amount specified in the applicable notice submitted by the Companies, but such Loans shall be made, converted or continued as Base Rate Loans instead of Offshore Rate Loans.

4.6 Certificates of Banks. Any Bank claiming reimbursement or compensation under this Article IV shall deliver to Toro (with a copy to the Administrative Agent) a certificate setting forth in reasonable detail the amount payable, and the basis for the determination of such amount, to the Bank hereunder and such certificate shall be conclusive and binding on the Companies in the absence of manifest error.

4.7 Substitution of Banks. At any time any Bank makes a claim for compensation under Section 4.3 (each, an "Affected Bank"), the Companies may replace such Affected Bank (and any Affiliate of such Bank which is a party hereto) as a party to this Agreement with one or more other Eligible Assignees and upon notice of such replacement from Toro and the willingness of one or more Eligible Assignees to become a Bank hereunder, such Affected Bank shall assign pursuant to Section 12.7, and without recourse or warranty, its Commitment, its Loans, its Notes, its participation in Letters of Credit and Swing Loans, and all of its other rights and obligations hereunder to such Eligible Assignees for a purchase price equal to the sum of the principal amount of the Loans so assigned, all accrued and unpaid interest thereon, its ratable share of all accrued and unpaid facility fees and Letter of Credit fees, any amounts payable under Section 4.4 as a result of such Bank receiving payment of any Offshore Rate Loan prior to the

end of an Interest Period therefor and all other obligations owed to such Affected Bank hereunder.

4.8 Survival. The agreements and obligations of the Companies in this Article IV shall survive the payment of all Obligations.

#### ARTICLE V.

##### CONDITIONS PRECEDENT

5.1 Conditions of Effectiveness. This Agreement shall be effective as of the date hereof upon its execution and delivery by the Administrative Agent, each Bank and each Company and the obligation of each Bank to make its initial Loan hereunder to each Company, the obligation of the Issuing Bank to Issue the initial Letter of Credit for the account of Toro or Credit hereunder, and the obligation of the Swing Line Bank to make Swing Loans to Toro or Credit hereunder is subject to the condition that the Administrative Agent shall have received from such Company all of the following, in form and substance satisfactory to the Administrative Agent and each Bank, and in sufficient copies for each Bank:

(a) Credit Agreement and Notes. This Agreement and the Notes executed by such Company;

(b) Resolutions; Incumbency.

(i) For such Company, copies of the resolutions of the board of directors of such Company authorizing the transactions contemplated hereby, certified as of the Closing Date by the Secretary or an Assistant Secretary of such Company; and

(ii) For such Company, a certificate of the Secretary or Assistant Secretary of such Company certifying the names and true signatures of the officers of such Company authorized to execute, deliver and perform, as applicable, this Agreement, and all other Loan Documents to be delivered by it hereunder;

provided that, subject to the limitations of Section 2.15, such resolutions and certificates with respect to Tover Overseas B.V. may be delivered after the Closing Date;

(c) Organizational Documents; Good Standing. For such Company, each of the following documents:

(i) the Organizational Documents of such Company as in effect on the Closing Date, certified by the Secretary or Assistant Secretary of such Company; and

(ii) a good standing certificate for such Company from the Secretary of the State (or similar, applicable Governmental Authority) of its jurisdiction of incorporation and its principal place of business, provided that, subject to the limitations of Section 2.15, such certificates with respect to Tover Overseas B.V. and Toro Factoring Company N.V. may be delivered after the Closing Date.

(d) Legal Opinions. An opinion of Oppenheimer, Wolff & Donnelly LLP, counsel to the Companies and addressed to the Administrative Agent and the Banks, in form and substance satisfactory to the Banks.

(e) Payment of Fees and Expenses. Evidence of payment by the Companies to the Administrative Agent for its benefit and the benefit of the Banks of all accrued and unpaid fees, costs and expenses to the extent then due and payable on the Closing Date, including any such costs, fees and expenses arising under or referenced in Sections 2.10 and 12.4;

(f) Certificate. A certificate signed by a Responsible Officer, dated as of the Closing Date, stating that:

(i) the representations and warranties contained in Article VI are true and correct on and as of such date, as though made on and as of such date;

(ii) no Default or Event of Default exists;

(iii) there does not exist any pending or threatened action, suit, investigation or proceeding in any court or before any arbitrator or Governmental Authority that purports (A) to have a Material Adverse Effect on any of the Companies or their Subsidiaries, or (B) to affect any transaction contemplated under this Agreement or any Loan Document or the ability of any Company to perform its respective obligations under this Agreement or any Loan Document; and

(iv) there has occurred since October 31, 2001, no event or circumstance that has resulted or could reasonably be expected to result in a Material Adverse Effect or a material adverse change in or a material adverse effect upon the business, assets, liabilities (actual or contingent), operations, condition (financial or otherwise), or prospects of Toro and its Subsidiaries taken as a whole;

(g) Financial Statements. Receipt and satisfactory review by the Administrative Agent of the consolidated financial statements of Toro and its Subsidiaries for the fiscal years ended 1999, 2000, and 2001, including balance sheets, income and cash flow statements audited by independent public accountants of recognized national standing prepared in conformity with GAAP, and such other financial information as the Administrative Agent may request;

(h) Confirmation of Ratings. A certificate signed by the treasurer of Toro confirming Moody's and S&P's current Debt Rating;

(i) Execution of 364-Day Credit Agreement. The 364-Day Credit Agreement has been executed and delivered by all parties thereto and the conditions set forth in Sections 5.1 and 5.2 thereof as of the Closing Date have been satisfied or waived in accordance with its terms;

(j) Compliance Certificate. A Compliance Certificate signed by a Responsible Officer dated as of the Closing Date demonstrating compliance with the financial covenants contained in Article VIII as of the end of the fiscal quarter of Toro most recently ended more than 50 days prior to the Closing Date;

(k) Termination of Existing Facilities. Evidence of the termination of the Existing Facilities and repayment and satisfaction in full of all indebtedness under the Existing Facilities; and

(l) Other Documents. Such other approvals, opinions, documents or materials as the Administrative Agent or any Bank may reasonably request.

5.2 Conditions to All Loans, Swing Loans and Letter of Credit Issuances. Except as otherwise provided in Section 2.5, the obligation of each Bank and the Administrative Agent to make any Loan to be made by it, the obligation of the Issuing Bank to Issue any Letter of Credit hereunder, and the obligation of the Swing Line Bank to make Swing Loans hereunder is subject to the satisfaction of the following conditions precedent on the Borrowing Date or Issuance Date:

(a) Notice of Borrowing or Application. In the case of any Loan, the Administrative Agent shall have received a Notice of Borrowing, in the case of any Swing Loan, the Swing Line Bank and the Administrative Agent shall have received a Notice of Borrowing of Swing Loan or in the case of any Letter of Credit, the Issuing Bank and the Administrative Agent shall have received an L/C Application or L/C Amendment Application;

(b) Continuation of Representations and Warranties. The representations and warranties in Article VI shall be true and correct on and as of such Borrowing Date or Issuance Date with the same effect as if made on and as of such disbursement date or Issuance Date (except to the extent such representations and warranties expressly refer to an earlier date, in which case they shall be true and correct as of such earlier date);

(c) No Existing Default. No Default or Event of Default shall exist or shall result from such Loan or Issuance; and

(d) Other Documents. The Administrative Agent shall have received, in form and substance satisfactory to it, such other assurances, certificates, documents or consents related to the foregoing as the Administrative Agent or the Required Banks reasonably may require.

Each Notice of Borrowing, L/C Application and L/C Amendment Application submitted by Toro on behalf of the Companies hereunder shall constitute a representation and warranty by the Companies hereunder, as of the date of each such notice or request and as of each Borrowing Date or Issuance Date as applicable, that the conditions in this Section 5.2 are satisfied.

ARTICLE VI.

REPRESENTATIONS AND WARRANTIES

The Companies represent and warrant to the Administrative Agent and each Bank that:

6.1 Corporate Existence and Power. Each Company and each of its Subsidiaries:

(a) is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation;

(b) has the power and authority and all governmental licenses, authorizations, consents and approvals to own its assets, carry on its business and to execute, deliver, and perform its obligations under the Loan Documents;

(c) is duly qualified as a foreign corporation and is licensed and in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification or license; and

(d) is in compliance with all Requirements of Law;

except, in each case referred to in clause (b), clause (c) or clause (d), to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

6.2 Corporate Authorization; No Contravention. The execution, delivery and performance by each Company of this Agreement and each other Loan Document to which such Company is party, have been duly authorized by all necessary corporate action, and do not and will not:

(a) contravene the terms of any of such Company's Organizational Documents;

(b) conflict with or result in any breach or contravention of, or the creation of any Lien under, any document evidencing any Contractual Obligation to which such Company is a party or any order, injunction, writ or decree of any Governmental Authority to which such Company or its property is subject; or

(c) violate any Requirement of Law.

6.3 Governmental or Third-Party Authorization. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance

by, or enforcement against, one or more of the Companies or any of their Subsidiaries or the Agreement or any other Loan Document.

6.4 Binding Effect. This Agreement and each other Loan Document to which the Companies are a party constitute the legal, valid and binding obligations of the Companies enforceable against the Companies in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, or similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability.

6.5 Litigation. Except as specifically disclosed in Schedule 6.5, there are no actions, suits, proceedings, claims or disputes pending, or to the best knowledge of the Companies, threatened or contemplated, at law, in equity, in arbitration or before any Governmental Authority, against any of the Companies, or their Subsidiaries or any of their respective properties which:

(a) purport to affect or pertain to this Agreement or any other Loan Document, or any of the transactions contemplated hereby or thereby; or

(b) if determined adversely to one or more of the Companies or any of their Subsidiaries, would reasonably be expected to have a Material Adverse Effect. No injunction, writ, temporary restraining order or any order of any nature has been issued by any court or other Governmental Authority purporting to enjoin or restrain the execution, delivery or performance of this Agreement or any other Loan Document, or directing that the transactions provided for herein or therein not be consummated as herein or therein provided.

6.6 No Default. No Default or Event of Default exists or would result from the incurring of any Obligations by the Companies. As of the Closing Date, none of the Companies or any of their Subsidiaries is in default under or with respect to any Contractual Obligation in any respect which, individually or together with all such defaults, could reasonably be expected to have a Material Adverse Effect, or that would, if such default had occurred after the Closing Date, create an Event of Default under subsection 9.1(e).

6.7 ERISA Compliance. Except as specifically disclosed in Schedule 6.7:

(a) Each Plan is in compliance in all material respects with the applicable provisions of ERISA, the Code and other federal or state law. Each Plan which is intended to qualify under Section 401(a) of the Code has received a favorable determination letter from the IRS or an application for such a letter is currently being processed by the IRS with respect thereto and to the best knowledge of the Companies, nothing has occurred which would prevent, or cause the loss of, such qualification. Each Company and each ERISA Affiliate has made all required contributions to any Plan subject to Section 412 of the Code, and no application for a funding waiver or an extension of any amortization period pursuant to Section 412 of the Code has been made with respect to any Plan.

(b) There are no pending or, to the best knowledge of any of the Companies, threatened claims, actions or lawsuits, or action by any Governmental Authority, with

respect to any Plan which has resulted or could reasonably be expected to result in a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan which has resulted or could reasonably be expected to result in a Material Adverse Effect.

(c) (i) No ERISA Event has occurred or is reasonably expected to occur; (ii) no Pension Plan has any Unfunded Pension Liability; (iii) none of the Companies nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability under Title IV of ERISA with respect to any Pension Plan (other than premiums due and not delinquent under Section 4007 of ERISA); (iv) none of the Companies nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability (and no event has occurred which, with the giving of notice under Section 4219 of ERISA, would result in such liability) under Section 4201 or 4243 of ERISA with respect to a Multiemployer Plan; and (v) none of the Companies nor any ERISA Affiliate has engaged in a transaction that could be subject to Section 4069 or 4212(c) of ERISA.

6.8 Taxes. Toro and its Subsidiaries have filed all Federal and other material tax returns and reports required to be filed, and have paid all Federal and other material taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income or assets otherwise due and payable, except those which are being contested in good faith by appropriate proceedings and for which adequate reserves have been provided in accordance with GAAP. There is no proposed tax assessment against any of the Companies or any Subsidiary that would, if made, have a Material Adverse Effect.

#### 6.9 Financial Condition.

(a) The audited consolidated financial statements of Toro and its Subsidiaries dated October 31, 2001 (including the footnotes thereto), and the related consolidated statements of income or operations, shareholders' equity and cash flows for the fiscal year ended on that date:

(i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein;

(ii) fairly present the financial condition of Toro and its Subsidiaries as of the date thereof and results of operations for the period covered thereby; and

(iii) except as specifically disclosed in Schedule 6.9 or Schedule 6.14, reflect all material indebtedness and other liabilities, direct or contingent, of Toro and its consolidated Subsidiaries as of the date thereof, including liabilities for taxes, material commitments and Contingent Obligations where (i) the possible liability to any Company exceeds \$10,000,000 for any one of such obligations or liabilities and (ii) the possible liability to any or all of the Companies exceeds \$20,000,000 in the aggregate for one or more of such obligations or liabilities.

(b) Since October 31, 2001, there has been no Material Adverse Effect.

6.10 Environmental Matters. The Companies conduct in the ordinary course of business a review of the effect of existing Environmental Laws and existing Environmental Claims on their respective business, operations and properties, and as a result thereof the Companies have reasonably concluded that, except as specifically disclosed in Schedule 6.10, such Environmental Laws and Environmental Claims could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

6.11 Regulated Entities. None of the Companies, any Person controlling the Companies, or any Subsidiary, is an "Investment Company" within the meaning of the Investment Company Act of 1940. None of the Companies is subject to regulation under the Public Utility Holding Company Act of 1935, the Federal Power Act, the Interstate Commerce Act, any state public utilities code, or any other Federal or state statute or regulation limiting its ability to incur Indebtedness.

6.12 Copyrights, Patents, Trademarks and Licenses, etc. Each of the Companies and their Subsidiaries own or are licensed or otherwise have the right to use all of the patents, trademarks, service marks, trade names, copyrights, contractual franchises, authorizations and other rights that are reasonably necessary in the best business judgment of the Companies for the operation of their respective businesses, without conflict with the rights of any other Person. To the best knowledge of the Companies, as of the date hereof, no slogan or other advertising device, product, process, method, substance, part or other material now employed, or now contemplated to be employed, by the Companies or any Subsidiary infringes upon any rights held by any other Person and no claim or litigation regarding any of the foregoing is pending or threatened, and no patent, invention, device, application, principle or any statute, law, rule, regulation, standard or code is pending or, to the knowledge of the Companies, proposed, which, in any case, could reasonably be expected to have a Material Adverse Effect.

6.13 Subsidiaries. As of the Closing Date, the Companies have no Subsidiaries other than those specifically disclosed in part (a) of Schedule 6.13 hereto and have no Joint Ventures or other equity investments in any other corporation or entity other than those specifically disclosed in part (b) of Schedule 6.13.

6.14 Insurance. Except as specifically disclosed in Schedule 6.14, the properties of the Companies and their Subsidiaries are insured with financially sound and reputable insurance companies not Affiliates of Toro, in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where the Companies or such Subsidiaries operates.

6.15 Full Disclosure. None of the representations or warranties made by the Companies or any Subsidiary in the Loan Documents as of the date such representations and warranties are made or deemed made, and none of the statements contained in any exhibit, report, statement or certificate furnished by or on behalf of the Companies or any Subsidiary in connection with the Loan Documents (including the offering and disclosure materials delivered by or on behalf of the Companies to the Banks prior to the Closing Date), contains any untrue statement of a material fact or omits any material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they are made, not misleading as of the time when made or delivered.

ARTICLE VII.

AFFIRMATIVE COVENANTS

So long as any Bank shall have any Commitment hereunder, or any Loan, Swing Loan or other Obligation shall remain unpaid or unsatisfied, or any Letter of Credit shall remain outstanding, unless the Required Banks waive compliance in writing:

7.1 Financial Statements. Toro shall deliver to each of the Banks and the Administrative Agent, in form and detail satisfactory to the Administrative Agent and the Required Banks:

(a) as soon as available, but not later than 120 days after the end of each fiscal year (commencing with the fiscal year ended October 31, 2001), a copy of the audited consolidated balance sheet of Toro and its Subsidiaries as at the end of such year and the related consolidated statements of income or operations, stockholders' equity and cash flows for such year, setting forth in each case in comparative form the figures for the previous fiscal year, and accompanied by the opinion of KPMG LLP or another nationally-recognized independent public accounting firm ("Independent Auditor") which report shall state that such consolidated financial statements present fairly the financial position for the periods indicated in conformity with GAAP applied on a basis consistent with prior years. Such opinion shall not be qualified or limited because of a restricted or limited examination by the Independent Auditor of any material portion of the Companies' or any Subsidiary's records or with respect to Toro and its Subsidiaries as a going concern.

(b) as soon as available, but not later than 50 days after the end of each of the first three fiscal quarters of each fiscal year (commencing with the fiscal quarter ended January 31, 2002), a copy of the unaudited consolidated balance sheet of Toro and its Subsidiaries as of the end of such quarter and the related consolidated statements of income, stockholders' equity and cash flows for the period commencing on the first day and ending on the last day of such quarter, and certified by a Responsible Officer as fairly presenting, in accordance with GAAP (subject to ordinary, good faith year-end audit adjustments), the financial position and the results of operations of Toro and its Subsidiaries.

7.2 Certificates; Other Information. The Companies shall furnish to each of the Banks and the Administrative Agent (except in the case of 7.2(c), to the Administrative Agent only):

(a) concurrently with the delivery of the financial statements referred to in subsections 7.1(a) and (b), a Compliance Certificate executed by a Responsible Officer;

(b) promptly, copies of all financial statements and reports that Toro sends to its shareholders, and copies of all financial statements and regular, periodical or special reports (including Forms 10K, 10Q and 8K) that any Company or any Subsidiary may make to, or file with, the SEC;

(c) concurrently with the closing of a Receivables Purchase Facility, a copy of the documentation related thereto certified by a Responsible Officer as being true, correct and complete; and

(d) promptly, such additional information regarding the business, financial or corporate affairs of the Companies or any Subsidiary as the Administrative Agent, at the request of any Bank, may from time to time reasonably request.

7.3 Notices. Toro shall promptly notify the Administrative Agent and each Bank:

(a) of the occurrence of any Default or Event of Default, and of the occurrence or existence of any event or circumstance that foreseeably will become a Default or Event of Default;

(b) of any (i) breach or non-performance of, or any default under, a Contractual Obligation of the Companies or any Subsidiary; (ii) dispute, litigation, investigation, proceeding or suspension affecting any of the Companies or any Subsidiary and any Governmental Authority; or (iii) commencement of, or any material development in, any litigation or proceeding affecting the Companies (or any of them) or any Subsidiary; including any of the above pursuant to any applicable Environmental Laws, in each case under (i), (ii) or (iii) above, which (A) is reasonably likely to create liability to any Company in excess of \$10,000,000 in any individual circumstance or in excess of \$20,000,000 in the aggregate for all such circumstances, or (B) is otherwise reasonably likely to have a Material Adverse Effect and (iv) other matter that has resulted or is reasonably likely to result in a Material Adverse Effect;

(c) of the occurrence of any of the following events affecting any of the Companies or any ERISA Affiliate (but in no event more than 10 days after such event), and deliver to the Administrative Agent and each Bank a copy of any notice with respect to such event that is filed with a Governmental Authority and any notice delivered by a Governmental Authority to any of the Companies or any ERISA Affiliate with respect to such event:

(i) an ERISA Event;

(ii) a material increase in the Unfunded Pension Liability of any Pension Plan;

(iii) the adoption of, or the commencement of contributions to, any Plan subject to Section 412 of the Code by any of the Companies or any ERISA Affiliate; or

(iv) the adoption of any amendment to a Plan subject to Section 412 of the Code, if such amendment results in a material increase in contributions or Unfunded Pension Liability;

(d) of any change in the Debt Rating by Moody's or S&P; and

(e) of any material change in accounting policies or financial reporting practices by the Companies or any of their consolidated Subsidiaries.

Each notice under this Section shall be accompanied by a written statement by a Responsible Officer setting forth details of the occurrence referred to therein, and stating what action the Companies propose to take with respect thereto and at what time. Each notice under subsection 7.3(a) shall describe with particularity any and all clauses or provisions of this Agreement or other Loan Document that have been (or foreseeably will be) breached or violated.

7.4 Preservation of Corporate Existence, Etc. Each Company shall preserve and maintain in full force and effect its corporate existence and good standing under the laws of its state or jurisdiction of incorporation and preserve and maintain in full force and effect all material governmental rights, privileges, qualifications, permits, licenses and franchises necessary in the normal conduct of its business; provided, however, that Toro shall be permitted to liquidate and dissolve Credit into Toro and permitted to liquidate and dissolve any Subsidiary Borrower into Toro or a Wholly-Owned Subsidiary.

7.5 Maintenance of Property. Each Company shall exercise its best business judgment to maintain, and shall cause each Subsidiary to maintain, and preserve all its property which is used or useful in its business in good working order and condition, ordinary wear and tear excepted; provided, however, that nothing in this Section 7.5 shall prevent the Companies from discontinuing the operation or maintenance of any such property if such discontinuance will not result in a Material Adverse Effect and the Board of Directors of such Company determines, in its best business judgment, that the continued use thereof is no longer desirable to the conduct of the business of such Company.

7.6 Insurance. Each Company shall maintain, and shall cause each Subsidiary to maintain, with financially sound and reputable insurers, insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts as are customarily carried under similar circumstances by such other Persons; provided, however, that nothing in this Section 7.6 shall be deemed to prevent the Companies from self insuring or insuring through a captive insurance subsidiary such risks as are customarily self insured or insured through captive insurance subsidiaries by other corporations in the same business and similarly situated in accordance with sound business practices.

7.7 Compliance with Laws and Contractual Obligations. Each Company shall comply, and shall cause each Subsidiary to comply, with all Contractual Obligations and Requirements of Law of any Governmental Authority having jurisdiction over it or its business including, without limitation, all Environmental Laws except to the extent that the failure to so comply may not have a Material Adverse Effect and paying before the same become delinquent, all taxes, assessments and government charges imposed upon it or upon its property, income or assets, except those which are being contested in good faith by appropriate proceedings and for which adequate reserves have been provided in accordance with GAAP.

7.8 Compliance with ERISA. Each Company shall, and shall cause each of its ERISA Affiliates to: (a) maintain each Plan in compliance in all material respects with the

applicable provisions of ERISA, the Code and other federal or state law; (b) cause each Plan which is qualified under Section 401(a) of the Code to maintain such qualification; and (c) make all required contributions to any Plan subject to Section 412 of the Code.

7.9 Inspection of Property and Books and Records. Each Company shall permit, and shall cause each Subsidiary to permit, representatives and independent contractors of the Administrative Agent or any Bank to visit and inspect any of their respective properties, to examine their respective corporate, financial and operating records, and make copies thereof or abstracts therefrom (except to the extent any of such records are proprietary in nature), and to discuss their respective affairs, finances and accounts with their respective directors, officers, and independent public accountants, all at such reasonable times during normal business hours and as often as may be reasonably desired, upon reasonable advance notice to the Companies; provided, however, when an Event of Default exists the Administrative Agent or any Bank may do any of the foregoing at the expense of the Companies at any time during normal business hours and without advance notice.

7.10 Use of Proceeds. Each Company shall use the proceeds of the Loans for (a) general working capital needs and capital expenditures and (b) to replace and refinance outstanding indebtedness under the Existing Facilities and (c) and other lawful corporate purposes other than, directly or indirectly, (i) for purposes of undertaking an Acquisition or Joint Venture in contravention of any Requirement of Law or of any Loan Document, (ii) to purchase or carry Margin Stock, (iii) to repay or otherwise refinance indebtedness of any Company or others incurred to purchase or carry Margin Stock, (iv) to extend credit for the purpose of purchasing or carrying any Margin Stock, or (v) to acquire any security in any transaction that is subject to Section 13 or 14 of the Exchange Act.

#### ARTICLE VIII.

##### NEGATIVE COVENANTS

So long as any Bank shall have any Commitment hereunder, or any Loan, Swing Loan or other Obligation shall remain unpaid or unsatisfied, or any Letter of Credit shall remain outstanding, unless the Required Banks waive compliance in writing:

8.1 Limitation on Liens. None of the Companies shall, or permit any Subsidiary to, directly or indirectly, make, create, incur, assume or suffer to exist any Lien upon or with respect to any part of their respective property, whether now owned or hereafter acquired, other than the following ("Permitted Liens"):

(a) any Lien existing on property of any Company or any Subsidiary on the Closing Date and set forth in Schedule 8.1 securing Indebtedness outstanding on such date;

(b) any Lien created under any Loan Document;

(c) Liens for taxes, fees, assessments or other governmental charges which are not delinquent or remain payable without penalty, provided that no notice of lien has been filed or recorded under the Code;

(d) carriers', warehousemen's, mechanics', landlords', materialmen's, repairmen's or other similar Liens arising in the ordinary course of business which are not delinquent or remain payable without penalty or which are being contested in good faith and by appropriate proceedings, which proceedings have the effect of preventing the forfeiture or sale of the property subject thereto;

(e) Liens (other than any Lien imposed by ERISA) consisting of pledges or deposits required in the ordinary course of business in connection with workers' compensation, unemployment insurance and other social security legislation;

(f) Liens on the property of any Company or any of its Subsidiaries securing (i) the non-delinquent performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations, (ii) contingent obligations on surety and appeal bonds, and (iii) other non-delinquent obligations of alike nature; in each case, incurred in the ordinary course of business;

(g) easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business which, in the aggregate, are not substantial in amount, and which do not in any case materially detract from the value of the property subject thereto or interfere with the ordinary conduct of the businesses of the Companies and their Subsidiaries;

(h) Liens on property of a Person subject to an Acquisition permitted hereunder existing at the time of such Acquisition;

(i) Liens existing on the Closing Date on property of one or more Distributor Subsidiaries securing Indebtedness of such Distributor Subsidiaries;

(j) Liens on Receivables, lease receivables and other obligations owing to any of the Companies or any domestic Wholly-Owned Subsidiary to the extent such Receivables, lease receivables and other obligations have been sold under a Receivables Purchase Facility permitted under Section 8.2(d);

(k) Liens arising solely by virtue of any statutory or common law provision relating to banker's liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depository institution; provided that (i) such deposit account is not a dedicated cash collateral account and is not subject to restrictions against access by the applicable Company in excess of those set forth by regulations promulgated by the FRB, and (ii) such deposit account is not intended by any Company or any Subsidiary to provide collateral to the depository institution; and

(l) Liens on any property securing Indebtedness; provided that the amount of Indebtedness so secured together with Indebtedness permitted to be secured pursuant to Section 8.1(a) above shall not exceed in the aggregate at any time outstanding 10% of the

consolidated net worth of Toro and its Subsidiaries determined as of the end of the most recently ended fiscal quarter of Toro.

8.2 Disposition of Assets. None of the Companies shall, or shall suffer or permit any Subsidiary to, directly or indirectly, sell, assign, lease, convey, transfer or otherwise dispose of (whether in one or a series of transactions) any property (including accounts and notes receivable, with or without recourse) or enter into any agreement to do any of the foregoing, except:

(a) dispositions of inventory, or used, worn-out or surplus property, all in the ordinary course of business;

(b) the sale of equipment to the extent that such equipment is exchanged for credit against the purchase price of similar replacement equipment, or the proceeds of such sale are reasonably promptly applied to the purchase price of such replacement equipment;

(c) dispositions of Receivables of Toro to Credit;

(d) dispositions by any Originator of Receivables pursuant to Receivables Purchase Facilities provided that the outstanding unpaid amount of all such Receivables so sold in the aggregate shall not at any time exceed \$125,000,000 and such Receivables Purchase Facilities may be established only at a time when Toro has a Debt Rating by S&P of BBB- or better or by Moody's of Baa3 or better;

(e) sale of those Investments described under Section 8.4(a);

(f) dispositions not otherwise permitted hereunder which are made for fair market value; provided, that (i) at the time of any such disposition, no Event of Default shall exist or shall result from such disposition and (ii) the aggregate value of all assets so sold by Toro and its Subsidiaries shall not exceed in any fiscal year 10% of the consolidated total assets of Toro and its Subsidiaries determined as of the end of the most recently ended fiscal quarter of Toro; and

(g) any Subsidiary, including any Subsidiary Borrower, may sell, assign, lease, convey, transfer or otherwise dispose of assets to one of the Companies or another Wholly-Owned Subsidiary.

8.3 Consolidations and Mergers. None of the Companies shall, or permit any Subsidiary to, merge, consolidate with or into, or convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of any Person, except:

(a) any Subsidiary (other than Credit), including any Subsidiary Borrower, may merge with one of the Companies, provided that a Company shall be the continuing or surviving corporation, or with any one or more Subsidiaries, provided that if any transaction shall be between a Subsidiary and a Wholly-Owned Subsidiary, the surviving corporation shall be a Wholly-Owned Subsidiary;

(b) Credit may merge with or sell all or substantially all of its assets to Toro;

(c) any Subsidiary (other than Credit), including any Subsidiary Borrower, may sell all or substantially all of its assets (upon voluntary liquidation or otherwise), to one of the Companies or another Wholly-Owned Subsidiary; and

(d) those transactions otherwise permitted under Section 8.4(d).

8.4 Loans and Investments. None of the Companies shall purchase or acquire, or suffer or permit any Subsidiary to purchase or acquire, or make any commitment therefor, any capital stock, equity interest, or any obligations or other securities of, or any interest in, any Person, or make or commit to make any Acquisitions, or make or commit to make any advance, loan, extension of credit or capital contribution to or any other investment in, any Person including any Affiliate of any of the Companies (collectively, "Investments"), except for:

(a) Investments held by any of the Companies or any Subsidiary in the form of cash equivalents or other liquid investments permitted under Toro's Investment Policy issued December 10, 1995;

(b) extensions of credit in the nature of accounts receivable or notes receivable arising from the sale or lease of goods or services in the ordinary course of business;

(c) extensions of credit by any Company to any of Toro's Wholly-Owned Subsidiaries or by any of Toro's Wholly-Owned Subsidiaries to any Company or to another of Toro's Wholly-Owned Subsidiaries or extensions of credit made in the ordinary course of its business consistent with past practices to distributors or dealers of Toro's products;

(d) Investments incurred in order to consummate Acquisitions, provided that (i) the aggregate purchase price (including assumption of liability) in any such individual Acquisition shall not exceed \$100,000,000, and the aggregate purchase price (including assumption of liability) for all Acquisitions undertaken by Toro and its Subsidiaries after the Closing Date shall not exceed \$200,000,000, (ii) such Acquisitions are undertaken in accordance with all applicable Requirements of Law; and (iii) the prior, effective written consent or approval to such Acquisition of the board of directors or equivalent governing body of the acquiree is obtained;

(e) Investments in Joint Ventures not exceeding, in the aggregate, at any time, 10% of the consolidated net worth of Toro and its Subsidiaries determined as of the end of the most recently ended fiscal quarter of Toro;

(f) Investments under Swap Contracts to the extent permitted under Section 8.6 hereof; and

(g) Investments made after the date hereof in Wholly-Owned Subsidiaries.

8.5 Transactions with Affiliates. None of the Companies shall, or shall suffer or permit any Subsidiary to, enter into any transaction with any of their respective Affiliates, except upon fair and reasonable terms no less favorable to such entity than would obtain in a comparable arm's-length transaction with a Person not an Affiliate of the Companies or such Subsidiary; provided, however, that nothing in this Section 8.5 shall restrict (i) the Companies from entering into transactions with Toro's distributors or dealers, whether or not Affiliates of the Companies, which the Companies determine in their best business judgment shall be in the best interests of the Companies and (ii) any Permitted Receivables Transfer.

8.6 Contingent Obligations. None of the Companies shall, or shall suffer or permit any Subsidiary to, create, incur, assume or suffer to exist any Contingent Obligations except Contingent Obligations which are not reasonably likely to have a Material Adverse Effect.

8.7 Restricted Payments. None of the Companies shall, or shall suffer or permit any Subsidiary to, declare or make any dividend payment or other distribution of assets, properties, cash, rights, obligations or securities on account of any shares of any class of its capital stock, or purchase, redeem or otherwise acquire for value any shares of its capital stock or any warrants, rights or options to acquire such shares, now or hereafter outstanding (each of the foregoing a "Restricted Payment"); except that:

(a) each Company and any Wholly-Owned Subsidiary may declare and make dividend payments or other distributions payable solely in its common stock;

(b) each Company and any Wholly-Owned Subsidiary may purchase, redeem or otherwise acquire shares of its common stock or warrants or options to acquire any such shares with the proceeds received from the substantially concurrent issue of new shares of its common stock;

(c) Toro may declare and pay cash dividends to its stockholders and purchase, redeem or otherwise acquire shares of its capital stock or warrants, rights or options to acquire any such shares for cash up to an amount equal to the sum of (i) 50% of the consolidated net income of Toro and its Subsidiaries arising after October 31, 2001 and computed on a cumulative consolidated basis, plus (ii) \$50,000,000, provided, that, immediately after giving effect to such proposed action, no Default or Event of Default would exist; and

(d) Credit and any Subsidiary Borrower may declare and pay dividends to Toro or its parent company and any Wholly-Owned Subsidiary may declare and pay dividends to its parent company.

8.8 Maintenance of Business. Each Company shall continue to engage in business of the same general type as now conducted by it, provided, however, that each Company may discontinue any line of business if the discontinuance of such line of business will not result in a Material Adverse Effect and the Board of Directors of such Company determines that the continuance thereof is no longer desirable to the conduct of the business of the Companies taken as a whole, and provided further that Toro shall be permitted to liquidate and dissolve Credit or any Subsidiary Borrower into its parent company or Toro.

8.9 Minimum Interest Coverage. Toro, on a consolidated basis, shall not permit its Consolidated Interest Coverage Ratio, as at the end of each fiscal quarter for the four consecutive fiscal quarters then ended, to fall below 2.0 to 1.0.

8.10 Maximum Total Indebtedness to Capitalization. Toro, on a consolidated basis, shall not permit its consolidated ratio of total Indebtedness to total Indebtedness plus shareholders' equity to exceed (i) 0.60 to 1.0 as at the end of the first fiscal quarter of each fiscal year, (ii) 0.65 to 1.00 as at the end of the second fiscal quarter of each fiscal year, (iii) 0.60 to 1.0 as at the end of the third fiscal quarter of each fiscal year and (iv) 0.55 to 1.00 as at the end of each fiscal year.

8.11 Toro and Credit Portion of Assets. The consolidated total assets of Toro and Credit at the end of each fiscal year shall not be less than 67% of the consolidated total assets of Toro and its Subsidiaries at such time.

8.12 Negative Pledge Clause. No Company shall enter into or cause, suffer or permit to exist any agreement with any Person other than the Administrative Agent and the Banks pursuant to this Agreement or any other Loan Documents which prohibits or limits the ability of any of the Companies or any Subsidiary to create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, provided that any Company and any Subsidiary may enter into such an agreement in connection with, and that applies only to, property subject to any Lien permitted by this Agreement and not released after the date hereof, when such prohibition or limitation is by its terms effective only against the assets subject to such Lien.

8.13 Burdensome Contractual Obligation. Enter into any Contractual Obligation that limits the ability of any Subsidiary to make Restricted Payments to Toro or to otherwise transfer property to Toro.

#### ARTICLE IX.

##### EVENTS OF DEFAULT

9.1 Events of Default. Any of the following shall constitute an "Event of Default":

(a) Non-Payment. Any of the Companies fail to pay, (i) ' when and as required to be paid herein, any amount of principal of any Loan, or (ii) within 5 days after the same becomes due, any interest, L/C Obligation, Swing Loan, fee or any other amount payable hereunder or under any other Loan Document; or

(b) Representation or Warranty. Any representation or warranty by any Company or any Subsidiary made or deemed made herein, in any other Loan Document, or which is contained in any certificate, document or financial or other statement by any Company, any Subsidiary, or any Responsible Officer, furnished at any time under this Agreement, or in or under any other Loan Document, is incorrect or misleading in any material respect on or as of the date made or deemed made; or

(c) Specific Defaults. Any of the Companies fail to perform or observe any term, covenant or agreement contained in any of Section 7.3(a) or 7.9 or in Article VIII; or

(d) Other Defaults. Any of the Companies fail to perform or observe any other term or covenant contained in this Agreement or any other Loan Document (and such failure does not otherwise constitute an Event of Default under this Section 9.1), and such default shall continue unremedied for a period of 30 days, provided that, if the Companies are diligently and in good faith attempting to cure such default, such default is curable and such default will not possibly result in a Material Adverse Effect, then the Companies may have additional time to cure such default as specified in writing by the Required Banks provided that such additional time shall not exceed 60 days; or

(e) General Cross-Default. (i) Any Company or any Material Subsidiary (A) fails to make any payment in respect of any Indebtedness or Contingent Obligation, having an aggregate principal amount (including undrawn committed or available amounts and including amounts owing to all creditors under any combined or syndicated credit arrangement) of more than \$10,000,000 when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) and such failure continues after the applicable grace or notice period, if any, specified in the relevant document on the date of such failure; or (B) fails to perform or observe any other condition or covenant, or any other event shall occur or condition exist, under any agreement or instrument relating to any such Indebtedness or Contingent Obligation, and such failure continues after the applicable grace, cure or notice period, if any, specified in the relevant document on the date of such failure and if the effect of such failure, event or condition is to allow the holder or holders of such Indebtedness or beneficiary or beneficiaries of such Indebtedness (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause such Indebtedness to be declared to be due and payable prior to its stated maturity or such Contingent Obligation to become payable or cash collateral in respect thereof to be demanded; or (ii) (A) there occurs any termination, liquidation, unwind or similar event or circumstance under any Receivables Purchase Facility other than a voluntary termination by any Company or a scheduled termination, as a result of which any purchaser of receivables thereunder has ceased purchasing such Receivables and such purchaser may apply all collections on previously purchased Receivables thereunder to the repayment of such purchaser's interest in such previously purchased Receivables (any such event or circumstance referred to as a "Receivables Purchase Facility Termination") other than any such Receivables Purchase Facility Termination that arises solely as a result of a down-grading of the credit rating of any bank or financial institution not affiliated with the Companies that provides liquidity, credit or other support in connection with such facility and (B) within 60 days after the effective date of such Receivables Purchase Facility Termination, additional financing and/or capitalization of the Companies in replacement of such Receivables Purchase Facility, in an amount substantially similar to the amount of the Receivables Purchase Facility and upon such terms as are acceptable to the Required Banks, shall not be completed and funding thereunder shall not be available to the Companies; or

(f) Insolvency; Voluntary Proceedings. Any Company or any Material Subsidiary (i) ceases or fails to be solvent, or generally fails to pay, or admits in writing its inability to pay, its debts as they become due, subject to applicable grace periods, if any, whether at stated maturity or otherwise; (ii) voluntarily ceases to conduct its business in the ordinary course; (iii) commences any Insolvency Proceeding with respect to itself; or (iv) takes any action to effectuate or authorize any of the foregoing; or

(g) Involuntary Proceedings. (i) Any involuntary Insolvency Proceeding is commenced or filed against any Company or any Material Subsidiary, or any writ, judgment, warrant of attachment, execution or similar process, is issued or levied against a substantial part of any Company's or any Material Subsidiary's properties, and any such proceeding or petition shall not be dismissed, or such writ, judgment, warrant of attachment, execution or similar process shall not be released, vacated or fully bonded within 60 days after commencement, filing or levy; (ii) any Company or any Material Subsidiary admits the material allegations of a petition against it in any Insolvency Proceeding, or an order for relief (or similar order under non-U.S. law) is ordered in any Insolvency Proceeding; or (iii) any Company or any Material Subsidiary acquiesces in the appointment of a receiver, trustee, custodian, conservator, liquidator, mortgagee in possession (or agent therefor), or other similar Person for itself or a substantial portion of its property or business; or

(h) ERISA. (i) An ERISA Event shall occur with respect to a Pension Plan or Multiemployer Plan which has resulted or could reasonably be expected to result in liability of any Company under Title IV of ERISA to the Pension Plan, Multiemployer Plan or the PBGC in an aggregate amount in excess of \$10,000,000; (ii) the aggregate amount of Unfunded Pension Liability among all Pension Plans at any time exceeds \$10,000,000; or (iii) any Company or any ERISA Affiliate shall fail to pay when due, after the expiration of any applicable grace period, any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan in an aggregate amount in excess of \$10,000,000; or

(i) Monetary Judgments. One or more non-interlocutory judgments, non-interlocutory orders, decrees or arbitration awards is entered against any or all of the Companies or any Material Subsidiary involving in the aggregate a liability (to the extent not covered by independent third-party insurance as to which the insurer does not dispute coverage) as to any single or related series of transactions, incidents or conditions, of \$10,000,000 or more, and the same shall remain unsatisfied, unvacated and unstayed pending appeal for a period of 30 days after the entry thereof; or

(j) Non-Monetary Judgments. Any non-monetary judgment, order or decree is entered against any Company or any Material Subsidiary which does or would reasonably be expected to have a Material Adverse Effect, and there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(k) Change in Control. (i) Any Person or group within the meaning of Section 13(d)(3) of the 1934 Act and the rules and regulations promulgated thereunder, shall,

after the Closing Date, acquire beneficial ownership (within the meaning of Rule 13d-3 of the 1934 Act), directly or indirectly, of securities of Toro (or other securities convertible into such securities) representing thirty percent (30%) of the combined voting power of all securities of Toro entitled to vote in the election of directors, other than securities having such power only by reason of the happening of a contingency (hereinafter called a "Controlling Person"); or (ii) Toro shall cease to own, directly or indirectly, 100% of all of each other Company's issued and outstanding shares of common stock (except for any outstanding qualifying director shares); or (iii) a majority of the Board of Directors of Toro shall cease for any reason to consist of (A) individuals who on the Closing Date were serving as directors of Toro and (B) individuals who subsequently become members of the Board if such individuals' nomination for election or election to the Board is recommended or approved by a majority of the Board of Directors of Toro; or (iv) a default or the happening of any event shall occur under any charter, indenture, agreement or other instrument in connection with which any preferred stock of Toro may be issued, and as a result of such default or event the holders of such preferred stock shall designate or elect members of the Board of Directors of Toro. For purposes of clause (i) above, a Person or group shall not be a Controlling Person if such Person or group holds voting power in good faith and not for the purpose of circumventing this Section 9.1(k) as an agent, bank, broker, nominee, trustee, or holder of revocable proxies given in response to a solicitation pursuant to the 1934 Act, for one or more beneficial owners who do not individually, or, if they are a group acting in concert, as a group, have the voting power specified in clause (i).

(l) Invalidity. Any Loan Document, at any time after its execution and delivery and for any reason other than the agreement of all Banks or satisfaction in full of all the Obligations, ceases to be in full force and effect (other than with respect to matters regarding Offshore Rate Loans which are subject to the application of, and the Companies accordingly comply with the terms of, Section 4.2) or is declared by a court of competent jurisdiction to be null and void, invalid or unenforceable in any respect; or any Company denies that it has any or further liability or obligation under any Loan Document, or purports to revoke, terminate or rescind any Loan Document.

(m) Specific Cross-Default. The occurrence and continuance of an "Event of Default" as defined in the 364-Day Credit Agreement.

9.2 Remedies. If any Event of Default occurs, the Administrative Agent shall, at the request of, or may, with the consent of the Required Banks:

(a) declare the commitment of each Bank to make Loans, the obligation of the Swing Line Bank to make Swing Loans and the obligation of the Issuing Bank to issue Letters of Credit to be terminated, whereupon such commitments and obligations shall be terminated;

(b) declare the unpaid principal amount of all outstanding Loans and Swing Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document to be immediately due and payable,

without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by each Company;

(c) exercise on behalf of itself and the Banks all rights and remedies available to it and the Banks under the Loan Documents or applicable law; and

(d) demand immediate payment by the Companies of an amount equal to the L/C Obligations to be held in an account to be established by Toro with Bank of America at such time over which only the Administrative Agent shall have control.

provided, however that upon the occurrence of any event specified in subsection (f) or (g) of Section 9.1 (in the case of clause (i) of subsection (g) upon the expiration of the 60-day period mentioned therein), (i) the obligation of each Bank to make Loans, the Issuing Bank to Issue Letters of Credit and the Swing Line Bank to make Swing Loans shall automatically terminate, (ii) the unpaid principal amount of all outstanding Loans and Swing Loans and all interest and other amounts as aforesaid shall automatically become due and payable without further act of the Administrative Agent or any Bank, and (iii) Toro shall automatically be required to Cash Collateralize the L/C Obligations (in an amount equal to the aggregate outstanding amount thereof) plus all fees accrued or to be incurred in connection with such L/C Obligations (calculated at the Applicable Margin then in effect for the period from the date of such Cash Collateralization until the expiry date of such Letter of Credit).

9.3 Rights Not Exclusive. The rights provided for in this Agreement and the other Loan Documents are cumulative and are not exclusive of any other rights, powers, privileges or remedies provided by law or in equity, or under any other instrument, document or agreement now existing or hereafter arising.

#### ARTICLE X.

##### THE ADMINISTRATIVE AGENT

###### 10.1 Appointment and Authorization of Administrative Agent.

(a) Each Bank hereby irrevocably appoints, designates and authorizes the Administrative Agent to take such action on its behalf under the provisions of this Agreement and each other Loan Document and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement or any other Loan Document, together with such powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary contained elsewhere herein or in any other Loan Document, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein, nor shall the Administrative Agent have or be deemed to have any fiduciary relationship with any Bank or participant, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Administrative Agent. Without limiting the generality of the foregoing sentence, the use of the term "agent" herein and in the other Loan Documents with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or

express) obligations arising under agency doctrine of any applicable law. Instead, such term is used merely as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties.

(b) The Issuing Bank shall act on behalf of the Banks with respect to any Letters of Credit Issued by it and the documents associated therewith until such time (and except for so long) as the Administrative Agent may agree at the request of the Required Banks to act for the Issuing Bank with respect thereto; provided, however, that the Issuing Bank shall have all of the benefits and immunities (i) provided to the Administrative Agent in this Article X with respect to any acts taken or omissions suffered by the Issuing Bank in connection with Letters of Credit Issued by it or proposed to be Issued by it and the application and agreements for letters of credit pertaining to the Letters of Credit as fully as if the term "Administrative Agent" as used in this Article X included the Issuing Bank with respect to such acts or omissions, and (ii) as additionally provided herein with respect to the Issuing Bank.

10.2 Delegation of Duties. The Administrative Agent may execute any of its duties under this Agreement or any other Loan Document by or through agents, employees or attorneys-in-fact and shall be entitled to advice of counsel and other consultants or experts concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agent or attorney-in-fact that it selects in the absence of gross negligence or willful misconduct.

10.3 Liability of Administrative Agent. None of the Administrative Agent-Related Persons shall (a) be liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement or any other Loan Document or the transactions contemplated hereby (except for its own gross negligence or willful misconduct in connection with its duties expressly set forth herein), or (b) be responsible in any manner to any Bank or participant for any recital, statement, representation or warranty made by the Companies or any Subsidiary or Affiliate of the Companies or any officer thereof, contained herein or in any other Loan Document, or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Agreement or any other Loan Document, or the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document, or for any failure of the Companies or any other party to any Loan Document to perform its obligations hereunder or thereunder. No Administrative Agent-Related Person shall be under any obligation to any Bank or participant to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of the Companies or any of the Companies' Subsidiaries or Affiliates.

10.4 Reliance by Administrative Agent.

(a) The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, communication, signature, resolution, representation, notice, consent, certificate, affidavit, letter, telegram, facsimile, telex or telephone message, statement or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or

Persons, and upon advice and statements of legal counsel (including counsel to the Companies), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under any Loan Document unless it shall first receive such advice or concurrence of the Required Banks as it deems appropriate and, if it so requests, it shall first be indemnified to its satisfaction by the Banks against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Loan Document in accordance with a request or consent of the Required Banks or all the Banks, if required hereunder, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Banks and participants. Where this Agreement expressly permits or prohibits an action unless the Required Banks otherwise determine, the Administrative Agent shall, and in all other instances, the Administrative Agent may, but shall not be required to, initiate any solicitation for the consent or a vote of the Banks.

(b) For purposes of determining compliance with the conditions specified in Section 5.1, each Bank that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter either sent by the Administrative Agent to such Bank for consent, approval, acceptance or satisfaction, or required thereunder to be consented to or approved by or acceptable or satisfactory to a Bank.

10.5 Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default, except with respect to defaults in the payment of principal, interest and fees required to be paid to the Administrative Agent for the account of the Banks, unless the Administrative Agent shall have received written notice from a Bank or Toro referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default." The Administrative Agent will notify the Banks of its receipt of any such notice. The Administrative Agent shall take such action with respect to such Default or Event of Default as may be directed by the Required Banks in accordance with Article IX; provided, however, that unless and until the Administrative Agent has received any such direction, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable or in the best interest of the Banks.

10.6 Credit Decision; Disclosure of Information by Administrative Agent. Each Bank acknowledges that none of the Administrative Agent-Related Persons has made any representation or warranty to it, and that no act by the Administrative Agent hereafter taken, including any consent to and acceptance of any assignment or review of the affairs of the Companies and their Subsidiaries or any Affiliate thereof, shall be deemed to constitute any representation or warranty by any Administrative Agent-Related Person to any Bank as to any matter, including whether Administrative Agent-Related Persons have disclosed material information in their possession. Each Bank represents to the Administrative Agent that it has, independently and without reliance upon any Administrative Agent-Related Person and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, property, financial and other condition and

creditworthiness of the Companies and their Subsidiaries, and all applicable bank or other regulatory laws relating to the transactions contemplated hereby, and made its own decision to enter into this Agreement and to extend credit to the Companies hereunder. Each Bank also represents that it will, independently and without reliance upon any Administrative Agent-Related Person and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of the Companies. Except for notices, reports and other documents expressly required to be furnished to the Banks by the Administrative Agent herein, the Administrative Agent shall not have any duty or responsibility to provide any Bank with any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of the Companies or any of its Affiliates which may come into the possession of any Administrative Agent-Related Person.

10.7 Indemnification of Administrative Agent. Whether or not the transactions contemplated hereby are consummated, the Banks shall indemnify upon demand each Administrative Agent-Related Person (to the extent not reimbursed by or on behalf of the Companies and without limiting the obligation of the Companies to do so) according to each Bank's Pro Rata Share, and hold harmless each Administrative Agent-Related Person from and against any and all Indemnified Liabilities incurred by it; provided, however, that no Bank shall be liable for the payment to any Administrative Agent-Related Person of any portion of such Indemnified Liabilities to the extent determined in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Person's own gross negligence or willful misconduct; provided, however, that no action taken in accordance with the directions of the Required Banks shall be deemed to constitute gross negligence or willful misconduct for purposes of this Section. Without limitation of the foregoing, each Bank shall reimburse the Administrative Agent upon demand for its ratable share of any costs or out-of-pocket expenses (including Attorney Costs and the costs and expenses incurred in connection with the use of GSM Technologies, Inc., Intralinks, Inc. or other similar information transmission systems in connection with this Agreement) incurred by the Administrative Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, any other Loan Document, or any document contemplated by or referred to herein, to the extent that the Administrative Agent is not reimbursed for such expenses by or on behalf of the Companies. The undertaking in this Section shall survive termination of the combined Commitments, the payment of all Obligations hereunder and the resignation of the Administrative Agent.

10.8 Administrative Agent in its Individual Capacity. Bank of America and its Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting or other business with any Company and its Subsidiaries and its Affiliates as though Bank of America were not the Administrative Agent, the Issuing Bank or the Swing Line Bank hereunder and without notice to or consent of the Banks. The Banks acknowledge that, pursuant to such activities, Bank of America or its Affiliates may receive information regarding the Companies or their Affiliates (including information that may be subject to confidentiality

obligations in favor of the Companies or such Subsidiary) and acknowledge that the Administrative Agent shall be under no obligation to provide such information to them. With respect to its Loans, Bank of America shall have the same rights and powers under this Agreement as any other Bank and may exercise such rights and powers as though it were not the Administrative Agent, the Issuing Bank or the Swing Line Bank, and the terms "Bank" and "Banks" include Bank of America in its individual capacity.

10.9 Successor Administrative Agent. The Administrative Agent may resign as Administrative Agent upon 30 days' notice to the Banks; provided that any such resignation by Bank of America shall also constitute its resignation as Issuing Bank and Swing Line Bank. If the Administrative Agent resigns under this Agreement, the Required Banks shall appoint from among the Banks a successor Administrative Agent for the Banks which successor Administrative Agent shall be consented to by the Companies at all times other than during the existence of an Event of Default (which consent of the Companies shall not be unreasonably withheld or delayed). If no successor Administrative Agent is appointed prior to the effective date of the resignation of the Administrative Agent, the Administrative Agent may appoint, after consulting with the Banks and the Companies, a successor Administrative Agent from among the Banks. Upon the acceptance of its appointment as successor Administrative Agent hereunder, the Person acting as such successor Administrative Agent shall succeed to all the rights, powers and duties of the retiring Administrative Agent, Issuing Bank, Swing Line Bank, and the respective terms "Administrative Agent," "Issuing Bank", "Swing Line Bank" shall mean such successor Administrative Agent, Letter of Credit Issuing Bank, Swing Line Bank, and the retiring Administrative Agent's appointment, powers and duties as Administrative Agent shall be terminated and the retiring Issuing Bank's and Swing Line Bank's powers and duties as such shall be terminated, without any other or further act or deed on the part of such retiring Issuing Bank or Swing Line Bank or any other Bank, other than the obligation of the successor Issuing Bank to Issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession. After any retiring Administrative Agent's resignation hereunder as Administrative Agent, the provisions of this Article X and Sections 12.4 and 12.5 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement. If no successor Administrative Agent has accepted appointment as Administrative Agent by the date which is 30 days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective and the Banks shall perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Required Banks appoint a successor Administrative Agent as provided for above.

10.10 Other Agents. None of the Banks identified on the facing page or signature pages of this Agreement as a "syndication agent," "documentation agent," or "co-agent" shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than those applicable to all Banks as such. Without limiting the foregoing, none of the Banks so identified shall have or be deemed to have any fiduciary relationship with any Bank. Each Bank acknowledges that it has not relied, and will not rely, on any of the Banks so identified in deciding to enter into this Agreement or in taking or not taking action hereunder.

10.11 Withholding Tax.

(a) If any Bank is a "foreign corporation, partnership or trust" within the meaning of the Code and such Bank claims exemption from, or a reduction of, U.S. withholding tax under Sections 1441 or 1442 of the Code, such Bank agrees with and in favor of the Administrative Agent, to deliver to the Administrative Agent:

(i) if such Bank claims an exemption from, or a reduction of, withholding tax under a United States tax treaty, two properly completed and executed copies of IRS Form W-8 ECI or W-8 BEN, as applicable, before the payment of any interest in the first calendar year and before the payment of any interest in each third succeeding calendar year during which interest may be paid under this Agreement;

(ii) if such Bank claims that interest paid under this Agreement is exempt from United States withholding tax because it is effectively connected with a United States trade or business of such Bank, two properly completed and executed copies of IRS Form W-8 ECI or W-8 BEN, as applicable, before the payment of any interest is due in the first taxable year of such Bank and in each succeeding taxable year of such Bank during which interest may be paid under this Agreement; and

(iii) such other form or forms as may be required under the Code or other laws of the United States as a condition to exemption from, or reduction of, United States withholding tax.

Such Bank agrees to promptly notify the Administrative Agent of any change in circumstances which would modify or render invalid any claimed exemption or reduction.

(b) If any Bank claims exemption from, or reduction of, withholding tax under a United States tax treaty by providing IRS Form W-8 ECI or W-8 BEN, as applicable, and such Bank sells, assigns, grants a participation in, or otherwise transfers all or part of the Obligations of the Companies to such Bank, such Bank agrees to notify the Administrative Agent of the percentage amount in which it is no longer the beneficial owner of Obligations of the Companies to such Bank. To the extent of such percentage amount, the Administrative Agent will treat such Bank's IRS Form W-8 ECI or W-8 BEN, as applicable, as no longer valid.

(c) If any Bank claiming exemption from United States withholding tax by filing IRS Form W-8 ECI or W-8 BEN, as applicable, with the Administrative Agent sells, assigns, grants a participation in, or otherwise transfers all or part of the Obligations of the Companies to such Bank, such Bank agrees to undertake sole responsibility for complying with the withholding tax requirements imposed by Sections 1441 and 1442 of the Code.

(d) If any Bank is entitled to a reduction in the applicable withholding tax, the Administrative Agent may withhold from any interest payment to such Bank an amount equivalent to the applicable withholding tax after taking into account such reduction.

However, if the forms or other documentation required by subsection (1) of this Section are not delivered to the Administrative Agent, then the Administrative Agent may withhold from any interest payment to such Bank not providing such forms or other documentation an amount equivalent to the applicable withholding tax imposed by Sections 1441 and 1442 of the Code, without reduction.

(e) If the IRS or any other Governmental Authority of the United States or other jurisdiction asserts a claim that the Administrative Agent did not properly withhold tax from amounts paid to or for the account of any Bank (because the appropriate form was not delivered or was not properly executed, or because such Bank failed to notify the Administrative Agent of a change in circumstances which rendered the exemption from, or reduction of, withholding tax ineffective, or for any other reason) such Bank shall indemnify the Administrative Agent fully for all amounts paid, directly or indirectly, by the Administrative Agent as tax or otherwise, including penalties and interest, and including any taxes imposed by any jurisdiction on the amounts payable to the Administrative Agent under this Section, together with all costs and expenses (including Attorney Costs). The obligation of the Banks under this subsection shall survive the payment of all Obligations and the resignation or replacement of the Administrative Agent.

#### ARTICLE XI.

##### GUARANTY

11.1 The Guaranty. Toro hereby unconditionally guarantees the full and punctual payment (whether at stated maturity, upon acceleration or otherwise) of the principal of and interest on each Loan made by the Banks or any Bank to any Subsidiary Borrower pursuant to this Agreement; and the full and punctual payment of all other amounts payable by any Subsidiary Borrower under this Agreement. Upon failure by any Subsidiary Borrower to pay punctually any such amount, Toro shall forthwith on demand pay the amount not so paid at the place and in the manner specified in this Agreement.

11.2 Guaranty Unconditional. The obligations of Toro hereunder are a guaranty of payment and not of collection, and shall be unconditional and absolute and, without limiting the generality of the foregoing, shall not be released, discharged or otherwise affected by:

(a) any extension, renewal, settlement, compromise, waiver or release in respect of any obligation of any Subsidiary Borrower under this Agreement or any Note, by operation of law or otherwise;

(b) any modification or amendment of or supplement to this Agreement or any Note;

(c) any release, non-perfection or invalidity of any direct or indirect security for any obligation of any Subsidiary Borrower under this Agreement or any Note;

(d) any change in the corporate existence, structure or ownership of any Subsidiary Borrower, or any insolvency, bankruptcy, reorganization or other similar

proceeding affecting such Subsidiary Borrower or its assets or any resulting release or discharge of any obligation of such Subsidiary Borrower contained in this Agreement or any Note;

(e) the existence of any claim, set-off or other rights which Toro may have at any time against any Subsidiary Borrower, any Administrative Agent, any Bank or any other corporation or person, whether in connection herewith or any unrelated transactions, provided that nothing herein shall prevent the assertion of any such claim by separate suit or compulsory counterclaim;

(f) any invalidity or unenforceability relating to or against any Subsidiary Borrower for any reason of this Agreement or any Note, or any provision of applicable law or regulation purporting to prohibit the payment by any Subsidiary Borrower of the principal of or interest on any Note or any other amount payable by it under this Agreement; or

(g) any other act or omission to act or delay of any kind by any Subsidiary Borrower, the Administrative Agent, any Bank or any other Person or any other circumstance whatsoever which might, but for the provisions of this paragraph, constitute a legal or equitable discharge of Toro's obligations hereunder.

The obligations of Toro under this Article XI are independent of the obligation of any Subsidiary Borrower pursuant to this Agreement or any Note issued by such Subsidiary Borrower and a separate action or actions may be brought and prosecuted against Toro to enforce the provisions of this Article XI irrespective of whether any action is brought against any Subsidiary Borrower or whether any Subsidiary Borrower is joined in any such action or actions.

11.3 Discharge Only Upon Payment In Full; Reinstatement In Certain Circumstances. Toro's obligations hereunder shall remain in full force and effect until the Commitments shall have terminated and the principal of and interest on the Notes and all other amounts payable by any Subsidiary Borrower under this Agreement shall have been paid in full. If at any time any payment of the principal of or interest on any Note or any other amount payable by any Subsidiary Borrower under this Agreement is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy or reorganization of such Subsidiary Borrower or otherwise, Toro's obligations hereunder with respect to such payment shall be reinstated as though such payment had been due but not made at such time.

11.4 Waiver by Toro. Toro irrevocably waives acceptance hereof, presentment, demand, protest and any notice not provided for herein, as well as any requirement that at any time any action be taken by any Person against any Subsidiary Borrower or any other Person.

11.5 No Subrogation. Toro irrevocably waives any and all rights to which it may be entitled, by operation of law or otherwise, upon making any payments with respect to any Subsidiary Borrower hereunder to be subrogated to the rights of the payee against such Subsidiary Borrower with respect to such payment or otherwise to be reimbursed, indemnified or exonerated by such Subsidiary Borrower in respect thereof.

11.6 Stay of Acceleration. If acceleration of the time for payment of any amount payable by any Subsidiary Borrower under this Agreement or the Notes is stayed upon the insolvency, bankruptcy or reorganization of such Subsidiary Borrower, all such amounts otherwise subject to acceleration under the terms of this Agreement shall nonetheless be payable by Toro hereunder forthwith on demand by the Administrative Agent made at the request of the Required Banks.

ARTICLE XII.

MISCELLANEOUS

12.1 Amendments, Etc. No amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by any Company therefrom, shall be effective unless in writing signed by the Required Banks and the Companies, and acknowledged by the Administrative Agent, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no such amendment, waiver or consent shall, unless in writing and signed by all of the Banks and by the Companies, and acknowledged by the Administrative Agent, do any of the following:

(a) extend or increase the combined Commitments of all Banks (or reinstate such Commitments terminated pursuant to Section 9.2(a));

(b) extend or postpone any date fixed by this Agreement or any other Loan Document for any payment of principal, interest, fees or other amounts due to the Banks (or any of them) hereunder or under any other Loan Document;

(c) reduce the principal of, or the rate of interest specified herein on, any Loan or L/C Borrowing, or (subject to clause (iv) of the proviso below) any fees or other amounts payable hereunder or under any other Loan Document; provided, however, that only the consent of the Required Banks shall be necessary to amend the definition of "Default Rate" or to waive any obligation of the Companies to pay interest at the Default Rate;

(d) change the percentage of the combined Commitments or of the aggregate unpaid principal amount of the Loans, Swing Loans and L/C Obligations which is required for the Banks or any of them to take any action hereunder;

(e) change the means of determination of Pro Rata Share or Voting Percentage of any Bank;

(f) amend this Section, or Section 2.14, or any provision herein providing for consent or other action by all the Banks; or

(g) amend or delete Article XI hereof or release Toro as the guarantor of the Subsidiary Borrowers' Obligations hereunder pursuant to Article XI hereof.

and, provided further, that (i) no amendment, waiver or consent shall, unless in writing and signed by the Issuing Bank in addition to the Required Banks or each directly-affected Bank, as the case may be, affect the rights or duties of the Issuing Bank under this Agreement or any L/C Application relating to any Letter of Credit Issued or to be Issued by it; (ii) no amendment, waiver or consent shall, unless in writing and signed by the Swing Line Bank in addition to the Required Banks or each directly-affected Bank, as the case may be, affect the rights or duties of the Swing Line Bank under this Agreement; (iii) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Required Banks or each directly-affected Bank, as the case may be, affect the rights or duties of the Administrative Agent under this Agreement or any other Loan Document; or (iv) the Fee Letter may be amended, or rights or privileges thereunder waived, in a writing executed only by the respective parties thereto. Notwithstanding anything to the contrary herein, any Bank that has a Voting Percentage of zero shall not have any right to approve or disapprove any amendment, waiver or consent hereunder, except that the Pro Rata Share of such Bank may not be increased without the consent of such Bank.

## 12.2 Notices.

(a) All notices, requests, consents, approvals, waivers and other communications shall be in writing (including, unless the context expressly otherwise provides, by facsimile transmission, provided that any matter transmitted by the Companies by facsimile shall be immediately confirmed by a telephone call to the recipient at the number specified on Schedule 12.2) and mailed, faxed or delivered, to the address or facsimile number specified for notices on Schedule 12.2; or, as directed to the Companies or the Administrative Agent, to such other address as shall be designated by such party in a written notice to the other parties, and as directed to any other party, at such other address as shall be designated by such party in a written notice to the Companies and the Administrative Agent.

(b) All such notices, requests and communications shall, when transmitted by overnight delivery, or faxed, be effective when delivered for overnight (next-day) delivery, or transmitted in legible form by facsimile machine, respectively, or if mailed, upon the third Business Day after the date deposited into the U.S. mail, or if delivered, upon delivery; except that notices pursuant to Article 11 or X to the Administrative Agent or notices pursuant to Article III to the Issuing Bank shall not be effective until actually received.

(c) Any agreement of the Administrative Agent and the Banks herein to receive certain notices by telephone or facsimile is solely for the convenience and at the request of the Companies. The Administrative Agent and the Banks shall be entitled to rely on the authority of any Person purporting to be a Person authorized by the Companies to give such notice and the Administrative Agent and the Banks shall not have any liability to the Companies or other Person on account of any action taken or not taken by the Administrative Agent or the Banks in reliance upon such telephonic or facsimile notice. The obligation of the Companies to repay the Loans, the Swing Loans or the L/C Obligations shall not be affected in any way or to any extent by any failure by the Administrative Agent and the Banks to receive written confirmation of any telephonic

or facsimile notice or the receipt by the Administrative Agent and the Banks of a confirmation which is at variance with the terms understood by the Administrative Agent and the Banks to be contained in the telephonic or facsimile notice.

(d) Effectiveness of Facsimile Documents and Signatures. Loan Documents may be transmitted and/or signed by facsimile. The effectiveness of any such documents and signatures shall, subject to applicable Law, have the same force and effect as manually-signed originals and shall be binding on the Companies, the Administrative Agent and the Banks. The Administrative Agent may also require that any such documents and signatures be confirmed by a manually-signed original thereof; provided, however, that the failure to request or deliver the same shall not limit the effectiveness of any facsimile document or signature.

(e) Limited Use of Electronic Mail. Electronic mail and Internet and intranet websites may be used only to distribute routine communications, such as financial statements and other information as provided in Section 7.2, and to distribute Loan Documents for execution by the parties thereto, and may not be used for any other purpose.

12.3 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Administrative Agent or any Bank, any right, remedy, power or privilege hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

12.4 Costs and Expenses. The Companies shall:

(a) whether or not the transactions contemplated hereby are consummated, pay or reimburse Bank of America (including in its capacity as Administrative Agent, Swing Line Bank, Issuing Bank and Bank) and the Arranger within five Business Days after demand for all costs and expenses incurred by Bank of America (including in its capacity as Administrative Agent, Swing Line Bank, Issuing Bank and Bank) and the Arranger in connection with the due diligence conducted in connection with, and the development, preparation, delivery, administration, syndication and execution of, and any amendment, supplement, waiver or modification to (in each case, whether or not consummated), this Agreement, any Loan Document and any other documents prepared in connection herewith or therewith, and the consummation of the transactions contemplated hereby and thereby, including reasonable Attorney Costs incurred by Bank of America (including in its capacity as Administrative Agent, Swing Line Bank, Issuing Bank and Bank) and the Arranger with respect thereto; and

(b) pay or reimburse the Administrative Agent, the Swing Line Bank, the Issuing Bank, the Arranger and each Bank within five Business Days after demand for all costs and expenses (including Attorney Costs and the costs and expenses incurred in connection with the use of GMS Technologies, Inc., Intralinks, Inc. or other similar information transmission systems in connection with this Agreement) incurred by them in connection with the enforcement, attempted enforcement, or preservation of any rights or

remedies under this Agreement or any other Loan Document during the existence of an Event of Default or after acceleration of the Loans (including in connection with any "workout" or restructuring regarding the Loans, and including in any Insolvency Proceeding or appellate proceeding).

12.5 Indemnification. Whether or not the transactions contemplated hereby are consummated, the Companies shall indemnify, defend and hold the Administrative Agent-Related Persons and each Bank and each of their Affiliates and each of such Person's respective officers, directors, employees, counsel, agents and attorneys-in-fact (each, an "Indemnified Person") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, charges, expenses and disbursements (including Attorney Costs) of any kind or nature whatsoever which may at any time (including at any time following repayment of the Loans and the termination of the Letters of Credit and the termination, resignation or replacement of the Administrative Agent or replacement of any Bank) be imposed on, incurred by or asserted against any such Indemnified Person in any way relating to or arising out of this Agreement or any document contemplated by or referred to herein, or the transactions contemplated hereby, or the actual or proposed use of proceeds of any Loan, Swing Loan or Letter of Credit, or the Commitments, or any action taken or omitted by any such Indemnified Person under or in connection with any of the foregoing, including with respect to any investigation, arbitration, litigation or judicial proceeding (including any Insolvency Proceeding or appellate proceeding) related to or arising out of this Agreement or the Loans or Letters of Credit or the use of the proceeds thereof, whether or not any Indemnified Person is a party thereto (all the foregoing, collectively, the "Indemnified Liabilities"); provided, that the Companies shall have no obligation hereunder to any Indemnified Person with respect to Indemnified Liabilities to the extent resulting solely from the gross negligence or willful misconduct of such Indemnified Person as fully determined by a court of competent jurisdiction. None of the Administrative Agent-Related Persons nor any of their respective directors, officers, agents or employees shall be liable for any action taken or not taken by it in connection with this Agreement or any document contemplated by or referred to herein, or the transactions contemplated hereby in the absence of its own gross negligence or willful misconduct as finally determined by a court of competent jurisdiction, and in no event shall any such Person be liable for special, consequential, punitive or indirect damages. The agreements in this Section shall survive payment of all other Obligations.

12.6 Payments Set Aside. To the extent that any Company makes a payment to the Administrative Agent or the Banks, or the Administrative Agent or any of the Banks exercise their right of set-off, and such payment or the proceeds of such set-off or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Administrative Agent or such Bank in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any Insolvency Proceeding or otherwise, then (a) to the extent of such recovery the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such set-off had not occurred, and (b) each Bank severally agrees to pay to the Administrative Agent upon demand its Pro Rata Share of any amount so recovered from or repaid by the Administrative Agent.

12.7 Successors and Assigns.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that none of the Companies may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Bank (and any attempted assignment or transfer by the Companies without such consent shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in subsection (d) of this Section and, to the extent expressly contemplated hereby, the Indemnitees) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Any Bank may at any time assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans (including for purposes of this subsection (b), participations in L/C Obligations and participations in Swing Loans) at the time owing to it); provided that (i) except in the case of an assignment of the entire remaining amount of the assigning Bank's Commitment and the Loans at the time owing to it or in the case of an assignment to a Bank or an Affiliate of a Bank or an Approved Fund with respect to a Bank, the aggregate amount of the Commitment (which for this purpose includes Loans outstanding thereunder) subject to each such assignment, determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if a "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date, shall not be less than \$5,000,000 unless each of the Administrative Agent and, so long as no Default or Event of Default has occurred and is continuing, Toro otherwise consents (each such consent not to be unreasonably withheld or delayed), (ii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Bank's rights and obligations under this Agreement with respect to the Loans and the Commitment assigned, except that this clause (ii) shall not apply to rights in respect of Swing Loans and (iii) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of \$3,500. Subject to acceptance and recording thereof by the Administrative Agent pursuant to subsection (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the Eligible Assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Bank under this Agreement, and the assigning Bank thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Bank's rights and obligations under this Agreement, such Bank shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 4.1, 4.3, 4.5 and 12.5 with respect to facts and circumstances occurring prior to the effective date of such assignment). Upon request, the Companies shall execute and deliver new or replacement Notes to the assigning Bank and the assignee Bank. Any assignment or transfer by a Bank of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Bank of a participation in such rights and obligations in accordance with subsection (d) of this Section.

(c) The Administrative Agent, acting solely for this purpose as an agent of the Companies, shall maintain at the Administrative Agent's Office a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Banks, and the Commitments of, and principal amounts of the Loans, Swing Loans and L/C Obligations owing to, and participations in L/C Obligations and Swing Loans of, each Bank pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Companies, the Administrative Agent and the Banks may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Bank hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by any Company and any Bank, at any reasonable time and from time to time upon reasonable prior notice.

(d) Any Bank may at any time, without the consent of, or notice to, the Companies or the Administrative Agent, sell participations to any Person (other than a natural person or the Companies or any of the Companies' Affiliates or Subsidiaries (each, a "Participant") in all or a portion of such Bank's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans (including such Bank's participations in L/C Obligations and/or Swing Loans) owing to it); provided that (i) such Bank's obligations under this Agreement shall remain unchanged, (ii) such Bank shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Companies, the Administrative Agent and the other Banks shall continue to deal solely and directly with such Bank in connection with such Bank's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Bank sells such a participation shall provide that such Bank shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Bank will not, without the consent of the Participant, agree to any amendment, waiver or other modification that would (i) postpone any date upon which any payment of money is scheduled to be paid to such Participant or (ii) reduce the principal, interest, fees or other amounts payable to such Participant. Subject to subsection (e) of this Section, the Companies agree that each Participant shall be entitled to the benefits of Sections 4.1, 4.3, and 4.5 to the same extent as if it were a Bank and had acquired its interest by assignment pursuant to subsection (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 12.9 as though it were a Bank, provided such Participant agrees to be subject to Section 2.14 as though it were a Bank.

(e) A Participant shall not be entitled to receive any greater payment under Section 4.1 or 4.3 than the applicable Bank would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Companies' prior written consent. A Participant that would be a foreign corporation, partnership or trust under Section 10.11 if it were a Bank shall not be entitled to the benefits of Section 4.1 unless the Companies are notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Companies, to comply with Section 10.11 as though it were a Bank.

(f) Any Bank may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including under its Notes, if any) to secure obligations of such Bank, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Bank from any of its obligations hereunder or substitute any such pledgee or assignee for such Bank as a party hereto.

(g) Notwithstanding anything to the contrary contained herein, any Bank that is a Fund that invests in bank loans may create a security interest in all or any portion of the advances owing to it and the Note or Notes held by it to the trustee for holders of obligations owed, or securities issued, by such Fund as security for such obligations or securities, provided that unless and until such trustee actually becomes a Bank in compliance with the other provisions of this Section 12.7, (i) no such pledge shall release the pledging Bank from any of its obligations under the Loan Documents and (ii) such trustee shall not be entitled to exercise any of the rights of a Bank under the Loan Documents even though such trustee may have acquired ownership rights with respect to the pledged interest through foreclosure or otherwise.

(h) Notwithstanding anything to the contrary contained herein, if at any time Bank of America assigns all of its Commitment and Loans pursuant to subsection (b) above, Bank of America may, (i) upon 30 days' notice to the Companies and the Banks, resign as Issuing Bank and/or (ii) upon 30 days' notice to the Companies, resign as Swing Line Bank. In the event of any such resignation as Issuing Bank or Swing Line Bank, the Companies shall be entitled to appoint from among the Banks a successor Issuing Bank or Swing Line Bank hereunder; provided, however, that no failure by the Companies to appoint any such successor shall affect the resignation of Bank of America as Issuing Bank or Swing Line Bank, as the case may be. Bank of America shall retain all the rights and obligations of the Issuing Bank hereunder with respect to all Letters of Credit outstanding as of the effective date of its resignation as Issuing Bank and all L/C Obligations with respect thereto (including the right to require the Banks to make Loans or fund participations in the manner set forth in Section 3.3). If Bank of America resigns as Swing Line Bank, it shall retain all the rights of the Swing Line Bank provided for hereunder with respect to Swing Loans made by it and outstanding as of the effective date of such termination, including the right to require the Banks to make Loans or fund participations in outstanding Swing Loans in the manner set forth in Section 2.5.

12.8 Confidentiality. Each Bank agrees to take and to cause its Affiliates to take normal and reasonable precautions and exercise due care to maintain the confidentiality of all information furnished by any Company and provided to it by such Company or any Subsidiary, or by the Administrative Agent on such Company's or such Subsidiary's behalf, under this Agreement or any other Loan Document, and neither it nor any of its Affiliates shall use any such information other than in connection with or in enforcement of this Agreement and the other Loan Documents or in connection with other business now or hereafter existing or contemplated with the Companies or any Subsidiary; except to the extent such information (i) was or becomes generally available to the public other than as a result of disclosure by the Bank, or (ii) was or becomes available on a non-confidential basis from a source other than the Companies, provided that such source is not bound by a confidentiality agreement with the

Companies known to the Bank; provided, however, that any Bank may disclose such information (A) at the request or pursuant to any requirement of any Governmental Authority to which the Bank is subject or in connection with an examination of such Bank by any such authority; (B) pursuant to subpoena or other court process; (C) when required to do so in accordance with the provisions of any applicable Requirement of Law; (D) to the extent reasonably required in connection with any litigation or proceeding to which the Administrative Agent, any Bank or their respective Affiliates may be party; (E) to the extent reasonably required in connection with the exercise of any remedy hereunder or under any other Loan Document; (F) to such Bank's independent auditors and other professional advisors; (G) to any Participant or Eligible Assignee, actual or potential, provided that such Person agrees in writing to keep such information confidential to the same extent required of the Banks hereunder; (H) as to any Bank or its Affiliate, as expressly permitted under the terms of any other document or agreement regarding confidentiality to which the Companies or any Subsidiary is party or is deemed party with such Bank or such Affiliate; (I) to its Affiliates, which shall be subject to the standards set forth herein and applicable to such Bank; (J) to any nationally recognized rating agency to the extent it requires access to information about such financial institution's investment portfolio; and (K) to Loan Pricing Corp. and any other similar publication service that publishes "Gold Sheets" or tracks "league tables" for the financial institution market generally as to the fact of this transaction and the amount of the combined Commitments.

12.9 Set-off. In addition to any rights and remedies of the Banks provided by law, if an Event of Default exists or the Loans have been accelerated, each Bank is authorized at any time and from time to time, without prior notice to any Company, any such notice being waived by Companies to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held by, and other indebtedness at any time owing by, such Bank to or for the credit or the account of any Company against any and all Obligations owing to such Bank, now or hereafter existing, irrespective of whether or not the Administrative Agent or such Bank shall have made demand under this Agreement or any Loan Document and although such Obligations may be contingent or unmatured. Each Bank agrees promptly to notify the Companies and the Administrative Agent after any such set-off and application made by such Bank; provided, however, that the failure to give such notice shall not affect the validity of such set-off and application.

12.10 Automatic Debits of Principal, Interest Fees. With respect to any principal, interest, facility fee, arrangement fee, letter of credit fee or other fee, or any other cost or expense (including Attorney Costs) due and payable to the Administrative Agent, Bank of America, the Swing Line Bank, the Issuing Bank or the Arranger under the Loan Documents, the Companies hereby irrevocably authorize Bank of America to debit any deposit account of any Company with Bank of America in an amount such that the aggregate amount debited from all such deposit accounts does not exceed such principal, interest, fee or other cost or expense. If there are insufficient funds in such deposit accounts to cover the amount of the fee or other cost or expense then due, such debits will be reversed (in whole or in part, in Bank of America's sole discretion) and such amount not debited shall be deemed to be unpaid. No such debit under this Section shall be deemed a set-off.

12.11 Notification of Addresses, Lending Offices, Etc. Each Bank shall notify the Administrative Agent in writing of any changes in the address to which notices to the Bank

should be directed, of addresses of any Lending Office, of payment instructions in respect of all payments to be made to it hereunder and of such other administrative information as the Administrative Agent shall reasonably request.

12.12 Counterparts. This Agreement may be executed in any number of separate counterparts, each of which, when so executed, shall be deemed an original, and all of said counterparts taken together shall be deemed to constitute but one and the same instrument. A facsimile signature shall be deemed a valid signature for all purposes.

12.13 Severability. The illegality or unenforceability of any provision of this Agreement or any instrument or agreement required hereunder shall not in any way affect or impair the legality or enforceability of the remaining provisions of this Agreement or any instrument or agreement required hereunder.

12.14 No Third Parties Benefited. This Agreement is made and entered into for the sole protection and legal benefit of the Companies, the Banks, the Administrative Agent and the Administrative Agent-Related Persons, and their permitted successors and assigns, and no other Person shall be a direct or indirect legal beneficiary of, or have any direct or indirect cause of action or claim in connection with, this Agreement or any of the other Loan Documents.

12.15 Governing Laws and Jurisdiction.

(a) THIS AGREEMENT AND THE NOTES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK; PROVIDED THAT THE ADMINISTRATIVE AGENT, THE ARRANGER AND THE BANKS SHALL RETAIN ALL RIGHTS ARISING UNDER FEDERAL LAW.

(b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE COMPANIES, THE ADMINISTRATIVE AGENT AND THE BANKS CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE NON-EXCLUSIVE JURISDICTION OF THOSE COURTS. EACH OF THE COMPANIES, THE ADMINISTRATIVE AGENT, AND THE BANKS IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF THIS AGREEMENT OR ANY DOCUMENT RELATED HERETO. EACH COMPANY, THE ADMINISTRATIVE AGENT, AND THE BANKS EACH WAIVE PERSONAL SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER PROCESS, WHICH MAY BE MADE BY ANY OTHER MEANS PERMITTED BY NEW YORK LAW.

12.16 Waiver of Jury Trial. EACH COMPANY, THE BANKS, THE ARRANGER AND THE ADMINISTRATIVE AGENT EACH WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE OTHER LOAN DOCUMENTS, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR ANY ADMINISTRATIVE AGENT-RELATED PERSON, PARTICIPANT OR ELIGIBLE ASSIGNEE, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. THE COMPANIES, THE BANKS, THE ARRANGER AND THE ADMINISTRATIVE AGENT EACH AGREE THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS OR ANY PROVISION HEREOF OR THEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS.

12.17 Entire Agreement. This Agreement, together with the other Loan Documents, embodies the entire agreement and understanding among the Companies, the Banks, the Arranger and the Administrative Agent, and supersedes all prior or contemporaneous agreements and understandings of such Persons, verbal or written, relating to the subject matter hereof and thereof.

12.18 Liability of the Companies. All obligations of Toro and Credit or either of them under this Agreement and the other Loan Documents to which they are a party, shall be joint and several obligations of Toro and Credit, except only Toro shall be liable for the obligations of the Subsidiary Borrowers under Article XI hereof. All obligations of the Subsidiary Borrowers under this Agreement and all of the other Loan Documents shall be several and not joint, the result of which shall be that each Subsidiary Borrower is obligated to repay only those Loans made by the Banks to such Subsidiary Borrower and interest, fees, expenses and other obligations owing by such Subsidiary Borrower in connection with such Loans.

12.19 Judgment Currency. If for the purposes of obtaining judgment in any court it is necessary to convert a sum due from any of the Companies hereunder in the currency expressed to be payable herein (the "specified currency") into another currency, the parties hereto agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures the Administrative Agent could purchase the specified currency with such other currency at the Administrative Agent's Payment Office on the Business Day preceding that on which final, non-appealable judgment is given. The obligations of each of the Companies in respect of any sum due to any Bank or the Administrative Agent hereunder shall, notwithstanding any judgment in a currency other than the specified currency, be discharged only to the extent that on the Business Day following receipt by such Bank or the Administrative Agent (as the case may be) of any sum adjudged to be so due

in such other currency such Bank or the Administrative Agent (as the case may be) may in accordance with normal, reasonable banking procedures purchase the specified currency with such other currency. If the amount of the specified currency so purchased is less than the sum originally due to such Bank or the Administrative Agent, as the case may be, in the specified currency, the Companies agree, to the fullest extent that they may effectively do so, as a separate obligation and notwithstanding any such judgment, to indemnify such Bank or the Administrative Agent, as the case may be, against such loss, and if the amount of the specified currency so purchased exceeds (a) the sum originally due to any Bank or the Administrative Agent, as the case may be, in the specified currency and (b) any amounts shared with other Banks as a result of allocations of such excess as a disproportionate payment to such Bank in accordance with this Agreement, such Bank or the Administrative Agent, as the case may be, agrees to remit such excess to the Companies.

12.20 Interest Rate Limitation. Notwithstanding anything to the contrary contained in any Loan Document, the interest paid or agreed to be paid under the Loan Documents shall not exceed the maximum rate of non-usurious interest permitted by applicable Law (the "Maximum Rate"). If the Administrative Agent or any Bank shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal of the Loans or, if it exceeds such unpaid principal, refunded to the Companies. In determining whether the interest contracted for, charged, or received by the Administrative Agent or a Bank exceeds the Maximum Rate, such Person may, to the extent permitted by applicable law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Obligations.

12.21 Termination of Existing Facilities. In connection with the delivery of evidence of termination of the Existing Facilities required as a condition to the effectiveness of this Agreement pursuant to Section 5.1(k), each of the Lenders, upon delivery of such evidence, in its capacity as a Lender under the Existing Facilities, waives any notice requirement under the Existing Facilities with which the Borrower would otherwise be obligated to comply in order to terminate the Existing Facilities.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

TORO CREDIT COMPANY

By: \_\_\_\_\_

Title: \_\_\_\_\_

THE TORO COMPANY

By: \_\_\_\_\_

Title: \_\_\_\_\_

TORO INTERNATIONAL COMPANY

By: \_\_\_\_\_

Title: \_\_\_\_\_

TOVER OVERSEAS B.V.

By: \_\_\_\_\_

Title: \_\_\_\_\_

TORO FACTORING COMPANY, N. V.

By: \_\_\_\_\_

Title: \_\_\_\_\_

BANK OF AMERICA, N.A.  
as Administrative Agent, Issuing  
Bank, Swing Line Bank and a Bank

By: \_\_\_\_\_

Title: \_\_\_\_\_

WELLS FARGO BANK, NATIONAL  
ASSOCIATION as a Bank

By: \_\_\_\_\_

Title: \_\_\_\_\_

THE BANK OF NEW YORK, as a Bank

By: \_\_\_\_\_

Title: \_\_\_\_\_

HARRIS TRUST AND SAVINGS BANK, as a  
Bank

By: \_\_\_\_\_

Title: \_\_\_\_\_

U.S. BANK NATIONAL ASSOCIATION, as a  
Bank

By: \_\_\_\_\_

Title: \_\_\_\_\_

SUNTRUST BANK, as a Bank

By: \_\_\_\_\_

Title: \_\_\_\_\_

SCHEDULE 2.1

COMMITMENTS  
AND PRO RATA SHARES

BANK	COMMITMENT	PRO RATA SHARE
Bank of America, N.A.	\$ 32,200,000	18.4000%
Harris Trust and Savings Bank	\$ 31,500,000	18.0000%
SunTrust Bank	\$ 31,500,000	18.0000%
U.S. Bank National Association	\$ 31,500,000	18.0000%
Wells Fargo Bank, National Association	\$ 31,500,000	18.0000%
The Bank of New York	\$ 16,800,000	9.6000%
TOTAL	\$ 175,000,000	100.0000%

SCHEDULE 6.5

LITIGATION

None.

SCHEDULE 6.7

ERISA MATTERS

The following Qualified Plans of the Toro Company are underfunded as of the date of this Credit Agreement.

1. The Toro Company Plymouth Union Employees Pension Plan

Eighty-eight (88) individuals participate in this plan. The accrued liability in this plan is \$977,732 and the actuarial value of the assets in the plan is \$976,171. Therefore, the plan is underfunded by approximately \$1,561.

2. The Wheel Horse Products, Inc. Employees Retirement Plan

Two hundred sixty-four (264) individuals participate in this plan. The accrued liability in this plan is \$3,912,452 and the actuarial value of the assets in the plan is \$3,394,503. Therefore, the plan is underfunded by approximately \$517,949.

The information set forth herein is based on The Toro Company's most recent actuarial valuation.

SCHEDULE 6.9

PERMITTED LIABILITIES

None.

SCHEDULE 6.10  
ENVIRONMENTAL MATTERS

None.

SCHEDULE 6.13

SUBSIDIARIES AND MINORITY INTERESTS

- A. SUBSIDIARIES
  - 1. Toro Credit Company
  - 2. Toro Sales Company
  - 3. Hahn Equipment Co.
  - 4. Exmark Manufacturing Company Incorporated
    - a. The Holiman Co., Inc.
  - 5. Toro Foreign Sales Corporation
  - 6. Toro Purchasing Company
    - a. Toro International Company
  - 7. Toro Finance Company
    - a. Toro Finance Ltd.
  - 8. Toro Professionals Equipment Company
  - 9. MTI Distributing, Inc.
  - 10. Professional Turf Products, Inc.
  - 11. Toro LLC
  - 12. Tover Overseas I C.V. (limited partnership)
    - a. Tover Overseas II C.V. (limited partnership)
      - 1. Toro Factoring Company N.V.
      - 2. Tover Overseas, B.V.
        - a. Toro Australia Pty. Limited
        - b. Toro Europe
        - c. Irritrol Systems Europe, S.r.L.
  - 13. Toro Warranty Company
  - 14. Toro Mexico Holdings, LLC
    - a. Toro Company de Mexico S. de R.L. de C.V.
    - b. Toro Servicios, S. de R.L. de C.V.
  - 15. Red Iron Insurance, Limited
  - 16. Electronic Industrial Controls, Inc.

17. Lawn-Boy Inc. (inactive subsidiary)
18. ACN 007664315 Pty. Limited (formerly Hardie)

B. INVESTMENTS

1. Investment of \$30,000 in Raffles Insurance, Ltd.
2. Investment of \$1,000,000 (10,000 shares of preferred stock @ \$100 per share) in Wesco Turf Supply, Inc., an independent distributor

SCHEDULE 6.14

INSURANCE MATTERS

Toro self insures against product liability claims up to a total amount of \$2,000,000 per year.

SCHEDULE 8.1

PERMITTED LIENS

Bank of America National Trust and Savings Association holds a deed of trust and security interest covering certain real property and equipment of Toro acquired with proceeds of issuance of \$3,600,000 Industrial Development Revenue Bonds (Drip In Irrigation Project) issued by the California Statewide Communities Development Authority to secure letter of credit obligations with respect to such bonds. Such bonds were initially issued for the benefit of Drip In Irrigation Company, a California general partnership which was acquired by and subsequently liquidated into Toro.

The City of Madera California holds a deed of trust and security agreement covering certain real property and equipment of Toro acquired with proceeds of \$106,000 Economic Development Loan. The balance of the loan is currently \$42,000. Such loan was initially made to Drip In Irrigation Company, a California general partnership which was acquired by and liquidated into Toro.

In addition Toro has leased a wide variety of equipment under the terms of leases which it generally believes to be operating leases. To the extent any such leases were properly characterized capital leases or leases intended for security, the lessors of such equipment have retained security interests in the equipment subject to such leases.

SCHEDULE 12.2

OFFSHORE AND DOMESTIC LENDING OFFICES,  
ADDRESSES FOR NOTICES

THE TORO COMPANY  
AND TORO CREDIT COMPANY  
c/o The Toro Company  
8111 Lyndale  
Avenue South Bloomington, MN 55420  
Attention: Thomas J. Larson  
Telephone: (952) 887-8449  
Facsimile: (952) 887-5924

BANK OF AMERICA. N.A.  
as Administrative Agent, Issuing Bank, Swing Line Bank and as a Bank

Operational Notices:

Bank of America, N.A.  
Agency Administration Services  
1850 Gateway Blvd.  
Concord, California 94520  
Attention: Rosalia Escosa  
Telephone: (925) 675-8421  
Facsimile: (925) 969-2901

Other Notices:

Bank of America, N.A.  
231 South LaSalle Street  
9th Floor  
Chicago, IL 60697  
Attention: Gretchen Spoo,  
Principal  
Telephone: (312) 828-6654  
Facsimile: (312) 987-1276

Offshore Lending Office

231 South LaSalle Street  
Chicago, Illinois 60697

Domestic Lending Office

231 South LaSalle Street  
Chicago, Illinois 60697

Payment Instructions:

Bank of America, N.A.  
Concord, CA  
ABA No. 111000012  
A/C # 37 50836479  
For account of Credit Services  
Reference: Toro

U.S. BANK NATIONAL ASSOCIATION

Operational Notices:

U.S. Bank National Association  
601 2nd Avenue South  
MPFP0702  
Minneapolis, MN 55402-4302  
Attention: Karen Johnson  
Telephone: (612) 973-0546  
Facsimile: (612) 973-0825

Other Notices:

U.S. Bank National Association  
601 Second Avenue South  
MPFP0702  
Minneapolis, MN 55402-4302  
Attention: Elliot J. Jaffee  
Telephone: (612) 973-0548  
Facsimile: (612) 973-0825

Domestic Lending Office

U.S. Bank National Association  
601 Second Avenue South  
MPFP0702  
Minneapolis, MN 55402-4302

Offshore Lending Office

U.S. Bank National Association  
601 Second Avenue South  
MPFP0702  
Minneapolis, MN 55402-4302

Payment Instructions:

U.S. Bank National Association  
Minneapolis, MN  
ABA No. 091000022  
A/C #30000472160600  
Reference: The Toro Company  
Attention: Karen Johnson

THE BANK OF NEW YORK

Operational Notices:

The Bank of New York  
One Wall Street  
19th Floor  
New York, NY 10286  
Attention: Millicent Hall  
Telephone: (212) 635-7926  
Facsimile: (212) 635-6687

Other Notices:

The Bank of New York  
One Wall Street  
19th Floor  
New York, New York 10286  
Attention: Central Division  
                  John-Paul Marotta  
Telephone: (212) 635-8204  
Facsimile: (212) 635-1208

Offshore Lending Office:

The Bank of New York  
101 Barclay Street  
New York, New York 10286

Domestic Lending Office:

The Bank of New York  
101 Barclay Street  
New York, New York 10286

Payment Instructions:

The Bank of New York  
New York, NY  
ABA No. 021000018  
A/C #11156  
Ref: The Toro Company

WELLS FARGO BANK, NATIONAL ASSOCIATION

Operational Notices:

Wells Fargo Bank, National Association  
A0187-081  
201 Third Street  
San Francisco, CA 94103  
Attention: Ginnie Padgett  
Telephone: (415) 477-5374  
Facsimile: (415) 977-9489

Other Notices:

Wells Fargo Bank, National Association  
N9305-031  
Sixth Street and Marquette Avenue  
Minneapolis, MN 55479  
Attention: Scott D. Bjelde  
Telephone: (612) 667-6126  
Facsimile: (612) 667-2276

Offshore Lending Office:

Wells Fargo Bank, National Association  
N9305-031  
Sixth Street and Marquette Avenue  
Minneapolis, MN 55479  
Attention: Scott D. Bjelde  
Telephone: (612) 667-6126  
Facsimile: (612) 667-2276

Domestic Lending Office:

Wells Fargo Bank, National Association  
N9305-031  
Sixth Street and Marquette Avenue  
Minneapolis, MN 55479  
Attention: Scott D. Bjelde  
Telephone: (612) 667-6126  
Facsimile: (612) 667-2276

Payment Instructions:

Wells Fargo Bank  
ABA No. 121-000-248  
Credit Account of : MEMSYN #2712507201  
Reference: The Toro Company  
Obligor No. 7839500463

HARRIS TRUST AND SAVINGS BANK

Operational Notices:

Harris Trust and Savings Bank  
111 West Monroe Street  
Chicago, IL 60603  
Attention: Jan Smith, Loan Services Representative  
Telephone (312) 461-3813  
Facsimile (312) 293-5283 or 5884

Other Notices:

Harris Trust and Savings Bank  
111 West Monroe Street  
Chicago, IL 60603  
Attention: Andrew T. Claar  
Telephone (312) 461-3271  
Facsimile (312) 293-5040

Offshore Lending Office:

Harris Trust and Savings Bank  
111 West Monroe Street  
Chicago, IL 60603

Domestic Lending Office:

Harris Trust and Savings Bank  
111 West Monroe Street  
Chicago, IL 60603

Payment Instructions:

Harris Bank  
Chicago, IL  
ABA No. 071-000-288  
A/C #109-215-4  
Reference: Toro Company  
Attention: Loan Accounting

SUNTRUST BANK

Operational Notices:

SunTrust Bank  
303 Peachtree Street NE, 10th Floor  
Mail Code 1941  
Atlanta, GA 30308  
Attention: Michael Zeiss  
Telephone: (404) 588-8481  
Facsimile: (404) 575-2370

Other Notices:

SunTrust Bank  
401 North Michigan Avenue  
Suite 1200  
Chicago, Illinois 60611  
Attention: Molly J. Drennan  
Telephone (312) 840-7982  
Facsimile (312) 840-7983

Offshore Lending Office:

SunTrust Bank  
303 Peachtree Street, N.E., 10th Floor  
Mail Code 1928  
Atlanta, GA 30308  
Attention: Darren Beck

Domestic Lending Office:

SunTrust Bank  
303 Peachtree Street, N.E., 10th Floor  
Mail Code 1928  
Atlanta, GA 30308  
Attention: Darren Beck

Payment Instructions:

SunTrust Bank  
ABA No. 061000104  
Account Name: Wire Clearing  
A/C #9088000112  
Reference: Toro Company  
Attention: Isabelle Trenetham (Corporate Banking Operation)

## FORM OF NOTICE OF BORROWING

\_\_\_\_\_200\_\_

Bank of America, N.A.  
as Administrative Agent  
1850 Gateway Blvd.  
Concord, CA 94520  
Attention: Agency Administrative Services

Ladies and Gentlemen:

Reference is made to the Multi-Year Credit Agreement dated as of February 22, 2002 (as amended from time to time, the "Credit Agreement"), by and among THE TORO COMPANY, THE SUBSIDIARY BORROWERS, AND TORO CREDIT COMPANY, the Banks party thereto, and BANK OF AMERICA, N.A., as Administrative Agent for the Banks (the "Administrative Agent"). Capitalized terms used herein have the meanings specified in the Credit Agreement.

This is a Notice of Borrowing for Loans to be made to [Name of Company] pursuant to Section 2.3 of the Credit Agreement as follows:

(i) The Borrowing Date of the proposed Borrowing is \_\_\_\_\_, 200\_\_.

(ii) The aggregate amount and proposed currency of the proposed Borrowing is \$\_\_\_\_\_.

(iii) The proposed Borrowing to be made pursuant to Section 2.3 shall be a [Offshore] [Base] Rate Loan.

[(iv) The Interest Period for such Offshore Rate Loan shall be \_\_\_\_ [days][months].]

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the proposed Borrowing, before and after giving effect thereto and to the application of the proceeds therefrom:

the representations and warranties contained in Article VI of the Credit Agreement are true and correct as though made on the date hereof (except to the extent such representations and warranties relate to an earlier date, in which case they are true and correct as of such date); and no Default or Event of Default has occurred and is continuing, or would result from such proposed Borrowing.

THE TORO COMPANY

By: \_\_\_\_\_

Title: \_\_\_\_\_

FORM OF NOTICE OF BORROWING FOR SWING LOANS

\_\_\_\_\_200\_\_

Bank of America, N.A.  
as Administrative Agent  
1850 Gateway Blvd.  
Concord, CA 94520  
Attention: Agency Administrative Services

Ladies and Gentlemen:

Reference is made to the Multi-Year Credit Agreement dated as of February 22, 2002 (as amended from time to time, the "Credit Agreement"), by and among THE TORO COMPANY, THE SUBSIDIARY BORROWERS AND TORO CREDIT COMPANY, the Banks party thereto, and BANK OF AMERICA, N.A., as Administrative Agent for the Banks (the "Administrative Agent"). Capitalized terms used herein have the meanings specified in the Credit Agreement.

This is a Notice of Borrowing for Loans pursuant to Section 2.5 of the Credit Agreement as follows:

- (i) The Borrowing Date of the proposed borrowing is \_\_\_\_\_, 200\_\_.
- (ii) The aggregate amount of the proposed borrowing is \$\_\_\_\_\_.
- (iii) The Quoted Rate is \_\_\_\_\_.
- (iv) The applicable Company is \_\_\_\_\_.

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the proposed Borrowing, before and after giving effect thereto and to the application of the proceeds therefrom:

the representations and warranties contained in Article VI of the Credit Agreement are true and correct as though made on the date hereof (except to the extent such representations and warranties relate to an earlier date, in which case they are true and correct as of such date); and

no Default or Event of Default has occurred and is continuing,  
or would result from such proposed Borrowing.

THE TORO COMPANY

By: \_\_\_\_\_

Title: \_\_\_\_\_

EXHIBIT B

FORM OF NOTICE OF CONVERSION/CONTINUATION

\_\_\_\_\_200\_\_

Bank of America, N.A.  
as Administrative Agent  
1850 Gateway Blvd.  
Concord, CA 94520  
Attention: Agency Administrative Services

Ladies and Gentlemen:

Reference is made to the Multi-Year Credit Agreement dated as of February 22, 2002 (as amended from time to time, the "Credit Agreement"), by and among THE TORO COMPANY, THE SUBSIDIARY BORROWERS AND TORO CREDIT COMPANY, the Banks party thereto, and BANK OF AMERICA, N.A., as Administrative Agent for the Banks (the "Administrative Agent"). Capitalized terms used herein have the meanings specified in the Credit Agreement.

The undersigned hereby gives you notice, irrevocably, pursuant to Section 2.4 of the Credit Agreement that the undersigned hereby requests to:

convert an aggregate principal amount of \$\_\_\_\_\_ of the outstanding Loans which are currently Base Rate Loans to an Offshore Rate Loan on \_\_\_\_\_, 200\_\_. The initial Interest Period for such Offshore Rate Loan is requested to be a \_\_\_\_ [day][month] period;(1)

convert an aggregate principal amount of \$\_\_\_\_\_ of the outstanding Loans which are currently Offshore Rate Loans with a current Interest Period ending \_\_\_\_\_, 200\_, to Base Rate Loans on such date;(2)

continue as Offshore Rate Loans an aggregate principal amount of \$\_\_\_\_\_ (amount and currency) of the Loans which are currently Offshore Rate Loans with a current Interest Period ending \_\_\_\_\_ 200\_\_. The succeeding Interest Period for such Loans is requested to be a \_\_\_\_ month period.(3)

- - - - -

- (1) Use if converting all or a portion of Base Rate Loans to Offshore Rate Loans.
- (2) Use if converting all or a portion of Loans which are Offshore Rate Loans to Base Rate Loans.
- (3) Use if continuing all or a portion of the Loans which are Offshore Rate Loans.

The undersigned hereby certifies that, in the case of any election hereby to convert Base Rate Loans to Offshore Rate Loans or to continue Offshore Rate Loans, no Default or Event of Default exists.

THE TORO COMPANY

By: \_\_\_\_\_

Title: \_\_\_\_\_

EXHIBIT C

FORM OF COMPLIANCE CERTIFICATE

This Compliance Certificate is delivered to you pursuant to Section 7.2(a) of the Multi-Year Credit Agreement dated as of February 22, 2002 (as amended, the "Multi-Year Credit Agreement") and Section 7.2(a) of the 364-Day Credit Agreement dated as of February 22, 2002 (as amended, the "364-Day Credit Agreement"), in each case, among The Toro Company ("Toro"), Toro Credit Company ("Credit"), the "Subsidiary Borrowers" (as defined therein), the financial institutions party thereto (the "Banks") and Bank of America, N.A. in its capacity as administrative agent for the Banks (the "Agent"). Toro hereby delivers to each Bank this Compliance Certificate (the "Certificate"), together with the financial statements being delivered to the Banks for the accounting period ending \_\_\_\_\_, 20\_\_\_. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Multi-Year Credit Agreement and the 364-Day Credit Agreement (collectively, the "Credit Agreements"). For purposes hereof, section and subsection references herein relate to sections and subsections, respectively, of the Credit Agreements.

1. I am a duly elected, qualified and acting [\_\_\_\_\_]  
of Toro.

2. I have reviewed and am familiar with the contents of this Certificate. I am providing this certificate solely in my capacity as an officer of Toro. The matters set forth herein are true to my knowledge, after a review in reasonable detail, but I express no personal opinion as to any conclusions of law or other legal matters.

3. I have reviewed the terms of the Credit Agreements and have made, or caused to be made, under my supervision, a review in reasonable detail of the transactions and condition of Toro and its Subsidiaries taken as a whole during the accounting period covered by the attached financial statements ("Financial Statements"). Such review did not disclose the existence during or at the end of the accounting period covered by the attached Financial Statements, and I have no knowledge of the existence as of the date of this Certificate, of any condition or event which constitutes an Event of Default or Default. [except as set forth below:]

4. Demonstration of compliance with certain covenants contained in Article VIII of the Credit Agreements:

(a) Liens (Section 8.1 of the Multi-Year Credit Agreement and Section 8.1 of the 364-Day Credit Agreement).

(i) The maximum aggregate amount of Indebtedness secured by Liens on the properties of Toro and its Subsidiaries permitted under clauses (a) and (1) under Section 8.1 of the Multi-Year Credit Agreement and Section 8.1 of the 364-Day Credit Agreement which Indebtedness was outstanding at any time during the period covered by this Certificate:

Outstanding \$ \_\_\_\_\_  
10% of the consolidated net \$ \_\_\_\_\_  
worth of Toro and its  
Subsidiaries

(b) Disposition of Assets (Section 8.2 of the Multi-Year Credit Agreement and Section 8.2 of the 364-Day Credit Agreement)

(i) Aggregate outstanding unpaid amount of all Receivables sold by any Company pursuant to a Receivables Purchase Facility at any time:

Amount \$ \_\_\_\_\_  
Maximum \$125,000,000

(ii) Aggregate value received from the sale of properties or assets under clause (f) of Section 8.2 of the Multi-Year Credit Agreement and Section 8.2 of the 364-Day Credit Agreement from the inception of the fiscal year or portion thereof covered by the Financial Statements through the end of the period covered by this Certificate:

Aggregate value  
for interests under  
clause (e) \$ \_\_\_\_\_  
10% of the consolidated total \$ \_\_\_\_\_  
assets of Toro and its  
Subsidiaries

(c) Loans and Investments (Section 8.4 of the Multi-Year Credit Agreement and Section 8.4 of the 364-Day Credit Agreement).

(i) Aggregate purchase price of any individual Acquisition during the period covered by the Financial Statements:

Amount and identity  
of each Acquisition \$ \_\_\_\_\_ and  
\_\_\_\_\_  
Maximum amount \$100,000,000  
of each Acquisition

(ii) Aggregate purchase price of all Acquisitions during the period from February 22, 2002 through the end of the period covered by this Certificate:

Amount \$ \_\_\_\_\_  
Maximum \$200,000,000

(iii) Investments in Joint Ventures:

Amount	\$ _____
10% of the consolidated net worth of Toro and its Subsidiaries	\$ _____

(d) Restricted Payments (Section 8.7 of the Multi-Year Credit Agreement and Section 8.7 of the 364-Day Credit Agreement).

Amount	\$ _____
Maximum Amount Available	\$ _____

(e) Minimum Interest Coverage Ratio Section 8.9 of the Multi-Year Credit Agreement and Section 8.9 of the 364-Day Credit Agreement).

Interest Coverage Ratio of Toro and its Subsidiaries on a consolidated basis as determined at the end of the period covered by this Certificate for the twelve month period ending on the last day of the period covered by this Certificate:

Actual Ratio	_____
Minimum Ratio	2.0 to 1.0

(f) Maximum Total Indebtedness to Capitalization Ratio (Section 8.10 of Multi-Year Credit Agreement and Section 8.10 of the 364-Day Credit Agreement).

As determined at the end of the period covered by this Certificate:

Actual	_____
Maximum	_____

(g) Toro and Credit Portion of Assets (Section 8.11 of Multi-Year Credit Agreement and Section 8.11 of the 364-Day Credit Agreement).(1)

The percentage of total consolidated assets of Toro and its Subsidiaries represented by the total consolidated assets of Toro and Credit, as determined at the end of each fiscal year:

Actual percentage of total consolidated assets	____%
Minimum Percentage	67%

- - - - -

(1) Section (g) to be completed only for Certificates delivered at the end of each fiscal year.

I hereby certify, in my capacity as an officer of Toro, that the information set forth above, to my knowledge, is accurate as of \_\_\_\_\_, 20\_\_.

Dated: \_\_\_\_\_, 20\_\_

THE TORO COMPANY

By: \_\_\_\_\_

EXHIBIT D

ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (this "Assignment and Assumption") is dated as of the Effective Date set forth below and is entered into by and between [Insert name of Assignor] (the "Assignor") and [Insert name of Assignee] (the "Assignee"). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (the "Credit Agreement"), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below, the interest in and to all of the Assignor's rights and obligations under the Credit Agreement and any other documents or instruments delivered pursuant thereto that represents the amount and percentage interest identified below of all of the Assignor's outstanding rights and obligations under the respective facilities identified below (including, without limitation, Letters of Credit and Swing Loans included in such facilities and, to the extent permitted to be assigned under applicable law, all claims (including, without limitation, contract claims, tort claims, malpractice claims and all other claims at law or in equity, including claims under any law governing the purchase and sale of securities or governing indentures pursuant to which securities are issued), suits, causes of action and any other right of the Assignor against any other Person) (the "Assigned Interest"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor: \_\_\_\_\_
2. Assignee: \_\_\_\_\_ [which is a  
Bank/Affiliate/Approved Fund of [identify Bank](1)]
3. Company(ies): \_\_\_\_\_
4. Administrative Agent: Bank of America, N.A., as the  
Administrative Agent under the Credit  
Agreement
5. Credit Agreement: The Multi-Year Credit Agreement, dated as of  
February 22, 2002, among The Toro Company,  
the Subsidiary Borrowers, and Toro Credit  
Company, the Banks parties thereto, and Bank  
of America, N.A., as Administrative Agent,  
Issuing Bank, and Swing Line Bank

- - - - -

(1) Select as applicable.

6. Assigned Interest:

Aggregate Amount of Commitment/Loans for all Banks*	Amount of Commitment/Loans Assigned (2)	Percentage Assigned of Commitment/Loans(5)
\$ _____	\$ _____	_____ %
\$ _____	\$ _____	_____ %
\$ _____	\$ _____	_____ %

[7. Trade Date: \_\_\_\_\_] (4)

Effective Date: \_\_\_\_\_, 20\_\_ [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR

[NAME OF ASSIGNOR]

By: \_\_\_\_\_  
Title:

ASSIGNEE

[NAME OF ASSIGNEE]

By: \_\_\_\_\_  
Title:

(2) Amount to be adjusted by the counterparties to take into account any payments or prepayments made between the Trade Date and the Effective Date.

(3) Set forth, to at least 9 decimals, as a percentage of the Commitment/Loans of all Banks thereunder.

(4) To be completed if the Assignor and the Assignee intend that the minimum assignment amount is to be determined as of the Trade Date.

[Consented to and] (5) Accepted:

BANK OF AMERICA, N.A., as Administrative Agent,  
Issuing Bank and Swing Line Bank

By: \_\_\_\_\_  
Title:

[Consented to:] (6)

[THE TORO COMPANY]

By: \_\_\_\_\_  
Title:

- .....

(5) To be added only if the consent of the Administrative Agent, Issuing Bank and Swing Line Bank is required by the terms of the Credit Agreement.

(6) To be added only if the consent of the Borrower and/or other parties (e.g. Swing Line Bank, Issuing Bank) is required by the terms of the Credit Agreement.

ANNEX 1 TO ASSIGNMENT AND ASSUMPTION

Multi-Year Credit Agreement, dated as of February 22, 2002, among The Toro Company, the Subsidiary Borrowers, and Toro Credit Company, the Banks parties thereto, and Bank of America, N.A., as Administrative Agent, Issuing Bank, and Swing Line Bank

STANDARD TERMS AND CONDITIONS FOR  
ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1. Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Companies, any of their Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Companies, any of their Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2. Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Bank under the Credit Agreement, (ii) it meets all requirements of an Eligible Assignee under the Credit Agreement (subject to receipt of such consents as may be required under the Credit Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Bank thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Bank thereunder, (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 7.1 thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Bank, and (v) if it is a foreign corporation, partnership or trust under Section 10.11 of the Credit Agreement, attached hereto is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Bank, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Bank.

1.3 Assignee's Address for Notices, etc. Attached hereto as Schedule 1 is all contact information, address, account and other administrative information relating to the Assignee.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned interest (including payments of principal, interest, fees and other amounts) to the Assignee whether such amounts have accrued prior to or on or after the Effective Date. The Assignor and the Assignee shall make all appropriate adjustments in payments by the Administrative Agent for periods prior to the Effective Date or with respect to the making of this assignment directly between themselves.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.

SCHEDULE 1 TO ASSIGNMENT AND ASSUMPTION

ADMINISTRATIVE DETAILS

(Assignee to list names of credit contacts, addresses, phone and facsimile numbers, electronic mail addresses and account and payment information)

EXHIBIT E-1

FORM OF REVOLVING NOTE FOR TORO AND CREDIT

Dated: February 22, 2002

FOR VALUE RECEIVED, the undersigned, THE TORO COMPANY ("Toro"), a Delaware corporation, and TORO CREDIT COMPANY ("Credit"), a Minnesota corporation (Toro and Credit collectively referred to herein as the "Companies"), jointly and severally hereby promise to pay to the order of \_\_\_\_\_ (the "Bank") for the account of its Applicable Lending Office (as defined in the Credit Agreement referred to below) the principal amount of each Loan (as defined in the Credit Agreement referred to below) made by the Bank to the Companies pursuant to the Credit Agreement (as defined below) when required by the Credit Agreement and in full on the Revolving Termination Date (as defined in the Credit Agreement).

The Companies, jointly and severally, promise to pay interest on the unpaid principal amount of each Loan made to any of them from the date of such Loan until such principal amount is paid in full, at such interest rates, and payable at such times, as are specified in the Credit Agreement.

Both principal and interest are payable in lawful money of the United States of America to Bank of America, N.A., as Administrative Agent, 1850 Gateway Boulevard, Concord, California 94520, in same day funds and in Dollars and/or the applicable Optional Currency as provided in the Credit Agreement. Each Loan made by the Bank to the Companies and the maturity thereof, the currency in which such Loan is made, and all payments made on account of principal thereof, shall be recorded by the Bank and, prior to any transfer hereof, endorsed on the grid attached hereto which is part of this Revolving Note.

This Revolving Note is one of the Notes referred to in, and is entitled to the benefits of, the Multi-Year Credit Agreement dated as of February 22, 2002 (as amended, the "Credit Agreement") among the Companies, the Subsidiary Borrowers (as defined in the Credit Agreement), the Bank and certain other banks parties thereto, and Bank of America, N.A., as Administrative Agent for the Bank and such other banks. The Credit Agreement, among other things, (i) provides for the making of Loans by the Bank to the Companies and the Subsidiary Borrowers from time to time in an aggregate amount not to exceed at any time outstanding the Bank's Commitment, the indebtedness of the Companies resulting from each such Loan made to the Companies being evidenced by this Revolving Note, and (ii) contains provisions for acceleration of the maturity hereof upon the happening of certain stated events and also for prepayments on account of principal hereof prior to the maturity hereof upon the terms and conditions therein specified.

[Signature page follows.]

IN WITNESS WHEREOF, the Companies have caused this Revolving Note to be made, executed and delivered by their duly authorized representative as of the date and year first above written, all pursuant to authority duly granted.

THE TORO COMPANY

By: \_\_\_\_\_

Title: \_\_\_\_\_

TORO CREDIT COMPANY

By: \_\_\_\_\_

Title: \_\_\_\_\_

EXHIBIT E-2

FORM OF REVOLVING NOTE FOR EACH SUBSIDIARY BORROWER

Dated: February 22, 2002

FOR VALUE RECEIVED, the undersigned, [SUBSIDIARY BORROWER] a [Minnesota] corporation (the "Company"), hereby promises to pay to the order of \_\_\_\_\_ (the "Bank") for the account of its Applicable Lending Office (as defined in the Credit Agreement referred to below) the principal amount of each Loan (as defined in the Credit Agreement referred to below) made by the Bank to the Company pursuant to the Credit Agreement (as defined below) when required by the Credit Agreement and in full on the Revolving Termination Date (as defined in the Credit Agreement).

The Company promises to pay interest on the unpaid principal amount of each Loan made to it by the Bank from the date of such Loan until such principal amount is paid in full, at such interest rates, and payable at such times, as are specified in the Credit Agreement.

Both principal and interest are payable in lawful money of the United States of America to Bank of America, N.A., as Administrative Agent, 1850 Gateway Boulevard, Concord, California 94520, in same day funds and in Dollars and/or the applicable Optional Currency as provided in the Credit Agreement. Each Loan made by the Bank to the Company and the maturity thereof, the currency in which such Loan is made, and all payments made on account of principal thereof, shall be recorded by the Bank and, prior to any transfer hereof, endorsed on the grid attached hereto which is part of this Revolving Note.

This Revolving Note is one of the Notes referred to in, and is entitled to the benefits of, the Multi-Year Credit Agreement dated as of February 22, 2002 (as amended, the "Credit Agreement") among the Company, The Toro Company, Toro Credit Company, other Subsidiary Borrowers named therein (collectively, the "Other Borrowers"), the Bank and certain other banks parties thereto, and Bank of America, N.A., as Administrative Agent for the Bank and such other banks. The Credit Agreement, among other things, (i) provides for the making of Loans by the Bank to the Company and the Other Borrowers from time to time in an aggregate amount not to exceed at any time outstanding the Bank's Commitment, the indebtedness of the Company resulting from each such Loan being evidenced by this Revolving Note, and (ii) contains provisions for acceleration of the maturity hereof upon the happening of certain stated events and also for prepayments on account of principal hereof prior to the maturity hereof upon the terms and conditions therein specified.

[Signature page follows.]

IN WITNESS WHEREOF, the Company has caused this Revolving Note to be made, executed and delivered by its duly authorized representative as of the date and year first above written, all pursuant to authority duly granted.

[SUBSIDIARY BORROWER]

By: \_\_\_\_\_

Title: \_\_\_\_\_

EXHIBIT E-3

FORM OF SWING LINE NOTE

Dated: February 22, 2002

FOR VALUE RECEIVED, the undersigned, THE TORO COMPANY ("Toro"), a Delaware corporation, and TORO CREDIT COMPANY ("Credit"), a Minnesota corporation (Toro and Credit collectively referred to herein as the "Companies"), jointly and severally hereby promise to pay to the order of \_\_\_\_\_ (the "Swing Line Bank") for the account of its Applicable Lending Office (as defined in the Credit Agreement referred to below) the principal amount of each Swing Loan (as defined in the Credit Agreement referred to below) made by the Swing Line Bank to the Companies pursuant to the Credit Agreement (as defined below) when required by the Credit Agreement and in full on the Revolving Termination Date (as defined in the Credit Agreement).

The Companies, jointly and severally, promise to pay interest on the unpaid principal amount of each Swing Loan made to any of them from the date of such Swing Loan until such principal amount is paid in full, at such interest rates, and payable at such times, as are specified in the Credit Agreement.

Both principal and interest are payable in lawful money of the United States of America to Bank of America, N.A., as Administrative Agent, 1850 Gateway Boulevard, Concord, California 94520, for the account of the Swing Line Bank, in same day funds and in Dollars. Each Swing Loan made by the Swing Line Bank to the Companies and the maturity thereof, and all payments made on account of principal thereof, shall be recorded by the Swing Line Bank and, prior to any transfer hereof, endorsed on the grid attached hereto which is part of this Swing Line Note.

This Swing Line Note is one of the Notes referred to in, and is entitled to the benefits of, the Multi-Year Credit Agreement dated as of February 22, 2002 (as amended, the "Credit Agreement") among the Companies, the Subsidiary Borrowers (as defined in the Credit Agreement), the Swing Line Bank and certain other banks parties thereto, and Bank of America, N.A., as Administrative Agent for the Swing Line Bank and the other banks. The Credit Agreement, among other things, (i) provides for the making of Swing Loans by the Swing Line Bank to the Companies from time to time in an aggregate amount not to exceed at any time outstanding \$20,000,000, the indebtedness of the Companies resulting from each such Loan made to the Companies being evidenced by this Swing Line Note, and (ii) contains provisions for acceleration of the maturity hereof upon the happening of certain stated events and also for prepayments on account of principal hereof prior to the maturity hereof upon the terms and conditions therein specified.

[Signature page follows.]

IN WITNESS WHEREOF, the Companies have caused this Swing Line Note to be made, executed and delivered by their duly authorized representative as of the date and year first above written, all pursuant to authority duly granted.

THE TORO COMPANY

By: \_\_\_\_\_

Title: \_\_\_\_\_

TORO CREDIT COMPANY

By: \_\_\_\_\_

Title: \_\_\_\_\_

AMENDMENT NO. 1 TO MULTI-YEAR CREDIT AGREEMENT

This Amendment No. 1 to Multi-Year Credit Agreement (this "Agreement") dated as of December 11, 2002 is made by and among THE TORO COMPANY, a Delaware corporation ("Toro"), the SUBSIDIARY BORROWERS (as defined in the Credit Agreement, defined below), TORO CREDIT COMPANY, a Minnesota corporation ("Credit" and together with Toro and the Subsidiary Borrowers, the "Companies"), TORO MANUFACTURING LLC, a Delaware limited liability company ("Manufacturing"), BANK OF AMERICA, N.A., in its capacity as administrative agent (in such capacity, the "Agent") and each of the Banks (as defined in the Credit Agreement, defined below) signatory hereto.

W I T N E S S E T H:

WHEREAS, the Companies, the Agent and the Banks have entered into that certain Multi-Year Credit Agreement dated as of February 22, 2002 (as hereby amended and as from time to time hereafter further amended, modified, supplemented, restated, or amended and restated, the "Credit Agreement"; the capitalized terms as used in this Agreement not otherwise defined herein shall have the respective meanings given thereto in the Credit Agreement), pursuant to which the Banks have made available to the Companies a revolving credit facility (including a letter of credit facility and a swing line facility); and

WHEREAS, the Companies have advised the Agent and the Banks that Toro intends to transfer certain assets of Toro consisting of computer equipment, machinery and equipment, furniture and fixtures, vehicles and tooling used in manufacturing and engineering operations, and having an approximate aggregate original cost of \$213,000,000 and an approximate depreciated book value of \$35,000,000, to Manufacturing (the "Asset Transfer"); and

WHEREAS, the Companies have advised the Agent and the Banks that Toro Factoring Company N.V., a Curacao company, will be reincorporated (the "Reincorporation") as Toro Factoring Company Limited ("Factoring") in Guernsey, Channel Islands; and

WHEREAS, the Companies have requested the consent of the Agent and the Banks in connection with the Asset Transfer and the Reincorporation and the Agent and the Banks signatory to this agreement have agreed to consent to the Asset Transfer and the Reincorporation; and

WHEREAS, Manufacturing will become a Subsidiary Borrower under the Credit Agreement; and

WHEREAS, the Companies have advised the Agent and the Banks that the Companies desire to amend certain provisions of the Credit Agreement as set forth herein, and the Agent and the Banks have agreed so to amend the Credit Agreement on the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the premises and further valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Amendments to Credit Agreement. Subject to the terms and conditions set forth herein, the Credit Agreement is hereby amended as follows:

(a) Section 1.1 is hereby amended by inserting the following new definition in the appropriate alphabetical order:

"Manufacturing," means Toro Manufacturing LLC, a Delaware limited liability company.

(b) Section 1.1 is hereby amended by deleting the definition of "Subsidiary Borrowers" in its entirety and inserting the following definition in lieu thereof:

"Subsidiary Borrowers" means, collectively, Toro International Company, a Minnesota corporation, Tover Overseas B.V., a Netherlands company, Toro Factoring Company Limited, a Guernsey, Channel Islands company and Manufacturing.

(c) Section 1.1 is hereby amended by deleting the definition of "Wholly-Owned Subsidiary" in its entirety and inserting the following definition in lieu thereof:

"Wholly-Owned Subsidiary" means any corporation, limited liability company or partnership in which (other than directors' qualifying shares required by law) 100% of the capital stock, membership interests or partnership interests, as applicable, of each class having ordinary voting power, and 100% of the capital stock, membership interests or partnership interests, as applicable, of every other class, in each case, at the time as of which any determination is being made, is owned, beneficially and of record, by one of the Companies, or by one or more of the other Wholly-Owned Subsidiaries, or both."

(d) Section 8.11 is hereby amended by deleting such section in its entirety and inserting the following in lieu thereof:

"8.11 Toro, Credit and Manufacturing Portion of Assets. The consolidated total assets of Toro, Credit and Manufacturing at the end of each fiscal year shall not be less than 67% of the consolidated total assets of Toro and its Subsidiaries at such time."

(e) Section 12.18 is hereby amended by deleting such section in its entirety and inserting the following in lieu thereof:

"12.18 Liability of the Companies. All obligations of Toro, Credit and Manufacturing or any one of them under this Agreement and the other Loan Documents to which they are a party, shall be joint and several obligations of Toro, Credit and Manufacturing, except only Toro shall be liable for the

obligations of the Subsidiary Borrowers under Article XI hereof. All obligations of the Subsidiary Borrowers (other than Manufacturing) under this Agreement and all of the other Loan Documents shall be several and not joint, the result of which shall be that each Subsidiary Borrower (other than Manufacturing) is obligated to repay only those Loans made by the Banks to such Subsidiary Borrower and interest, fees, expenses and other obligations owing by such Subsidiary Borrower in connection with such Loans."

2. Consent and Waivers.

(a) Asset Transfer. The Agent and the Banks hereby consent to the Asset Transfer and hereby waive any violation of Sections 8.2 or 8.3 of the Credit Agreement arising from such Asset Transfer.

(b) Reincorporation. The Agent and the Banks hereby consent to the Reincorporation.

3. Conditions Precedent. The effectiveness of this Agreement and the amendments to the Credit Agreement herein provided are subject to the satisfaction of the following conditions precedent:

(a) The Agent shall have received each of the following documents or instruments in form and substance reasonably acceptable to the Agent:

(i) ten (10) original counterparts of this Agreement, duly executed by the Companies, Manufacturing, the Agent, and the Required Banks, together with all schedules and exhibits thereto duly completed;

(ii) a Revolving Note executed by Manufacturing and delivered to each of the Banks;

(iii) a Revolving Note executed by Factoring and delivered to each of the Banks in replacement of the Revolving Note previously executed and delivered on the Closing Date by Factoring (the "Replaced Note") to each of the Banks, and each Replaced Note shall be marked as cancelled and be returned by each Bank to Toro after its receipt of such Revolving Note from Factoring;

(iv) a copy of each of the resolutions of the board of directors of Factoring and the resolutions of an authorized officer of Manufacturing, in each case authorizing the transactions contemplated under the Loan Documents and this Agreement, certified as of the date hereof by the Secretary or Assistant Secretary of Factoring and Manufacturing, respectively;

(v) a certificate of the Secretary or Assistant Secretary of Factoring and of Manufacturing certifying the names and true signatures of the officers of Factoring and Manufacturing, respectively, authorized to execute, deliver and perform, as applicable, this Agreement, and all other Loan Documents to be delivered by it hereunder;

(vi) a copy of the Organizational Documents of Factoring and of Manufacturing as in effect on the date hereof, certified by the Secretary or Assistant Secretary of Factoring and Manufacturing, respectively;

(vii) a certificate of good standing or similar status as may be available for Factoring and for Manufacturing from the applicable Governmental Authority of its jurisdiction of incorporation and its principal place of business;

(viii) a certificate of a Responsible Officer demonstrating compliance with Section 8.11 as amended hereby as of August 2, 2002 together with a consolidating balance sheet of Toro and its Subsidiaries as of such date; and

(ix) such other documents, instruments, opinions, certifications, undertakings, further assurances and other matters as the Agent shall reasonably require.

(b) all fees and expenses payable to the Agent and the Banks (including the fees and expenses of counsel to the Agent) accrued to date, including all fees associated with this Agreement, shall have been paid in full.

4. Joinder of Toro Manufacturing LLC. Manufacturing hereby agrees that, by its execution of this Agreement, Manufacturing hereby becomes a party to the Credit Agreement, and is and shall be for all purposes a "Subsidiary Borrower" and a "Company" under the Credit Agreement, and shall have, and hereby unconditionally, absolutely and irrevocably assumes, joint and several liability for all of the obligations of a Company and a Subsidiary Borrower thereunder as if it had manually executed the Credit Agreement. Manufacturing hereby ratifies, as of the date hereof, and agrees to be bound by, all of the terms, provisions and conditions contained in the Credit Agreement applicable to each Subsidiary Borrower, to each Company and specifically to itself.

5. Reaffirmation by Toro Factoring Company Limited and each of the Companies. Toro Factoring Company Limited hereby confirms and ratifies in all respects its Obligations incurred and agreed to heretofore as Toro Factoring Company N.V. in its capacity as a Subsidiary Borrower and Company under each of the Loan Documents and together with each of the Companies hereby consents, acknowledges and agrees to the amendments of the Credit Agreement set forth herein.

6. Representations and Warranties. In order to induce the Agent and the Banks to enter into this Agreement, each of the Companies and Manufacturing represents and warrants to the Agent and the Banks as follows:

(a) The representations and warranties in Article VI of the Credit Agreement (after giving effect to this Agreement) and in each of the other Loan Documents to which such Company or Manufacturing is a party are true and correct in all material respects on and as of the date hereof, except to the extent that such representations and warranties expressly relate to an earlier date;

(b) There does not exist any pending or threatened action, suit, investigation or proceeding in any court or before any arbitrator or Governmental Authority that purports (A) to have a Material Adverse Effect on Manufacturing or any of the Companies or their Subsidiaries, or (B) to affect any transaction contemplated under this Agreement or any Loan Document or the ability of any Company or Manufacturing to perform its respective obligations under this Agreement or any Loan Document;

(c) There has occurred since October 31, 2001, no event or circumstance that has resulted or could reasonably be expected to result in a Material Adverse Effect or a material adverse change in or a material adverse effect upon the business, assets, liabilities (actual or contingent), operations, condition (financial or otherwise), or prospects of Toro and its Subsidiaries taken as a whole;

(d) No Default or Event of Default has occurred and is continuing; and

(e) Toro's Debt Rating as of the date hereof is Baa3 by Moody's and BBB- by S&P.

7. Entire Agreement. This Agreement, together with all the Loan Documents (collectively, the "Relevant Documents"), sets forth the entire understanding and agreement of the parties hereto in relation to the subject matter hereof and supersedes any prior negotiations and agreements among the parties relative to such subject matter. No promise, condition, representation or warranty, express or implied, not herein set forth shall bind any party hereto, and not one of them has relied on any such promise, condition, representation or warranty. Each of the parties hereto acknowledges that, except as otherwise expressly stated in the Relevant Documents, no representations, warranties or commitments, express or implied, have been made by any party to the other. None of the terms or conditions of this Agreement may be changed, modified, waived or canceled orally or otherwise, except as permitted pursuant to Section 12.1 of the Credit Agreement.

8. Full Force and Effect of Agreement. Except as hereby specifically amended, modified or supplemented, the Credit Agreement and all other Loan Documents are hereby confirmed and ratified in all respects by each party hereto and shall be and remain in full force and effect according to their respective terms.

9. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument.

10. Governing Law. This Agreement shall in all respects be governed by, and construed in accordance with, the laws of the state of New York.

11. Enforceability. Should any one or more of the provisions of this Agreement be determined to be illegal or unenforceable as to one or more of the parties hereto, all other provisions nevertheless shall remain effective and binding on the parties hereto.

12. References. All references in any of the Loan Documents to the "Credit Agreement" shall mean the Credit Agreement, as amended hereby.

13. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Companies, Manufacturing, the Agent and each of the Banks, and their respective successors, assigns and legal representatives; provided, however, that neither Manufacturing nor any Company, without the prior consent of the Required Banks, may assign any rights, powers, duties or obligations hereunder.

14. Expenses. The Companies and Manufacturing agree to pay to the Agent all reasonable out-of-pocket expenses incurred or arising in connection with the negotiation and preparation of this Agreement.

[SIGNATURE PAGES FOLLOW.]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 1 to Multi-Year Credit Agreement to be made, executed and delivered by their duly authorized officers as of the day and year first above written.

THE TORO COMPANY

By: /s/ J. Lawrence McIntyre

-----  
Name: J. Lawrence McIntyre  
Title: Vice President, Secretary General Counsel

TORO CREDIT COMPANY

By: /s/ Stephen P. Wolfe

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Name: Stephen P. Wolfe  
Title: President

TORO INTERNATIONAL COMPANY

By: /s/ Stephen P. Wolfe

-----  
Name: Stephen P. Wolfe  
Title: V. Pres. Treasurer

TOVER OVERSEAS B.V.

By: /s/ Robert Buitendijk

-----  
Name: Temmes Management Services B.V.  
Title: Director

TORO FACTORING COMPANY LIMITED (formerly  
TORO FACTORING COMPANY N.V.)

By: /s/ Paula Graff

-----  
Name: Paula Graff  
Title: Director

TORO MANUFACTURING LLC

By: /s/ Stephen P. Wolfe

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Name: Stephen P. Wolfe  
Title: President

Signature Page 2 of 9

BANK OF AMERICA, N.A., as Administrative Agent

By: /s/ Jeffrey A. Armitage

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Name: Jeffrey A. Armitage

Title: Vice President

Signature Page 3 of 9

BANK OF AMERICA, N.A.,  
as Issuing Bank, Swing Line Bank and a Bank

By: /s/ Jeffrey A. Armitage

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Name: Jeffrey A. Armitage  
Title: Vice President

Signature Page 4 of 9

WELLS FARGO BANK, NATIONAL ASSOCIATION  
as a Bank

By: /s/ Scott D. Bjelde

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Name: Scott D. Bjelde  
Title: Vice President and Senior Banker  
Wells Fargo Bank, National Association

WELLS FARGO BANK, NATIONAL ASSOCIATION  
as a Bank

By: /s/ Christopher A. Cudak

-----  
Name: Christopher A. Cudak  
Title: Vice President  
Wells Fargo Bank, National Association

THE BANK OF NEW YORK, as a Bank

By: /s/ JOHN-PAUL MAROTTA

-----  
Name: JOHN-PAUL MAROTTA

Title: VICE PRESIDENT

Signature Page 6 of 9

HARRIS TRUST AND SAVINGS BANK, as a Bank

By: /s/ ANDREW T. CLAAR

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Name: ANDREW T. CLAAR  
Title: VICE PRESIDENT

Signature Page 7 of 9

U.S. BANK NATIONAL ASSOCIATION, as a Bank

By: /s/ Karen Weathers

-----  
Name: Karen Weathers

Title: Vice President

Signature Page 8 of 9

SUNTRUST BANK, as a Bank

By: /s/ Molly J. Drennan

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Name: Molly J. Drennan  
Title: Director

Signature Page 9 of 9

## AMENDMENT NO. 2 TO MULTI-YEAR CREDIT AGREEMENT

This Amendment No. 2 to Multi-Year Credit Agreement (this "Agreement") dated as of July 9, 2003 is made by and among THE TORO COMPANY, a Delaware corporation ("Toro"), the SUBSIDIARY BORROWERS (as defined in the Credit Agreement, defined below), TORO CREDIT COMPANY, a Minnesota corporation ("Credit" and together with Toro and the Subsidiary Borrowers, the "Companies"), EXMARK MANUFACTURING COMPANY INCORPORATED, a Nebraska corporation ("Exmark"), BANK OF AMERICA, N.A., in its capacity as administrative agent (in such capacity, the "Agent") and each of the Banks (as defined in the Credit Agreement, defined below) signatory hereto.

## W I T N E S S E T H:

WHEREAS, the Companies, the Agent and the Banks have entered into that certain Multi-Year Credit Agreement dated as of February 22, 2002, as amended by that certain Amendment No. 1 to Multi-Year Credit Agreement dated December 11, 2002 (as hereby further amended and as from time to time hereafter further amended, modified, supplemented, restated, or amended and restated, the "Credit Agreement"; the capitalized terms as used in this Agreement not otherwise defined herein shall have the respective meanings given thereto in the Credit Agreement), pursuant to which the Banks have made available to the Companies a revolving credit facility (including a letter of credit facility and a swing line facility); and

WHEREAS, the Companies have advised the Agent and the Banks that Toro intends to enter into, concurrently with the execution and delivery of this Agreement, a receivables purchase facility providing for the sale of Receivables; and

WHEREAS, Exmark will become a Subsidiary Borrower under the Credit Agreement; and

WHEREAS, the Companies have advised the Agent and the Banks that the Companies desire to amend certain provisions of the Credit Agreement as set forth herein, and the Agent and the Banks have agreed so to amend the Credit Agreement on the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the premises and further valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Amendments to Credit Agreement. Subject to the terms and conditions set forth herein, the Credit Agreement is hereby amended as follows:

(a) Section 1.1 is hereby amended by inserting the following new definition in the appropriate alphabetical order:

"'Exmark,' means Exmark Manufacturing Company Incorporated, a Nebraska corporation."

(b) Section 1.1 is hereby amended by deleting clause (h) from the definition of "Indebtedness" and inserting the following in lieu thereof:

"(h)(i) the unpaid amount of all Receivables sold by any Company (other than Receivables sold pursuant to the Receivables Purchase Facility) and (ii) the unpaid principal amount of all Loans (as defined in the Receivables Purchase Facility) owing by Toro Receivables Company or any Affiliate thereof or successor thereto as Borrower under the Receivables Purchase Facility; and"

(c) Section 1.1 is hereby amended by adding the following language to the end of the definition of "Material Subsidiary":

"; provided, that Toro Receivables Company and each successor thereto as purchaser and borrower under the Receivables Purchase Facility shall not be Material Subsidiaries."

(d) Section 1.1 is hereby amended by inserting the following definition of "Receivables Loan Agreement" in the appropriate alphabetical order:

"'Receivables Loan Agreement' shall have the meaning set forth in the definition of 'Receivables Purchase Facility' in Section 1.1."

(e) Section 1.1 is hereby amended by deleting the definition of "Receivables Purchase Facility" in its entirety and inserting the following definition in lieu thereof:

"'Receivables Purchase Facility' means, collectively, (A) that certain Receivables Purchase Agreement dated as of July 9, 2003 between Toro Receivables Company, as Purchaser, Toro, as the Originator, and (B) that certain Loan Agreement dated as of July 9, 2003 ('Receivables Loan Agreement') among Toro Receivables Company, as Borrower, Toro, as Servicer, Three Pillars Funding Corporation, as Lender, and SunTrust Capital Markets, Inc., as Administrator, each reasonably acceptable in form and substance to the Administrative Agent and the Required Banks and each of which shall not be amended in any manner disadvantageous to the Banks or the Originator without the prior written consent of the Required Banks."

(f) Section 1.1 is hereby amended by deleting the definition of "Subsidiary Borrowers" in its entirety and inserting the following definition in lieu thereof:

"'Subsidiary Borrowers' means, collectively, Toro International Company, a Minnesota corporation, Tover Overseas B.V., a Netherlands company, Toro Factoring Company Limited, a Guernsey, Channel Islands company, Manufacturing and Exmark."

(g) Article VI is hereby amended by adding the following new Section 6.16:

"6.16 Tax Shelter Regulations. The Companies do not intend to treat the Loans and/or Letters of Credit and related transactions as being a 'reportable transaction' (within the meaning of Treasury Regulation Section 1.6011-4). In the event the Companies determine to take any action inconsistent with such intention, Toro will promptly notify the Administrative Agent thereof. If the Companies so notify the Administrative Agent, the Companies acknowledge that one or more of the Banks may treat its Loans and/or its interest in Swing Line Loans and/or Letters of Credit as part of a transaction that is subject to Treasury Regulation Section 301.6112-1, and such Bank or Banks, as applicable, will maintain the lists and other records required by such Treasury Regulation."

(h) Section 7.2 is hereby amended by adding the following new Section 7.2(e):

"(e) promptly after Toro has notified the Administrative Agent of any intention by the Companies to treat the Loans and/or Letters of Credit and related transactions as being a "reportable transaction" (within the meaning of Treasury Regulation Section 1.6011-4), a duly completed copy of IRS Form 8886 or any successor form."

(i) Section 8.2(d) is hereby amended by deleting such section in its entirety and inserting the following in lieu thereof:

"(d) dispositions by the Originator of Receivables pursuant to the Receivables Purchase Facility, provided that (I) the aggregate outstanding principal amount of loans made to the SPV in connection with the Receivables Purchase Facility shall not at any time exceed \$100,000,000, and (II) at no time shall the SPV for any reason, whether pursuant to Contractual Obligations, Organizational Documents, or otherwise, be limited or restricted in its ability to make Restricted Payments to Toro or otherwise transfer property to Toro."

(j) Section 8.8 is hereby amended by inserting the following language at the end of such Section 8.8:

"Toro Receivables Company and each successor thereto as purchaser and borrower under the Receivables Purchase Facility may not engage in any business other than acting as an SPV in connection with a Receivables Purchase Facility."

(k) Section 8.11 is hereby amended by deleting such section in its entirety and inserting the following in lieu thereof:

"8.11 Toro, Credit, Manufacturing and Exmark Portion of Assets. The consolidated total assets of Toro, Credit, Manufacturing and Exmark at the end of each fiscal year shall not be less than 67% of the consolidated total assets of Toro and its Subsidiaries at such time."

(l) Section 9.1(e)(ii) is hereby amended and restated in its entirety as follows:

"(ii)(A) there occurs any Purchase Termination Event as defined in the Receivables Purchase Facility or any other termination, liquidation, unwind or similar event or circumstance under the Receivables Purchase Facility other than a voluntary termination by any Company or a scheduled termination, as a result of which the SPV has ceased purchasing such Receivables from the Originator and all loans and obligations owing by the SPV have become immediately due and payable (any such event or circumstance referred to as a "Receivables Purchase Facility Termination") other than any such Receivables Purchase Facility Termination that arises solely as a result of (i) a down-grading of the credit rating of any bank or financial institution not affiliated with the Companies that provides liquidity, credit or other support in connection with such facility; (ii) termination of the Lender's Commitment by the Lender (as those two terms are defined in the Receivables Loan Agreement) pursuant to the terms of Section 2.5 of the Receivables Loan Agreement; (iii) failure on the part of the Lender to pay amounts due under the Receivables Loan Agreement for reasons stated in Section 15.14 of the Receivables Loan Agreement (iv) the occurrence of an Amortization Event (other than those described in subsections 10.2(a), 10.2(g) and 10.2(h)(i) and (ii) of the Receivables Loan Agreement) as that term is defined in the Receivables Loan Agreement or (v) breach of a covenant contained in the Receivables Purchase Facility and this Agreement if the Banks have previously waived compliance with such covenant under the terms of this Agreement with respect to the particular instance of non-compliance giving rise to the breach of such covenant under the Receivables Purchase Facility, it being acknowledged by the Companies that no waiver by the Banks of compliance with the provisions of this Agreement in any particular instance shall constitute a waiver under either this Agreement or the Receivables Purchase Facility of any future non-compliance with such provision and"

(m) Section 12.8 is hereby amended by inserting the following language at the end of such Section 12.8:

"Notwithstanding anything herein to the contrary, the Administrative Agent and each Bank may disclose without limitation of any kind, any information with respect to the "tax treatment" and "tax structure" (in each case, within the meaning of Treasury Regulation Section 1.6011-4) of the transactions contemplated hereby) and all materials of any kind (including opinions or other tax analyses) that are provided to the Administrative Agent or such Bank relating to such tax treatment and tax structure; provided that with respect to any document or similar item that in either case contains information concerning the tax treatment or tax structure of the transaction as well as other information, this sentence shall only apply to such portions of the document or similar item that relate to the tax treatment or tax structure of the Loans, Letters of Credit and transactions contemplated hereby."

(n) Section 12.18 is hereby amended by deleting such section in its entirety and inserting the following in lieu thereof:

"12.18 Liability of the Companies. All obligations of Toro, Credit, Manufacturing and Exmark or any one of them under this Agreement and the other Loan Documents to which they are a party, shall be joint and several obligations of Toro, Credit, Manufacturing and Exmark, except only Toro shall be liable for the obligations of the Subsidiary Borrowers under Article XI hereof. All obligations of the Subsidiary Borrowers (other than Manufacturing and Exmark) under this Agreement and all of the other Loan Documents shall be several and not joint, the result of which shall be that each Subsidiary Borrower (other than Manufacturing and Exmark) is obligated to repay only those Loans made by the Banks to such Subsidiary Borrower and interest, fees, expenses and other obligations owing by such Subsidiary Borrower in connection with such Loans."

(o) Section 4(b)(i) of Exhibit C, the Form of Compliance Certificate, is hereby deleted in its entirety.

(p) The Credit Agreement and all exhibits thereto are amended to delete the definition of "364-Day Credit Agreement" and all uses thereof and references thereto.

2. Conditions Precedent. The effectiveness of this Agreement and the amendments to the Credit Agreement herein provided are subject to the satisfaction of the following conditions precedent:

(a) The Agent shall have received each of the following documents or instruments in form and substance reasonably acceptable to the Agent:

(i) ten (10) original counterparts of this Agreement, duly executed by the Companies, Exmark, the Agent, and the Required Banks, together with all schedules and exhibits thereto duly completed;

(ii) a Revolving Note executed by Exmark and delivered to each of the Banks;

(iii) a copy of the resolutions of the board of directors of Exmark authorizing the transactions contemplated under the Loan Documents and this Agreement, certified as of the date hereof by the Secretary or Assistant Secretary of Exmark;

(iv) a certificate of the Secretary or Assistant Secretary of Exmark certifying the names and true signatures of the officers of Exmark authorized to execute, deliver and perform, as applicable, this Agreement, and all other Loan Documents to be delivered by it hereunder;

(v) a copy of the Organizational Documents of Exmark as in effect on the date hereof, certified by the Secretary or Assistant Secretary of Exmark;

(vi) a certificate of good standing or similar status as may be available for Exmark from the applicable Governmental Authority of its jurisdiction of incorporation and its principal place of business;

(vii) a certificate of a Responsible Officer demonstrating compliance with Section 8.11 as amended hereby as of January 31, 2003 together with a consolidating balance sheet of Toro and its Subsidiaries as of such date;

(viii) a copy of each of the executed Receivables Purchase Agreement and the executed Receivables Loan Agreement referred to in the definition of Receivables Purchase Facility and permitted under Section 8.2(d) of the Credit Agreement certified by a Responsible Officer as being true, correct and complete; and

(ix) such other documents, instruments, opinions, certifications, undertakings, further assurances and other matters as the Agent shall reasonably require.

(b) all fees and expenses payable to the Agent and the Banks (including the fees and expenses of counsel to the Agent) accrued to date, including all fees associated with this Agreement, shall have been paid in full.

3. Joinder of Exmark. Exmark hereby agrees that, by its execution of this Agreement, Exmark hereby becomes a party to the Credit Agreement, and is and shall be for all purposes a "Subsidiary Borrower" and a "Company" under the Credit Agreement, and shall have, and hereby unconditionally, absolutely and irrevocably assumes, joint and several liability for all of the obligations of a Company and a Subsidiary Borrower thereunder as if it had manually executed the Credit Agreement. Exmark hereby ratifies, as of the date hereof, and agrees to be bound by, all of the terms, provisions and conditions contained in the Credit Agreement applicable to each Subsidiary Borrower, to each Company and specifically to itself.

4. Reaffirmation by each of the Companies. Each of the Companies hereby consents, acknowledges and agrees to the amendments of the Credit Agreement set forth herein.

5. Representations and Warranties. In order to induce the Agent and the Banks to enter into this Agreement, each of the Companies and Exmark represents and warrants to the Agent and the Banks as follows:

(a) The representations and warranties in Article VI of the Credit Agreement (after giving effect to this Agreement) and in each of the other Loan Documents to which such Company or Exmark is a party are true and correct in all material respects on and as of the date hereof, except to the extent that such representations and warranties expressly relate to an earlier date;

(b) There does not exist any pending or threatened action, suit, investigation or proceeding in any court or before any arbitrator or Governmental Authority that purports (A) to have a Material Adverse Effect on Exmark or any of the Companies or their Subsidiaries, or (B) to affect any transaction contemplated under this Agreement or

any Loan Document or the ability of any Company or Exmark to perform its respective obligations under this Agreement or any Loan Document;

(c) There has occurred since October 31, 2002, no event or circumstance that has resulted or could reasonably be expected to result in a Material Adverse Effect or a material adverse change in or a material adverse effect upon the business, assets, liabilities (actual or contingent), operations, condition (financial or otherwise), or prospects of Toro and its Subsidiaries taken as a whole;

(d) No Default or Event of Default has occurred and is continuing; and

(e) Toro's Debt Rating as of the date hereof is Baa3 by Moody's and BBB- by S&P.

6. Entire Agreement. This Agreement, together with all the Loan Documents (collectively, the "Relevant Documents"), sets forth the entire understanding and agreement of the parties hereto in relation to the subject matter hereof and supersedes any prior negotiations and agreements among the parties relative to such subject matter. No promise, condition, representation or warranty, express or implied, not herein set forth shall bind any party hereto, and not one of them has relied on any such promise, condition, representation or warranty. Each of the parties hereto acknowledges that, except as otherwise expressly stated in the Relevant Documents, no representations, warranties or commitments, express or implied, have been made by any party to the other. None of the terms or conditions of this Agreement may be changed, modified, waived or canceled orally or otherwise, except as permitted pursuant to Section 12.1 of the Credit Agreement.

7. Full Force and Effect of Agreement. Except as hereby specifically amended, modified or supplemented, the Credit Agreement and all other Loan Documents are hereby confirmed and ratified in all respects by each party hereto and shall be and remain in full force and effect according to their respective terms.

8. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument.

9. Governing Law. This Agreement shall in all respects be governed by, and construed in accordance with, the laws of the state of New York.

10. Enforceability. Should any one or more of the provisions of this Agreement be determined to be illegal or unenforceable as to one or more of the parties hereto, all other provisions nevertheless shall remain effective and binding on the parties hereto.

11. References. All references in any of the Loan Documents to the "Credit Agreement" shall mean the Credit Agreement, as amended hereby.

12. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Companies, Exmark, the Agent and each of the Banks, and their respective successors, assigns and legal representatives; provided, however, that neither Exmark nor any

Company, without the prior consent of the Required Banks, may assign any rights, powers, duties or obligations hereunder.

13. Expenses. The Companies and Exmark agree to pay to the Agent all reasonable out-of-pocket expenses incurred or arising in connection with the negotiation and preparation of this Agreement.

[SIGNATURE PAGES FOLLOW.]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 2 to Multi-Year Credit Agreement to be made, executed and delivered by their duly authorized officers as of the day and year first above written.

THE TORO COMPANY

By: /s/ J. Lawrence McIntyre

-----  
Name: J. Lawrence McIntyre  
Title: Vice President, Secretary, and  
General Counsel

TORO CREDIT COMPANY

By: /s/ Stephen P. Wolfe

-----  
Name: Stephen P. Wolfe  
Title: President

TORO INTERNATIONAL COMPANY

By: /s/ Stephen P. Wolfe

-----  
Name: Stephen P. Wolfe  
Title: Vice President and Treasurer

TOVER OVERSEAS, B.V.

By: /s/ Robert Buitendijk

-----  
Name: Temmes Management Services B.V.  
Title: Director

TORO FACTORING COMPANY LIMITED (formerly  
TORO FACTORING COMPANY, N.V.)

By: /s/ J. Lawrence McIntyre

-----  
Name: J. Lawrence McIntyre  
Title: Director

TORO MANUFACTURING LLC

By: /s/ Stephen P. Wolfe

-----  
Name: Stephen P. Wolfe  
Title: President

EXMARK MANUFACTURING COMPANY INCORPORATED

By: /s/ Stephen P. Wolfe

-----  
Name: Stephen P. Wolfe  
Title: Chief Financial Officer

BANK OF AMERICA, N.A., as Administrative  
Agent

By: /s/ Jeffrey A. Armitage

-----  
Name: Jeffrey A. Armitage  
Title: Principal

Signature Page 3 of 9

BANK OF AMERICA, N.A.,  
as Issuing Bank, Swing Line Bank and a  
Bank

By: /s/ Jeffrey A. Armitage

-----  
Name: Jeffrey A. Armitage  
Title: Principal

Signature Page 4 of 9

WELLS FARGO BANK, NATIONAL ASSOCIATION as  
a Bank

By: /s/ Scott D.Bjelde

-----  
Name: Scott D.Bjelde  
Title: Vice President and Senior Banker  
Wells Fargo Bank, National  
Association

By: /s/ Christopher A. Cudak

-----  
Name: Christopher A. Cudak  
Title: Senior Vice President  
Wells Fargo Bank, National  
Association

THE BANK OF NEW YORK, as a Bank

By: /s/ JOHN-PAUL MAROTTA

-----  
Name: JOHN-PAUL MAROTTA  
Title: VICE PRESIDENT

Signature Page 6 of 9

HARRIS TRUST AND SAVINGS BANK, as a Bank

By: /s/ ANDREW T. CLAAR

-----  
Name: ANDREW T. CLAAR  
Title: VICE PRESIDENT

Signature Page 7 of 9

U.S. BANK NATIONAL ASSOCIATION, as a Bank

By: /s/ Aimee P. Brantseg

-----  
Name: Aimee P. Brantseg

Title: Corporate Banking Officer

Signature Page 8 of 9

SUNTRUST BANK, as a Bank

By: /s/ Molly J. Drennan

-----  
Name: Molly J. Drennan  
Title: Director

Signature Page 9 of 9

=====

LOAN AGREEMENT

dated as of July 9, 2003

among

TORO RECEIVABLES COMPANY

as Borrower

and

THE TORO COMPANY,

as Servicer

and

THREE PILLARS FUNDING CORPORATION,

as Lender

and

SUNTRUST CAPITAL MARKETS, INC.,

as Administrator

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TABLE OF CONTENTS

	Page
	----
Article I Definitions.....	1
Section 1.1 Defined Terms.....	1
Section 1.2 Other Definitional Provisions.....	20
Section 1.3 Other Terms.....	21
Section 1.4 Computation of Time Periods.....	22
Article II Lender's Commitment, Borrowing Procedures.....	22
And Lender Note.....	22
Section 2.1 Lender's Commitment.....	22
Section 2.2 Borrowing Procedures.....	22
Section 2.3 Funding.....	23
Section 2.4 Representation and Warranty.....	23
Section 2.5 Early Termination of Lender's Commitment.....	23
Section 2.6 Voluntary Termination of Lender's Commitment; Reduction of Facility Limit.....	23
Section 2.7 Note.....	23
Article III Interest, Fees, Etc.....	24
Section 3.1 Interest Rates.....	24
Section 3.2 Interest, Payment Dates.....	24
Section 3.3 Interest Allocations.....	25
Section 3.4 Fees.....	25
Section 3.5 Computation of Interest and Fees.....	25
Article IV Repayments and Prepayments; Distribution of Collections.....	25
Section 4.1 Repayments and Prepayments.....	25
Section 4.2 Application of Collections.....	26
Section 4.3 Application of Certain Payments.....	27
Section 4.4 Due Date Extension.....	28
Section 4.5 Making of Payments.....	28
Section 4.6 Deemed Collections and Other Adjustments.....	28
Article V Security Interest.....	28
Section 5.1 Grant of Security.....	28
Section 5.2 Administrator Appointed Attorney-in-Fact.....	29
Section 5.3 Administrator May Perform.....	30
Section 5.4 Release of Collateral.....	30
Article VI Increased Costs, Etc.....	30
Section 6.1 Increased Costs.....	30
Section 6.2 Funding Losses.....	32
Section 6.3 Withholding Taxes.....	32
Article VII Conditions to Borrowing.....	33
Section 7.1 Initial Loan.....	33
Section 7.2 All Loans.....	34

Article VIII Representations and Warranties.....	35
Section 8.1 Organization and Good Standing, etc.....	35
Section 8.2 Power and Authority; Due Authorization.....	35
Section 8.3 No Violation.....	36
Section 8.4 Validity and Binding Nature.....	36
Section 8.5 Government Approvals.....	36
Section 8.6 Solvency.....	36
Section 8.7 Margin Regulations.....	36
Section 8.8 Quality of Title.....	37
Section 8.9 Offices.....	37
Section 8.10 Compliance with Applicable Laws; Licenses, etc.....	37
Section 8.11 No Proceedings.....	37
Section 8.12 Investment Company Act, Etc.....	38
Section 8.13 Eligible Receivables.....	38
Section 8.14 Accuracy of Information.....	38
Section 8.15 No Material Adverse Effect.....	38
Section 8.16 Trade Names and Subsidiaries.....	38
Section 8.17 Accounts.....	38
Section 8.18 Sales by Originator.....	39
Article IX Covenants of Borrower and Servicer.....	39
Section 9.1 Affirmative Covenants.....	39
Section 9.2 Negative Covenants of Borrower and Servicer.....	45
Article X Significant Events and Their Effect.....	47
Section 10.1 Events of Default.....	47
Section 10.2 Amortization Events.....	48
Section 10.3 Effect of Significant Event.....	49
Article XI The Servicer.....	50
Section 11.1 Toro as Initial Servicer.....	50
Section 11.2 Certain Duties of Servicer.....	50
Section 11.3 Servicing Compensation.....	53
Section 11.4 Agreement Not to Resign.....	53
Section 11.5 Designation of Servicer.....	54
Section 11.6 Termination.....	54
Section 11.7 Servicer Events of Default.....	54
Article XII Administrator.....	56
Section 12.1 Authorization and Action.....	56
Section 12.2 Administrator and Affiliates.....	56
Article XIII Assignments.....	56
Section 13.1 Restrictions on Assignments.....	56
Section 13.2 Documentation.....	57
Section 13.3 Rights of Assignee.....	57
Section 13.4 Notice of Assignment.....	57
Article XIV Indemnification.....	57
Section 14.1 General Indemnity of Borrower.....	57
Section 14.2 Indemnity of Servicer.....	58
Article XV Miscellaneous.....	58

Section 15.1	No Waiver; Remedies.....	58
Section 15.2	Amendments, Etc.....	58
Section 15.3	Notices, Etc.....	59
Section 15.4	Costs, Expenses and Taxes.....	59
Section 15.5	Binding Effect; Survival.....	60
Section 15.6	Captions and Cross References.....	60
Section 15.7	Severability.....	60
Section 15.8	Governing Law.....	61
Section 15.9	Counterparts.....	61
Section 15.10	Submission to Jurisdiction; Waiver of Trial by Jury.....	61
Section 15.11	No Recourse Against Lender.....	61
Section 15.12	No Proceedings.....	61
Section 15.13	Confidentiality of Agreement.....	62
Section 15.14	Limitation on Payments.....	62
Section 15.15	Entire Agreement.....	62

Exhibits

- - - - -

Exhibit A	Form of Borrowing Request (Section 2.2)
Exhibit B	Form of Lender Note (Section 2.7)
Exhibit C	Form of Monthly Report (Section 9.1(e)(ii))
Exhibit D	Form of Borrowing Base Certificate (Section 7.1(k))
Exhibit E	Form of Collection Account Agreement
Exhibit F	Collection Policy
Exhibit G	Form of Parent Note
Exhibit H	Form of Withdrawal Certificate (Section 11.2(d))

Schedules

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Schedule I	Description of Collection Account and Lock-Box Accounts
Schedule II	[Reserved]
Schedule III	[Reserved]
Schedule IV	Description of Proceedings
Schedule V	Collateral Review Requirements
Schedule VI	Notice Addresses
Schedule VII	Fiscal Months

LOAN AGREEMENT

THIS LOAN AGREEMENT is made and entered into as of July 9, 2003, among TORO RECEIVABLES COMPANY, a Delaware corporation ("Toro Receivables" or the "Borrower"), THE TORO COMPANY, a Delaware corporation ("Toro"), as initial Servicer hereunder (in such capacity the "Servicer"), THREE PILLARS FUNDING CORPORATION ("TPFC"), a Delaware corporation (together with its successors and permitted assigns, "Lender"), and SUNTRUST CAPITAL MARKETS, INC., a Tennessee corporation, as agent and administrator for Lender (in such capacity, together with its successor and assigns in such capacity, the "Administrator.")

BACKGROUND

1. Borrower desires that Lender extend financing to Borrower on the terms and subject to the conditions set forth herein.
2. Lender is willing to provide such financing on the terms and subject to the conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1 DEFINED TERMS.

As used in this Agreement, the following terms have the following meanings:

Accounts Receivable Turnover Ratio: For any Due Period, the ratio computed as of the last day of such Due Period by dividing (a) the aggregate amount of Credit Sales during the most recent twelve Due Periods by (b) the rolling twelve month average of the aggregate Unpaid Balance of Receivables.

Acquisition: Any investment which involves a transaction or series of related transactions for the purpose of or resulting, directly or indirectly, in (a) the acquisition of all or substantially all of the assets of a Person, or of any business or division of a Person, (b) the acquisition of in excess of 50% of the capital stock, partnership interests, membership interests or equity of any Person, or otherwise causing any Person to become a Subsidiary, or (c) a merger or consolidation or any other combination with another Person that is otherwise permitted under this Agreement or the Toro Credit Agreement.

Administrator: As defined in the Preamble

Administrator's Account: As defined in Section 4.5.

Advance Rate: The percentage equal to (a) 100% minus (b) the Reserve Percentage.

Affected Party: Each of Lender, any Liquidity Bank, any Credit Bank, any permitted assignee of Lender, any Credit Bank or any Liquidity Bank, any Support Provider and any holder of a participation interest in the rights and obligations of any Liquidity Bank or Credit Bank under the Liquidity Agreement or the Credit Agreement, as the case may be, Administrator and any holding company of Bank.

Affiliate: Of any Person means any other Person that (a) directly or indirectly controls, is controlled by or is under common control with such Person or (b) is an officer or director of such Person. A Person shall be deemed to be "controlled by" another Person if such other Person possesses, directly or indirectly, power (i) to vote 15% or more of the securities (on a fully diluted basis) having ordinary voting power for the election of directors or managing partners of such other Person, or (ii) to direct or cause the direction of the management and policies of such other Person whether by contract or otherwise.

Aggregate Unpaid Balance: At any time, the aggregate Unpaid Balance of all Eligible Receivables at such time.

Agreement: This Loan Agreement, as it may be amended, supplemented or otherwise modified from time to time in accordance with the terms hereof.

Allocations: As defined in Section 3.3.

Alternative Rate: For any Interest Period, an interest rate per annum equal to either (a) the LIBOR Rate or (b) if the LIBOR Rate is unavailable for any reason, the Base Rate.

Alternative Rate Allocation: As defined in Section 3.3.

Amortization Event: Any of the events described in Section 10.2.

Applicable Margin: As defined in the Fee Letter.

Bank: SunTrust Bank, a Georgia banking corporation.

Bankruptcy Code: The United States Bankruptcy Reform Act of 1978, (11 U.S.C. Section 101, et seq.) as amended.

Base Rate: On any date, a fluctuating rate of interest per annum equal to the greater of (a) the Prime Rate or (b) the Federal Funds Rate most recently determined by Bank plus 0.50%.

Borrower: As defined in the Preamble.

Borrowing Base: At any time an amount equal to (a) the Advance Rate times (b) an amount equal to (i) the Aggregate Unpaid Balance at such time, minus (ii) the aggregate Excess Concentration Amount for all Obligors at such time.

Borrowing Base Certificate: As defined in Section 7.1(k).

**Borrowing Base Deficit:** An amount equal to the excess of (a) the aggregate principal amount of all outstanding Loans under the Lender Note over (b) the sum of the Borrowing Base plus all Collections on deposit in the Collection Account.

**Borrowing Request:** As defined in Section 2.2.

**Business Day:** Any day on which (a) Bank is not authorized or required to be closed for business in Atlanta, Georgia and (b) commercial banks in New York City are not authorized or required to be closed and, in the case of a Rate Setting Day, banks are open for business in London, England.

**Charged-Off Receivable:** A Receivable which has not been previously deemed a Defaulted Receivable and has been, or should have been, written off as uncollectible by the Servicer in accordance with the Collection Policy.

**Closing Date:** The date of the first Loan hereunder.

**Code:** The Internal Revenue Code of 1986, as amended, or any successor statute thereto, including the regulations promulgated thereunder.

**Collateral:** As defined in Section 5.1(a)(iv).

**Collateral Review:** As defined in Section 9.1(e)(vi).

**Collection Account:** That certain bank account numbered 104758074348 maintained with US Bank National Association in Borrower's name and pledged, on a first-priority basis, to Administrator pursuant to Section 5.1(a).

**Collection Account Agreement:** Any agreement by and among Borrower, Servicer, Originator, Administrator and a Collection Account Bank, in substantially the form attached hereto as Exhibit E or such other form approved by Administrator, specifying the rights of Lender and Administrator in the Collection Account or a Lock-Box Account, as the case may be.

**Collection Account Bank:** Any bank holding the Collection Account or any Lock-Box Account.

**Collection Policy:** Those collection and credit policies of the Originator with respect to its respective Receivables, as amended from time to time in accordance with this Agreement attached hereto as Exhibit F.

**Collections:** (a) all payments received in respect of the Receivables, in the form of cash, checks, wire transfers, ACH transfers or any other form of payment in accordance with the terms of a Receivable or otherwise, (b) all proceeds from the sale or other disposition of any collateral securing a Receivable, (c) any amounts received from Originator pursuant to Section 2.4 of the Receivables Purchase Agreement, (d) any insurance proceeds or sales tax refund payments received in respect of a Receivable and (e) any indemnification, recourse payments or other amounts payable to Borrower or Originator in respect of a Receivable pursuant to this Agreement, the Receivables Purchase Agreement or otherwise.

Commercial Paper Notes: Short-term promissory notes, having an original maturity not to exceed 45 days, issued by Lender to fund its Loans or investments in receivables or other financial assets.

Commercial Paper Rate: For any day during any Interest Period, the per annum rate equivalent to the sum of (a) the weighted average of the per annum rates paid or payable by TPFC from time to time as interest on or otherwise in respect of the Commercial Paper Notes issued by TPFC that are allocated, in whole or in part, by Administrator (on behalf of TPFC) to fund or maintain the advances outstanding under Lender Note, and (b) the commissions and charges charged by placement agents and commercial paper dealers with respect to such Commercial Paper Notes.

Commitment Termination Date: The earliest to occur of (a) the Scheduled Commitment Termination Date, (b) the date of any termination of Lender's Commitment pursuant to Section 2.5, (c) the date of any termination of Lender's Commitment, in whole, by Borrower pursuant to Section 2.6, and (d) the effective date on which Lender's Commitment is terminated pursuant to Section 10.3.

Concentration Limit: (a) For any Obligor that is not a Special Obligor whose short term unsecured debt rating is (i) greater than or equal to A-1 by S&P and P-1 by Moody's, 8.0% of the Aggregate Unpaid Balance; (ii) equal to A-2 by S&P and P-2 by Moody's, 6.0% of the Aggregate Unpaid Balance and (b) for any Obligor that is not a Special Obligor who (i) has no short term unsecured debt rating by both S&P and Moody's or (ii) has any short term unsecured debt that is not rated at least A-2- by S&P and P-2 by Moody's, 5.0% of the Aggregate Unpaid Balance. If no Obligor Credit Event has occurred, the Concentration Limit for a Special Obligor shall be 25%; provided, however that if the ratio of (i) the Unpaid Balance of Receivables owing from the Special Obligor which are greater than 60 days past due to (ii) the aggregate Unpaid Balance of Receivables owing from the Special Obligor shall be 35% or greater for two consecutive Due Periods, the Administrator may, in its sole discretion, reduce the Special Obligor Concentration Limit to 10%.

Consolidated EBIT: For any period, for Toro and its Subsidiaries on a consolidated basis, an amount equal to the sum of (a) Consolidated Net Income, (b) Consolidated Interest Charges and (c) the amount of taxes, based on or measured by income, used or included in determining such Consolidated Net Income.

Consolidated Interest Charges: For any period, for Toro and its Subsidiaries on a consolidated basis, the sum of (a) all interest, discounts, premium payments, commissions, fees (other than fees incurred hereunder or in connection herewith), charges and related expenses of Toro and its Subsidiaries in connection with Indebtedness (including capitalized interest) or in connection with the deferred purchase price of assets or incurred with respect to this Agreement, in each case to the extent treated as interest in accordance with GAAP and (b) the portion of rent expense of Toro and its Subsidiaries with respect to such period under capital leases that is treated as interest in accordance with GAAP.

Consolidated Interest Coverage Ratio: As of any date of determination, the ratio of (a) Consolidated EBIT for the period of four fiscal quarters ending on such date to (b) Consolidated Interest Charges for such period.

Consolidated Net Income: For any period, for Toro and its Subsidiaries on a consolidated basis, the net income of Toro and its Subsidiaries for that period.

Consolidated Tangible Net Worth: At any date, with respect to any Person, the consolidated stockholders' equity of such Person and its consolidated Subsidiaries, plus the principal amount of subordinated debt of such Person, minus (to the extent reflected in determining such consolidated stockholders' equity) all intangible assets (determined in accordance with GAAP) as reported in the audited consolidated financial statements of such Person for the fiscal year in question.

Contract: Either a written or electronic agreement between the Originator and a Person, or an invoice delivered to a Person by the Originator, pursuant to which such Person is obligated to pay the Originator for goods or services.

Covered Taxes: As defined in Section 6.3(a).

CP Allocation: As defined in Section 3.3.

Credit Advance: A drawing under a letter of credit issued pursuant to a Credit Agreement for the account of Lender, a loan to Lender under a Credit Agreement or any other advance or disbursement of funds to Lender or for Lender's account pursuant to a Credit Agreement or any such letter of credit, in each case to the extent such drawing, loan, advance or disbursement has not been repaid or reimbursed to Credit Bank in accordance with the related Credit Agreement.

Credit Agreement: Includes any program-wide agreement entered into by any Credit Bank providing for the issuance of one or more letters of credit for the account of Lender, the issuance of one or more surety bonds for which Lender is obligated to reimburse the applicable Credit Bank for any drawings hereunder, the sale by Lender to any Credit Bank of receivables or other financial assets owned or held by Lender (or portions thereof) and/or the making of loans and/or other extensions of credit to Lender in connection with its commercial paper program, together with any cash collateral agreement, letter of credit, surety bond or other agreement or instrument executed and delivered in connection therewith (but excluding the Liquidity Agreement, or similar agreement, or any voluntary advance agreement).

Credit Bank: Includes Bank and any other or additional bank or other Person (other than Borrower or other customer of Lender or any liquidity provider as such) now or hereafter extending credit or a purchase commitment to or for the account of Lender or issuing a letter of credit, surety bond or other instrument, in each case to support any obligations arising under or in connection with Lender's commercial paper program.

Credit Sales: For any Due Period, the aggregate amount of all Receivables with credit terms of any kind originated by the Originator during such Due Period.

Cut-Off Date: The last day of each Fiscal Month.

Days Sales Outstanding Ratio: For any Due Period, the ratio computed as of the last day of such Due Period by dividing (a) 360 by (b) the Accounts Receivable Turnover Ratio for such Due Period.

Default Rate: As defined in Section 3.1(c).

Default Ratio: With respect to any Due Period, the ratio (expressed as a percentage) computed as of the last day of such Due Period, by dividing (a) the sum of, without double counting, (i) the Unpaid Balance of Receivables that became Defaulted Receivables during such Due Period and (ii) the Unpaid Balance of Receivables that became Charged-Off Receivables during such Due Period by (b) Credit Sales for the Due Period six (6) months prior to such Due Period.

Defaulted Receivable: Any Receivable (a) which has been deemed uncollectible by the Servicer in accordance with the Collection Policy, (b) as to which, at the end of any Due Period, any payment, or part thereof, remains unpaid for 91 days or more past the due date for such payment, determined by reference to the original contractual payment terms of such Receivable or (c) as to which the Obligor thereon has suffered an Event of Bankruptcy.

Delinquency Ratio: With respect to any Due Period, the ratio (expressed as a percentage) computed as of the last day of such Due Period, by dividing (a) the Unpaid Balance of Receivables which are Delinquent Receivables as of the last day of such Due Period by (b) an amount equal to the Aggregate Unpaid Balance as of the last day of such Due Period, minus the aggregate Excess Concentration Amount as of the last day of such Due Period.

Delinquent Receivables: A Receivable (other than a Defaulted Receivable) as to which all or any part of a scheduled payment remains unpaid for 61 days or more from the original due date for such payment.

Deposit Date: As defined in Section 11.2(d)(ii).

Dilution Horizon Ratio: With respect to any Due Period, the ratio computed as of the last day of such Due Period by dividing (a) the sum of (i) Credit Sales for such Due Period plus (ii) 67% of Credit Sales for the immediately preceding Due Period by (b) an amount equal to the Aggregate Unpaid Balance as of the last day of such Due Period, minus the aggregate Excess Concentration Amount as of the last day of such Due Period.

Dilution Ratio: With respect to any Due Period, the ratio (expressed as a percentage) computed as of the last day of such Due Period, by dividing (a) Variable Dilutions for such Due Period by (b) Credit Sales for the Due Period two months prior to such Due Period.

Dilution Reserve: With respect to any Due Period the product of (a) the sum of (i) the product of (A) (1) the Stress Factor, or (2) if a Downgrade Event has occurred, 3.0 times (B) the Expected Dilution Ratio plus (ii) the product of (A) the positive difference, if any, between (1) the Dilution Spike Rate less (2) the Expected Dilution Ratio times (B) a ratio computed by dividing (1) the Dilution Spike Rate by (2) the Expected Dilution Ratio times (b) the Dilution Horizon Ratio.

Dilutions: With respect to any Due Period, the aggregate amount of returns, allowances, net credits, and any other non-cash reductions to the Credit Sales that occurred or were made, granted or incurred during such Due Period.

Dilution Spike Rate: With respect to any Due Period, the highest rolling two (2) month average Dilution Ratio over the most recent twelve-month period.

Distribution Date: The 11th day of each month (beginning in the month immediately following the month in which the initial Loan is made hereunder) or, if such day is not a Business Day, the Business Day immediately thereafter.

Documents: All documentation relating to the Receivables including, without limitation, the Contracts, billing statements and computer records and programs.

Dollar(s) and the sign \$: Lawful money of the United States of America.

Downgrade Event: The long-term unsecured debt rating of Toro shall be withdrawn or downgraded to below BB by S&P or Ba2 by Moody's.

Due Period: Each Fiscal Month.

Eligible Receivables: Each Receivable:

(a) that was created in compliance with the Collection Policy in the regular and ordinary course of the business of the Originator;

(b) that was created pursuant to a Contract that complies with the Originator's standard administration and documentation policies and procedures;

(c) that is not a Delinquent Receivable, a Defaulted Receivable or a Charged-Off Receivable;

(d) as to which, at the time of the sale of such Receivable to Borrower, the Originator was the sole owner thereof and had good and marketable title thereto, free and clear of all Liens, and which was sold or contributed to Borrower pursuant to the Receivables Purchase Agreement;

(e) that is not an obligation of the government of the United States or any Governmental Authority;

(f) the assignment of which by the Originator to Borrower pursuant to the Receivables Purchase Agreement does not contravene or conflict with any law, rule or regulation or any contractual or other restriction, limitation or encumbrance, and the sale or assignment of which does not require the consent of the Obligor thereof;

(g) which is denominated and payable in Dollars and is only payable in the United States of America;

(h) the Obligor of which if a natural person, is a resident of the United States or, if a corporation or other business organization, is organized under the laws of the United States or any political subdivision thereof and has its chief executive office in the United States;

(i) the Obligor of which is not an (i) Affiliate of the Originator, (ii) a Governmental Authority or (iii) an Obligor with whom Toro or any Affiliate of Toro has executed any letter of intent or similar agreement or document relating to the purchase of such Obligor by Toro or any of its Affiliates;

(j) that arises under a Contract which has been duly authorized and which, together with such Receivable, is in full force and effect and such Contract, together with such Receivable, constitutes the legal, valid and binding payment obligation of the Obligor with respect thereto, enforceable against such Obligor in accordance with its terms and is not subject to any dispute, right of rescission, setoff, counterclaim or defense (including the defense of usury) or to any repurchase obligation or return right;

(k) that does not contravene any applicable requirements of law (including without limitation all laws, rules and regulations relating to truth in lending, fair credit billing, fair credit reporting, fair debt collection practices and privacy) and which complies with all applicable requirements of law and with respect to which all consents, licenses, approvals or authorizations of, or registrations or declarations with, any governmental authority required to be obtained, effected or given by the Originator in connection with the creation or the execution, delivery and performance of such Receivable, have been duly obtained, effected or given and are in full force and effect;

(l) that complies with all applicable requirements of the Collection Policy;

(m) as to which each of Borrower's and Administrator's (for the benefit of the Secured Parties) first priority security interest in such Receivable has been perfected under the applicable UCC and other applicable laws;

(n) as to which the Servicer or the Originator is in possession of the related Receivable File;

(o) which provides for repayment in full of the Unpaid Balance thereof within 120 days of the date of the creation thereof; provided, however up to 15% of Receivables which provide for repayment in full of the unpaid Balance thereof within 121 - 180 days shall be deemed "Eligible Receivables" provided such Receivables otherwise satisfy all other requirements of this definition;

(p) the terms of which have not been modified or waived except as permitted under the Collection Policy and this Agreement;

(q) which constitutes an "account," "chattel paper" or "payment intangible" under and as defined in Article 9 of the UCC of all applicable jurisdictions; and

(r) as to which the Originator has (i) generated an invoice and billed the related Obligor and (ii) satisfied and fully performed all obligations on its part with respect to such

Receivable required to be fulfilled by it, and no further action is required to be performed by any Person with respect thereto other than payment thereon by the applicable Obligor.

Engagement Letter: That certain letter agreement dated as of October 2, 2002 by and between Toro and the Administrator.

ERISA: The Employee Retirement Income Security Act of 1974, as it may be amended from time to time and the regulations promulgated thereunder.

ERISA Affiliate: Any trade or business (whether or not incorporated) under common control with Borrower, Servicer or the Originator within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code).

ERISA Event: (a) A Reportable Event with respect to a Pension Plan; (b) a withdrawal by Borrower, Servicer, the Originator or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations which is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by Borrower, Servicer, the Originator or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is in reorganization; (d) the filing of a notice of intent to terminate, the treatment of a Plan amendment as a termination under Section 4041 or 4041A of ERISA, or the commencement of proceedings by the PBGC to terminate a Pension Plan or Multiemployer Plan; (e) an event or condition which might reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan or Multiemployer Plan; or (f) the imposition of any liability under Title IV of ERISA, other than PBGC premiums due but not delinquent under Section 4007 of ERISA, upon Borrower, Servicer, the Originator or any ERISA Affiliate.

Event of Bankruptcy: Shall be deemed to have occurred with respect to a Person if either:

(a) a case or other proceeding shall be commenced, without the application or consent of such Person, in any court, seeking the liquidation, reorganization, debt arrangement, dissolution, winding up, or composition or readjustment of debts of such Person, the appointment of a trustee, receiver, custodian, liquidator, assignee, sequestrator or the like for such Person or all or substantially all of its assets, or any similar action with respect to such Person under any law relating to bankruptcy, insolvency, reorganization, winding up or composition or adjustment of debts; or an order for relief in respect of such Person shall be entered in an involuntary case under the federal bankruptcy laws or other similar laws now or hereafter in effect; or

(b) such Person shall commence a voluntary case or other proceeding under any applicable bankruptcy, insolvency, reorganization, debt arrangement, dissolution or other similar law now or hereafter in effect, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) for such Person or for any substantial part of its property, or shall make any general assignment for the benefit of creditors, or shall fail to, or admit in writing its inability to, pay its debts generally as

they become due, or, if a corporation or similar entity, its board of directors shall vote to implement any of the foregoing.

Event of Default: Any of the events described in Section 10.1.

Excess Concentration Amount: At any time with respect to any Obligor, the amount, if any, by which the aggregate Unpaid Balance of all Eligible Receivables of such Obligor exceeds the product of (a) the Concentration Limit for such Obligor at such time times (b) the Aggregate Unpaid Balance at such time.

Expected Dilution Ratio: With respect to any Due Period, the rolling twelve-month average Dilution Ratio for the most recently ended twelve-month period.

Face Amount: With respect to outstanding Commercial Paper Notes or Voluntary Advance Loans, (i) the face amount of any such Commercial Paper Notes issued on a discount basis, and (ii) the principal amount of, plus the amount of all interest accrued and to accrue thereon to the stated maturity date of any such Commercial Paper Notes issued on or interest-buying basis or any such Voluntary Advance Loans.

Facility Limit: As defined in Section 2.1.

Federal Funds Rate: For any period, a fluctuating interest rate equal for each day during such period to the weighted average of the federal funds rates as quoted by Bank and confirmed in the Federal Reserve Board Statistical Release as H.15(519), or any successor or substitute publication selected by Bank (or, if such day is not a Business Day, for the next preceding Business Day), or if, for any reason, such rate is not available on any day, the rate determined in the sale opinion of Bank, to be the rate at which federal funds are being offered for sale in the national federal funds market at 9:00 a.m. (New York time).

Federal Reserve Board: The Board of Governors of the Federal Reserve System and any successor thereto.

Fee Letter: As defined in Section 3.4.

Fees: All fees and other amounts payable by Borrower to Administrator or Lender pursuant to the Fee Letter.

Fiscal Month: A fiscal month of Toro and its Subsidiaries as described on Schedule VII, as such exhibit may be updated pursuant to Section 9.1(e)(viii); provided, if Toro fails to timely deliver an updated Schedule VII, a Fiscal Month not covered by the existing Schedule VII shall be deemed to be a calendar month until such date as an updated Schedule VII is provided to the Administrator.

Fiscal Year: Each fiscal period beginning November 1 and ending on October 31 of the following year.

GAAP: Generally accepted United States accounting principles as in effect from time to time.

General Receivable: With respect to any Person, all obligations of any obligor (whether now existing or hereafter arising) under a contract for sale of goods or services by such Person or any of them, which shall include any obligation of such obligor (whether now existing or hereafter arising) to pay interest, finance charges or amounts with respect thereto, and, with respect to any of the foregoing receivables or obligations, (a) all of the interest of such Person in the goods (including returned goods) the sale of which gave rise to such receivable or obligation after the passage of title thereto to any obligor, (b) all other Liens and property subject thereto from time to time purporting to secure payment of such receivables or obligations, (c) all guarantees, insurance, letters of credit and other agreements or arrangements of whatever character from time to time supporting or securing payment of any such receivables or obligations, (d) all General Receivable Records and (e) all proceeds of the foregoing.

General Receivable Records: For any General Receivable, all contracts, books, records and other documents or information (including computer programs, tapes, disks, software and related property and rights) relating to such General Receivable or the related obligor.

Governmental Authority: The United States of America, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

Guaranty Obligation: As to any Person, any direct or indirect liability of that Person, whether or not contingent, with or without recourse, with respect to any Indebtedness, lease, dividend, letter of credit or other obligation (the "primary obligations") of another Person (the "primary obligor"), including any obligation of that Person (i) to purchase, repurchase or otherwise acquire such primary obligations or any security therefor, (ii) to advance or provide funds for the payment or discharge of any such primary obligation, or to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency or any balance sheet item, level of income or financial condition of the primary obligor, (iii) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation, or (iv) otherwise to assure or hold harmless the holder of any such primary obligation against loss in respect thereof.

Indebtedness: With respect to any Person means, without duplication, (a) all indebtedness for borrowed money; (b) all obligations issued, undertaken or assumed as the deferred purchase price of property or services (other than trade payables entered into in the ordinary course of business on ordinary terms); (c) all non-contingent reimbursement or payment obligations with respect to Surety Instruments; (d) all obligations evidenced by notes, bonds, debentures or similar instruments, including obligations so evidenced incurred in connection with the acquisition of property, assets or businesses; (e) all indebtedness created or arising under any conditional sale or other title retention agreement, or incurred as financing, in either case with respect to property acquired by the Person (even though the rights and remedies of the seller or bank under such agreement in the event of default are limited to repossession or sale of such property); (f) all obligations with respect to capital or synthetic leases; (g) all indebtedness referred to in clauses (a) through (f) above secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien upon or in property (including accounts and contracts rights) owned by such Person, even though such

Person has not assumed or become liable for the payment of such Indebtedness; (h) the unpaid amount of all General Receivables sold by any Toro Company; and (i) all Guaranty Obligations in respect of indebtedness or obligations of others of the kinds referred to in clauses (a) through (g) above. For all purposes of this Agreement, the Indebtedness of any Person shall include all recourse Indebtedness of any partnership or joint venture or limited liability company in which such Person is a general partner or a joint venturer or a member.

Indemnified Amounts: As defined in Section 14.1.

Indemnified Party: As defined in Section 14.1.

Independent Auditor: As defined in Section 9.1(e)(i)(B).

Initial Cut-Off Date: June 27, 2003.

Initial Purchase Date: The first Purchase Date to occur under the Receivables Purchase Agreement.

Interest Period: With respect to any Loan and Fees due hereunder, (a) the period commencing on the date of the initial funding of such Loan (or with respect to any such Fees, the Closing Date) and ending on, but excluding, the Business Day immediately preceding the next following Distribution Date; and (b) thereafter, each period commencing on, and including, the Business Day immediately preceding a Distribution Date and ending on, but excluding, the Business Day immediately preceding the next following Distribution Date; provided, however, that if any Interest Period for any Loan or any Fees that commences before the Commitment Termination Date would otherwise end on a date occurring after such Commitment Termination Date, such Interest Period shall end on such Commitment Termination Date and the duration of each such Interest Period that commences on or after the Commitment Termination Date, if any, shall be of such duration as shall be selected by Administrator.

IRS: The Internal Revenue Service.

Lender: As defined in the Preamble.

Lender Note: As defined in Section 2.7.

Lender's Commitment: As defined in Section 2.1.

Liabilities: With respect to any Person, all obligations of such Person which would, in accordance with GAAP, be classified on a balance sheet as liabilities, including, without limitation and without duplication, (a) Indebtedness secured by Liens against property of such Person whether or not such Person is liable for the payment thereof and (b) deferred liabilities.

LIBOR Rate: For any Interest Period, the rate per annum on the Rate Setting Day of such Interest Period shown on Telerate Page 3750 or any successor page as the composite offered rate for London interbank deposits for one month, as shown under the heading "USD" as of 11:00 a.m. (London time); provided that in the event no such rate is shown, the LIBOR Rate shall be the rate per annum (rounded upwards, if necessary, to the nearest 1/16th of one percent) based on

the rates at which Dollar deposits for one month are displayed on the Reuters Screen as of 11:00 a.m. (London time) on the Rate Setting Day (it being understood that if at least two such rates appear on such page, the rate will be the arithmetic mean of such displayed rates); provided further, that in the event fewer than two such rates are displayed, or if no such rate is relevant, the LIBOR Rate shall be the rate per annum equal to the average of the rates at which deposits in Dollars are offered by Administrator at approximately 11:00 a.m. (London time) on the Rate Setting Day to prime banks in the London interbank market for a one month.

Lien: Any mortgage, pledge, assignment, lien, security interest or other charge or encumbrance of any kind, including the retained security title of a conditional vendor or a lessor or any similar right or claim of any Person.

Liquidity Agreement: Includes (a) the Liquidity Asset Purchase Agreement (regarding Toro Receivables Company, dated as of July 9, 2003, among Lender, as borrower, Bank, as liquidity agent for the Liquidity Banks, SunTrust Capital Markets, Inc., as administrator for Lender, and the Liquidity Banks, and (b) any other agreement hereafter entered into by Lender providing for the sale by Lender of Loans (or portions thereof), or the making of loans or other extensions of credit to Lender secured by security interests in the Loans (or portions thereof), to support all or part of Lender's payment obligations under the Commercial Paper Notes or to provide an alternate means of funding Lender's investments in accounts receivable or other financial assets, in each case as amended, supplemented or otherwise modified from time to time.

Liquidity Bank: Includes Bank and the various financial institutions as are, or may become, parties to the Liquidity Agreement, as purchasers thereunder.

Loan: Any amount disbursed as principal by Lender to Borrower under this Agreement.

LockBox: As defined in Section 11.2(c).

Lock- Box Account: Any bank account established for the purpose of receiving Collections.

Loss Horizon Ratio: With respect to any Due Period, the ratio computed as of the last day of such Due Period by dividing (a) the sum of (i) Credit Sales for such Due Period plus (ii) Credit Sales for the immediately preceding Due Period, plus (iii) Credit Sales for the second (2nd) immediately preceding Due Period, plus (iv) Credit Sales for the third (3rd ) immediately preceding Due Period plus (v) the product of (A) the Weighted Average Payment Terms Factor and (B) Credit Sales for the fourth immediately preceding Due Period (or, if the Weighted Average Payment Terms Factor shall be negative, Credit Sales for the third immediately preceding Due Period), by (b) an amount equal to the Aggregate Unpaid Balance as of the last day of such Due Period, minus the aggregate Excess Concentration Amount for all Obligors as of the last day of such Due Period.

Loss Reserve: With respect to any Due Period, the product of (a) the highest rolling three-month average Default Ratio over the most recent twelve Due Periods, (b) the Loss Horizon Ratio and (c) the Stress Factor.

Mail Payments: As defined in Section 11.2(c) hereof.

Month End Date: The last day of each Fiscal Month.

Monthly Report: As defined in Section 9.1(e)(ii).

Moody's: Moody's Investors Service, Inc.

Multiemployer Plan: A "multiemployer plan" within the meaning of Section 4001(a)(3) of ERISA, to which Borrower, Servicer, the Originator or any ERISA Affiliate makes, is making, is obligated to make contributions or, during the preceding three calendar years, has made, or been obligated to make, contributions.

Obligations: All obligations (monetary or otherwise) of Borrower to Lender, Administrator, any Affected Party or any Indemnified Party and their respective successors, permitted transferees and assigns arising under or in connection with this Agreement, Lender Note and each other Transaction Document, in each case however created, arising or evidenced, whether direct or indirect, absolute or contingent, now or hereafter existing, or due or to become due.

Obligor: With respect to any Receivable, the Person or Persons obligated to make payments with respect to such Receivable, including any guarantor thereof.

Obligor Credit Event: The short term unsecured debt rating of the Special Obligor shall be withdrawn or downgraded to less than A-1 by S&P and P-1 by Moody's or the long term unsecured debt rating of the Special Obligor shall be withdrawn or downgraded to less than A by S&P and A2 by Moody's.

Originator: Toro, in its capacity as originator under the Receivables Purchase Agreement.

Originator Payables: (a) the obligation of the Originator to make a payment, pursuant to Section 2.4 of the Receivables Purchase Agreement, for any Receivable that was represented to be an Eligible Receivable that was not an Eligible Receivable on the date such Receivable was sold by the Originator to Borrower, and (b) all other amounts owed by the Originator to Borrower from time to time pursuant to this Agreement or the Receivables Purchase Agreement.

Parent Loan: As defined in the Receivables Purchase Agreement.

Parent Loan Conditions: As defined in the Receivables Purchase Agreement.

Parent Note: As defined in the Receivables Purchase Agreement.

PBGC: The Pension Benefit Guaranty Corporation or any Governmental Authority succeeding to any of its principal functions under ERISA.

Pension Plan: A pension plan (as defined in Section 3(2) of ERISA) subject to Title IV of ERISA which Borrower, Servicer or the Originator sponsors, maintains, or to which it makes, is making, or is obligated to make contributions, or in the case of a multiple employer plan (as described in Section 4064(a) of ERISA) has made contributions at any time during the immediately preceding five (5) plan years.

Permitted Investments: At any time:

(a) marketable obligations issued by, or the full and timely payment of which is directly and fully guaranteed or insured by, the United States government or any other government with an equivalent rating, or any agency or instrumentality thereof when such marketable obligations are backed by the full faith and credit of the United States government or such other equivalently rated government, as the case may be, but excluding any securities which are derivatives of such obligations;

(b) time deposits, bankers' acceptances and certificates of deposit of any domestic commercial bank or any United States branch or agency of a foreign commercial bank which (i) has capital, surplus and undivided profits in excess of \$100,000,000 and which has a commercial paper or certificate of deposit rating meeting the requirements specified in clause (c) below (or equivalent rating from the Rating Agencies) or (ii) is set forth in a list (which may be updated from time to time) (A) approved by Administrator and (B) with respect to which a written statement has been obtained from each of the Rating Agencies to the effect that the rating of the Commercial Paper Notes will not be downgraded or withdrawn solely as a result of the acquisition of such investments;

(c) commercial paper which is (i) rated at least as high as the Commercial Paper Notes by the Rating Agencies, or (ii) set forth in a list (which may be updated from time to time) (A) approved by Administrator and (B) with respect to which a written statement has been obtained from each of the Rating Agencies to the effect that the rating of the Commercial Paper Notes will not be downgraded or withdrawn solely as a result of the acquisition of such investments;

(d) secured repurchase obligations for underlying securities of the types described in clauses (a) and (b) above entered into with any bank of the type described in clause (b) above; and

(e) freely redeemable shares in money market funds which invest solely in obligations, bankers' acceptances, time deposits, certificates of deposit, repurchase agreements and commercial paper of the types described in clause (a) through (d) above, without regard to the limitations as to the maturity of such obligations, bankers' acceptances, time deposits, certificates of deposit, repurchase agreements or commercial paper set forth below, which are rated at least "AAm" or "AAmg" or their equivalent by each of the Rating Agencies, provided that there is no r-highlighter affixed to such rating.

Person: An individual, partnership, limited liability company, corporation (including a business trust), joint stock company, trust, unincorporated association, joint venture, government or any agency or political subdivision thereof or any other entity.

Prime Rate: As of any date of determination, the rate of interest most recently announced by Bank at its principal office in Atlanta, Georgia as its prime rate (it being understood that at any one time there shall exist only one such prime rate so announced, which rate is not necessarily intended to be the lowest rate of interest determined by Bank in connection with extensions of credit).

Program Documents: The Liquidity Agreement, the Credit Agreement, the Voluntary Advance Agreement, the documents under which Administrator performs its obligations with respect to Lender's commercial paper program and the other documents to be executed and delivered in connection therewith, as amended, supplemented or otherwise modified from time to time.

Purchase Date: As defined in the Receivables Purchase Agreement.

Rate Setting Day: For any Interest Period, two (2) Business Days prior to the commencement of such Interest Period. In the event such day is not a Business Day, then the Rate Setting Day shall be the immediately preceding Business Day.

Rating Agencies: S&P and Moody's.

Receivable: With respect to any Obligor, the indebtedness of such Obligor under a Contract arising in connection with the sale of goods or rendering of services and designated an "open account receivable" by the Originator, including the right to payment of any interest, finance, returned check or late charges and other obligations of such Obligor with respect thereto and shall not include any installment sales contracts or "floorplan receivables".

Receivable File: With respect to a Receivable, (a) the Contract giving rise to the Receivable and other evidences of the Receivable including, without limitation, tapes, discs, punch cards and related property and rights and (b) each UCC financing statement related thereto, if any.

Receivables Purchase Agreement: The Receivables Purchase Agreement, dated as of July 9, 2003, by and between Toro and Borrower, as such Receivables Purchase Agreement may be amended, supplemented or otherwise modified from time to time with the prior written consent of Administrator.

Regulatory Change: Relative to any Affected Party: (a) any change in (or the adoption, implementation, change in the phase-in or commencement of effectiveness of) any: (i) United States Federal or state law or foreign law applicable to such Affected Party, (ii) regulation, interpretation, directive, requirement or request (whether or not having the force of law) applicable to such Affected Party of (A) any court or government authority charged with the interpretation or administration of any law referred to in clause (a)(i), or of (B) any fiscal, monetary or other authority having jurisdiction over such Affected Party, or (iii) GAAP or regulatory accounting principles applicable to such Affected Party and affecting the application to such Affected Party of any law, regulation, interpretation, directive, requirement or request referred to in clause (a)(i) or (a)(ii) above; (b) any change in the application to such Affected Party of any existing law, regulation, interpretation, directive, requirement, request or accounting principles referred to in clause (a)(i), (a)(ii) or (a)(iii) above; or (c) the issuance, publication or release of any regulation, interpretation, directive, requirement or request of a type described in clause (a)(ii) above to the effect that the obligations of any Liquidity Bank under the Liquidity Agreement are not entitled to be included in the zero percent category of off-balance sheet assets for purposes of any risk-weighted capital guidelines applicable to such Liquidity Bank or any related Affected Party.

Related Security: With respect to any Receivable, (a) all right, title and interest, but none of the obligations, of the Originator, in, to and under other Liens and property subject to Liens from

time to time purporting to secure payment of such Receivable, whether pursuant to the Contract related to such Receivable or otherwise, (b) all UCC financing statements or similar instruments covering any collateral securing payment of such Receivable, (c) all guaranties, indemnities, insurance and other agreements (including the related Receivable File) or arrangement and other collateral of whatever character from time to time supporting or securing payment of such Receivable, whether pursuant to the Contract relating to such Receivable or otherwise relating to such Receivable and (d) all other instruments and all rights under the documents in the Receivable File relating to such Receivables and all rights (but not obligations) relating to such Receivables.

Reportable Event: Any of the events set forth in Section 4043(c) of ERISA or the regulations thereunder, other than any such event for which the 30-day notice requirement under ERISA has been waived in regulations issued by the PBGC.

Reporting Date: As defined in Section 9.1(e)(ii).

Requirements of Law: For any Person or any of its property shall mean the certificate of incorporation or articles of association and by-laws or other organizational or governing documents of such Person or any of its property, and any statute, law, treaty, rule or regulation, or determination of an arbitrator or Governmental Authority, in each case applicable to or binding upon such Person or any of its property or businesses or to which such Person or any of its property or businesses is subject, whether federal, state or local.

Reserve Floor: For any Due Period, 25.0%.

Reserve Percentage: The percentage equal to the greater of (a) the sum of (i) the Loss Reserve, (ii) the Dilution Reserve, (iii) the Yield Reserve, and (iv) the Servicing Reserve and (b) the Reserve Floor.

Responsible Officer: With respect to any Person, the chief financial officer or treasurer, or any other officer having substantially the same authority and responsibility.

Reuters Screen: The display page designated as "LIBO" on the Reuter Monitor Money Rates Service (or such other page as may replace that page on that service for the purpose of displaying rates comparable to the LIBOR Rate).

S&P: Standard & Poor's, a division of The McGraw-Hill Companies, Inc.

Scheduled Commitment Termination Date: July 7, 2004.

Secured Obligations: As defined in Section 5.1(b).

Secured Parties: The holders from time to time of the Secured Obligations including, without limitation, Lender and Administrator.

Servicer: Toro, or its successor in interest, or any successor Servicer appointed as provided in Section 11.5.

Servicer Event of Default: As defined in Section 11.7.

Servicing Fee: As to any Due Period, the monthly fee payable to Servicer, which, so long as Toro is Servicer, shall be equal to the Servicing Fee Rate divided by 12 multiplied by the aggregate Unpaid Balance of the Receivables at the beginning of such Due Period. The Servicing Fee for any successor Servicer shall be equal to the fee reasonably agreed to by Administrator and such successor.

Servicing Fee Rate: 1.80%.

Servicing Reserve: With respect to any Due Period, the product of (a) the highest Days Sales Outstanding Ratio during the most recent twelve-month period, (b) the Stress Factor, (c) 2.40% and (d) 1/360.

Significant Event: Any Amortization Event.

Sixty Day Period: Sixty (60) consecutive days designated by Borrower, or Servicer on Borrower's behalf, during the period beginning on October 1st of each year and ending of January 31st of the following year.

Solvent: With respect to any Person that as of the date of determination both (a) (i) the then fair saleable value of the property of such Person is (A) greater than the total amount of liabilities (including contingent liabilities) of such Person and (B) not less than the amount that will be required to pay the probable liabilities on such Person's then existing debts as they become absolute and matured considering all financing alternatives and potential asset sales reasonably available to such Person; (ii) such Person's capital is not unreasonably small in relation to its business or any contemplated or undertaken transaction; and (iii) such Person does not intend to incur, or believe (nor should it reasonably believe) that it will incur, debts beyond its ability to pay such debts as they become due; and (b) such Person is "solvent" within the meaning given that term and similar terms under applicable laws relating to fraudulent transfers and conveyances. For purposes of this definition, the amount of any contingent liability at any time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

Special Obligor: Home Depot, Inc., or such other Obligor as may be designated by the Administrator as a "Special Obligor" from time to time by notice to the Borrower and the Rating Agencies; provided, however the Administrator shall revoke such Obligor's status as a "Special Obligor" if an Obligor Credit Event shall occur; provided, further, the Administrator may, in its sole discretion, revoke such Obligor's status as a "Special Obligor" if the ratio of (a) the Unpaid Balance of Receivables owing from the Special Obligor that are greater than 60 days past due to (b) the Unpaid Balance of all Receivables owing from the Special Obligor shall exceed 35% for two consecutive Due Periods.

Stated Maturity Date: July 7, 2004; provided, however, that such date may be accelerated pursuant to Section 10.3.

Stress Factor: 2.0.

Subsidiary: With respect to any Person, any corporation, association, partnership, limited liability company, joint venture or other business entity of which more than 50% of the voting stock, membership interests or other equity interests (in the case of Persons other than corporations), is owned or controlled directly or indirectly by the Person, or one or more of the Subsidiaries of the Person, or a combination thereof.

Support Provider: Includes any entity now or hereafter extending credit or liquidity support or having a commitment to extend credit or liquidity support to or for the account of, or to make loans to or purchases from, Lender or issuing a letter of credit, surety bond or other instrument to support any obligations arising under or in connection with the commercial paper program of Lender.

Surety Instruments: All standby letter of credit, banker's acceptances and bank guaranties not attributable to the purchase of supplies and inventory in the ordinary course of business and shipside bonds, surety bonds and similar instruments.

Telerate Page 3750: The display designated as "Page 3750" on the Telerate Service (or such other page as may replace "Page 3750" on that service or another service as may be nominated by the British Bankers' Association as the information vendor for the purpose of displaying British Bankers' Association Interest Settlement Rate for Dollars).

Toro: As defined in the Preamble.

Toro Credit Agreement: That certain Multi-Year Credit Agreement, dated as of February 22, 2002 among Toro, the subsidiary borrowers named therein, Toro Credit Company, the financial institutions party thereto and Bank of America, N.A., as the same may be amended, supplemented or otherwise modified from time to time.

Toro Company: Collectively, Toro International Company, a Minnesota corporation, Tover Overseas B.V., a Netherlands company and Toro Factoring Company N.V., a Netherlands Antilles company, Toro Credit Company, a Minnesota corporation, Exmark Manufacturing Company Incorporated, a Nebraska corporation, and Toro.

Toro Receivables : As defined in the Preamble.

Transaction Documents: This Agreement, the Receivables Purchase Agreement, Lender Note, the Fee Letter, the Parent Note, the Engagement Letter and the other instruments, certificates, agreements, reports and documents to be executed and delivered under or in connection with this Agreement or the Receivables Purchase Agreement (except the Program Documents), as any of the foregoing may be amended, supplemented, amended and restated, or otherwise modified from time to time in accordance with this Agreement and the Receivables Purchase Agreement. Each such document is a Transaction Document.

UCC: The Uniform Commercial Code as from time to time in effect in the applicable jurisdiction or jurisdictions.

Unfunded Pension Liability: The excess of a Plan's benefit liabilities under Section 4001(a)(16) of ERISA, over the current value of that Plan's assets, determined in accordance with the

assumptions used for funding the Pension Plan pursuant to Section 412 of the Code for the applicable plan year.

Unmatured Significant Event: Any event that, if it continues uncured, will, with lapse of time or notice or lapse of time and notice, constitute a Significant Event.

Unpaid Balance: With respect to any Receivable the aggregate amount required to repay in full the principal of, and all interest, finance, prepayment (to the extent such prepayment fees are determinable) and other fees or charges of any kind payable in respect of, such Receivable.

Variable Dilutions: With respect to any Due Period, the aggregate amount of allowances, net credits, non-cash reductions or other adjustments to the Credit Sales that occurred or were made, granted or incurred by the Originator pursuant to the terms of the related Contracts during such Due Period.

Voluntary Advance Agreement: The Voluntary Advance Agreement, dated as of March 11, 1999, among Lender, Administrator and Bank, as it may be amended, supplemented or otherwise modified from time to time.

Voluntary Advance Loan: Each Advance made pursuant to the Voluntary Advance Agreement.

Weight Average Payment Terms: For any Due Period, the weighted average of payment terms described in invoices for Receivables generated during such Due Period.

Weighted Average Payment Terms Factor: For any date of determination, the percentage determined pursuant to the following formula:

$$\frac{67.0 + \text{Weighted Average Payment Terms}}{30} \quad \_4.00$$

Yield Reserve: With respect to any Due Period, the product of (a) the highest Days Sales Outstanding Ratio during the most recent twelve-month period, (b) the Stress Factor, (c) the Prime Rate as in effect on the last day of such Due Period and (d) 1/360.

SECTION 1.2 OTHER DEFINITIONAL PROVISIONS.

(a) Unless otherwise specified therein, all terms defined in this Agreement have the meanings as so defined herein when used in Lender Note or any other Transaction Document, certificate, report or other document made or delivered pursuant hereto.

(b) Each term defined in the singular form in Section 1.1 or elsewhere in this Agreement shall mean the plural thereof when the plural form of such term is used in this Agreement, Lender Note or any other Transaction Document, certificate, report or other document made or delivered pursuant hereto, and each term defined in the plural form in Section 1.1 shall mean the singular thereof when the singular form of such term is used herein or therein.

(c) The words "hereof," "herein," "hereunder" and similar terms when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and article, section, subsection, schedule and exhibit references herein are references to articles, sections, subsections, schedules and exhibits to this Agreement unless otherwise specified.

#### SECTION 1.3 OTHER TERMS.

(a) All accounting terms not specifically defined herein shall be construed in accordance with GAAP. All terms used in Article 9 of the UCC and not specifically defined herein, are used herein as defined in such Article 9.

(b) With respect to any Acquisition consummated on or after the Closing Date, the following shall apply:

(i) For each period of four fiscal quarters of Toro and its Subsidiaries ending next following the date of any Acquisition, Consolidated EBIT shall include the results of operations of the Person or assets so acquired on a historical pro forma basis, and which amounts may include such adjustments as are permitted under Regulation S-X of the Securities and Exchange Commission and reasonably satisfactory to the Administrator;

(ii) For each period of four fiscal quarters of Toro and its Subsidiaries ending next following the date of each Acquisition, Consolidated Interest Charges shall include the results of operations of the Person or assets so acquired, which amounts shall be determined on a historical pro forma basis; provided, however, Consolidated Interest Charges shall be adjusted on a historical pro forma basis to (A) eliminate interest expense accrued during such period on any Indebtedness repaid in connection with such Acquisition and (B) include interest expense on any Indebtedness (including Indebtedness hereunder) incurred, acquired or assumed in connection with such Acquisition ("Incremental Debt") calculated (I) as if all such Incremental Debt had been incurred as of the first day of such four-quarter period and (II) at the following interest rates: (x) for all periods subsequent to the date of the Acquisition and for Incremental Debt assumed or acquired in the Acquisition and in effect prior to the date of Acquisition, at the actual rates of interest applicable thereto, and (y) for all periods prior to the actual incurrence of such Incremental Debt, equal to the rate of interest actually applicable to such Incremental Debt hereunder or under other financing documents applicable thereto as at the end of each affected period of such four fiscal quarters, as the case may be.

(c) With respect to any Material Disposition consummated on or after the Closing Date,

(i) For each period of four fiscal quarters of Toro and its Subsidiaries ending next following the date of such Material Disposition, Consolidated EBIT for such period shall be either (A) reduced by an amount equal to the Consolidated EBIT (if positive) attributable to the property that is the subject of such Material Disposition for such period or (B) increased by an amount equal to the Consolidated EBIT (if negative) attributable to such property for such period.

(ii) For each period of four fiscal quarters of Toro and its Subsidiaries ending next following the date of such Material Disposition, Consolidated Interest Charges shall be reduced by an amount equal to the Consolidated Interest Charges incurred by the applicable Toro Company or Subsidiary in connection with Indebtedness which is either (x) repaid with the proceeds received by the applicable Toro Company or Subsidiary in connection with such Material Disposition or (y) assigned or transferred to, and assumed by, the Person to whom the Material Disposition is made by the applicable Toro Company or Subsidiary.

For the purposes of this paragraph, "Material Disposition" means any Disposition, or series of related Dispositions, by Toro and its Subsidiaries of real or personal property that has a gross book value, as determined in accordance with GAAP, equal to or greater than 5% of consolidated total assets of Toro and its Subsidiaries determined as of the last day of the immediately preceding fiscal quarter of Toro, and "Disposition" means the sale, transfer, license or other disposition (including any sale and leaseback transaction) of any property by any Person, other than pursuant to or in connection with the Transaction Documents.

#### SECTION 1.4 COMPUTATION OF TIME PERIODS.

Unless otherwise stated in this Agreement, in the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each means "to but excluding."

### ARTICLE II

#### LENDER'S COMMITMENT, BORROWING PROCEDURES

##### AND LENDER NOTE

#### SECTION 2.1 LENDER'S COMMITMENT.

On the terms and subject to the conditions set forth in this Agreement, Lender agrees to make loans to Borrower on a revolving basis from time to time (the "Lender's Commitment") before the Commitment Termination Date in such amounts as may be from time to time requested by Borrower pursuant to Section 2.2; provided, however, that the aggregate principal amount of all Loans from time to time outstanding hereunder shall not exceed the lesser of (a) (i) during the Sixty Day Period, \$0 or (ii) during any other period, \$75,000,000 (clause (i) and (ii) collectively, the "Facility Limit") and (b) the Borrowing Base. Within the limits of Lender's Commitment, Borrower may borrow, prepay and reborrow under this Section 2.1.

#### SECTION 2.2 BORROWING PROCEDURES.

Borrower (or the Servicer on its behalf) may request a Loan hereunder by giving notice to Administrator of a proposed borrowing not later than 2:00 p.m. (New York City time), two Business Days prior to the proposed date of such borrowing (or such lesser period of time as Lender may consent); provided that Borrower shall not request, and Lender shall not make, Loans more than six times during any Due Period. Each such notice (herein called a "Borrowing

Request") shall be in the form of Exhibit A and shall include the date and amount of such proposed borrowing. Any Borrowing Request given by Borrower (or the Servicer on its behalf) pursuant to this Section 2.2 shall be irrevocable and binding on Borrower.

#### SECTION 2.3 FUNDING.

Subject to the satisfaction of the conditions precedent set forth in Article VII with respect to such Loan and the limitations set forth in Section 2.1, Lender shall make the proceeds of such requested Loan available to Administrator at its office in Atlanta, Georgia in same day funds on the proposed date of borrowing. Upon receipt by Administrator of such funds, Administrator will make such funds available to Borrower at such office on such date. Each borrowing shall be on a Business Day and shall be in an amount of at least \$1,000,000 and in integral multiples of \$500,000.

#### SECTION 2.4 REPRESENTATION AND WARRANTY.

Each request for a borrowing pursuant to Section 2.2 shall automatically constitute a representation and warranty by Borrower to Administrator and Lender that on the requested date of such borrowing (a) the representations and warranties contained in Article VIII will be true and correct as of such requested date as though made on such date, (b) no Significant Event or Unmatured Significant Event has occurred and is continuing or will result from such borrowing, and (c) after giving effect to such requested borrowing, the aggregate principal balance of the outstanding Loans hereunder will not exceed the lesser of the Borrowing Base and the Facility Limit.

#### SECTION 2.5 EARLY TERMINATION OF LENDER'S COMMITMENT.

Lender's Commitment shall terminate and Lender shall have no obligation to make any further Loans (or to fund any increase in any existing Loan), on the earliest date of termination of (a) the Liquidity Banks' commitments under the Liquidity Agreement or (b) the Credit Banks' commitments under the Credit Agreement. Administrator agrees to use its reasonable efforts to give Borrower at least 30 days' prior written notice of the termination of Lender's Commitment pursuant to clause (a) or (b) above.

#### SECTION 2.6 VOLUNTARY TERMINATION OF LENDER'S COMMITMENT; REDUCTION OF FACILITY LIMIT.

Borrower may, in its sole discretion for any reason upon at least 10 days' notice to Administrator (with a copy to Lender), terminate Lender's Commitment in whole, or, reduce in part the unused portion of the Facility Limit; provided, however that (a) each such partial reduction will be in a minimum amount of \$5,000,000 or a higher integral multiple of \$1,000,000 and shall not reduce the Facility Limit below \$50,000,000, and (b) in connection therewith Borrower shall comply with Section 3.2(b) and Section 4.1(b).

#### SECTION 2.7 NOTE.

Each Loan from Lender shall be evidenced by a single promissory grid note (herein, as amended, modified, extended or replaced from time to time, called the "Lender Note")

substantially in the form set forth in Exhibit B, with appropriate insertions, payable to the order of Lender. Borrower hereby irrevocably authorizes Administrator in connection with Lender Note to make (or cause to be made) appropriate notations on the grid attached to Lender Note (or on any continuation of such grid, or at Administrator's option, in its records), which notations, if made, shall evidence, inter alia, the date of, the outstanding principal of, and the interest rate and Interest Period applicable to the Loans evidenced thereby. Such notations shall be rebuttably presumptive evidence of the subject matter thereof, absent manifest error; provided, however, that the failure to make any such notations shall not limit or otherwise affect any Obligations of Borrower.

### ARTICLE III

#### INTEREST, FEES, ETC.

##### SECTION 3.1 INTEREST RATES.

Borrower hereby promises to pay interest on the unpaid principal amount of each Loan (or each portion thereof) for the period commencing on the date of such Loan until such Loan is paid in full, as follows:

(a) at all times while the making or maintenance of such Loan (or the applicable portion thereof) by Lender is funded by the issuance of Commercial Paper Notes of Lender, during each Interest Period, at a rate per annum equal to the sum of (i) the Commercial Paper Rate applicable to such Interest Period, plus (ii) the Applicable Margin;

(b) at all times while the making or maintenance of such Loan (or the applicable portion thereof) by Lender is funded during each Interest Period pursuant to the Liquidity Agreement or the Voluntary Advance Agreement, at a rate per annum equal to the sum of (i) the Alternative Rate applicable to such Interest Period, plus (ii) the Applicable Margin; and;

(c) notwithstanding the provisions of the preceding clauses (a) and (b), in the event that a Significant Event or an Unmatured Significant Event has occurred and is continuing, at a rate per annum (the "Default Rate") equal to the Base Rate applicable from time to time (but not less than the interest rate in effect for such Loan as at the date of such Significant Event), plus a margin of 2.00%.

After the date any principal amount of any Loan is due and payable (whether on the Stated Maturity Date, upon acceleration or otherwise) or after any other monetary Obligation of Borrower arising under this Agreement shall become due and payable, Borrower shall pay (to the extent permitted by law, if in respect of any unpaid amounts representing interest) interest (after as well as before judgment) on such amounts at a rate per annum equal to the Default Rate. No provision of this Agreement or Lender Note shall require the payment or permit the collection of interest in excess of the maximum permitted by applicable law.

##### SECTION 3.2 INTEREST, PAYMENT DATES.

Interest accrued on each Loan shall be payable, without duplication:

- (a) on the Stated Maturity Date;
- (b) on the date of any payment or prepayment, in whole or in part, of principal outstanding on such Loan;
- (c) on each Distribution Date prior to the Stated Maturity Date and thereafter on the last day of each Interest Period; and
- (d) on that portion of any Loan the Stated Maturity Date of which is accelerated pursuant to Section 10.3, immediately upon such acceleration.

SECTION 3.3 INTEREST ALLOCATIONS.

Administrator shall from time to time and in its sole discretion determine whether interest in respect of the Loans then outstanding, or any portion thereof, shall be calculated by reference to the Commercial Paper Rate (such portion being herein called a "CP Allocation") or the Alternative Rate (such portion being herein called an "Alternative Rate Allocation", and together with a CP Allocation individually called an "Allocation", and collectively, "Allocations"); provided, however, that, Administrator shall use its reasonable efforts to allocate all or substantially all of the Loans from Lender to a CP Allocation; provided further, however, that Administrator may determine, at any time and in its sole discretion, that the Commercial Paper Rate is unavailable or otherwise not desirable, in which case the Loans from Lender will be allocated to an Alternative Rate Allocation (unless the Default Rate is in effect).

SECTION 3.4 FEES.

Borrower agrees to pay Administrator and Lender certain fees in the amounts and on the dates set forth in the letter agreement executed in connection herewith between Borrower, Administrator and Lender (as the same may be amended, supplemented or otherwise modified, the "Fee Letter").

SECTION 3.5 COMPUTATION OF INTEREST AND FEES.

All interest and fees shall be computed on the basis of the actual number of days (including the first day but excluding the last day) occurring during the period for which such interest or fee is payable over a year comprised of 360 days.

ARTICLE IV

REPAYMENTS AND PREPAYMENTS; DISTRIBUTION OF COLLECTIONS

SECTION 4.1 REPAYMENTS AND PREPAYMENTS.

Borrower shall repay in full the unpaid principal amount of each Loan on the Stated Maturity Date. Prior thereto, Borrower:

- (a) may, from time to time on any Business Day, make a prepayment, in whole or in part, of the outstanding principal amount of any Loans; provided, however, that, unless otherwise

consented to by Administrator, all such voluntary prepayments shall require at least two Business Days' (or, in the case of a voluntary prepayment of \$10,000,000 or more, at least seven Business Days') prior written notice to Administrator and all such voluntary partial prepayments shall be in a minimum amount of \$1,000,000 and an integral multiple of \$100,000;

(b) shall, on each date when any reduction in the Facility Limit shall become effective pursuant to Section 2.6, make a prepayment of the Loans in an amount equal to the excess, if any, of the aggregate outstanding principal amount of the Loans over the Facility Limit as so reduced;

(c) shall, immediately upon any acceleration of the Stated Maturity Date of any Loans pursuant to Section 10.3, repay all Loans, unless, pursuant to Section 10.3(a), only a portion of all Loans is so accelerated, in which event Borrower shall repay the accelerated portion of the Loans; and

(d) may, if at any time a Borrowing Base Deficit shall exist, make a prepayment, prior to a Distribution Date, (out of funds set aside for distribution pursuant to Section 4.2(b) (fourth)) of the Loans in an amount equal to such Borrowing Base Deficit, such payment to be made within three (3) Business Days. Each such prepayment shall be subject to the payment of any amounts required by Section 6.2.

Each payment or prepayment shall be subject to the payment of any amounts required by Section 6.2 resulting from a prepayment or payment of a Loan on a day other than the last day of the Interest Period for such Loan.

#### SECTION 4.2 APPLICATION OF COLLECTIONS.

(a) All Collections deposited in the Collection Account shall be distributed by the Servicer at such times and in the order of priority set forth in this Section 4.2.

(b) On each Distribution Date prior to the Commitment Termination Date, the Servicer shall distribute from Collections on deposit in the Collection Account on such Distribution Date, the following amounts, without duplication, in the following order of priority:

first, to Administrator on behalf of Lender, interest accrued on the Loans during the related Interest Period (plus, if applicable, the amount of interest on the Loans accrued for any prior Interest Period to the extent such amount has not been distributed to Lender, and to the extent permitted by law, interest thereon);

second, to Administrator on behalf of the appropriate Persons, all Fees accrued during such Interest Period (plus, if applicable, the amount of Fees accrued for any prior Interest Period to the extent such amount has not been distributed to Lender or Administrator);

third, if the Servicer is not Toro or an Affiliate of Toro, to the Servicer, the accrued Servicing Fee payable for the related Due Period (plus, if applicable, the amount of Servicing Fee payable for any prior Due Period to the extent such amount has not been distributed to Servicer);

fourth, to Administrator on behalf of Lender, as a repayment of principal of the Loans, an amount equal to the Borrowing Base Deficit, if any;

fifth, to Administrator on behalf of the appropriate Persons, all other Obligations then due and payable by Borrower under this Agreement;

sixth, if the Servicer is Toro or an Affiliate of Toro, to the Servicer, the accrued Servicing Fee payable for the related Due Period (plus, if applicable, the amount of Servicing Fee payable for any prior Due Period to the extent such amount has not been distributed to Servicer); and

seventh, so long as no Significant Event or Unmatured Significant Event shall be continuing, the balance, if any, to Borrower for any use permitted by its certificate of incorporation and the Transaction Documents, including without limitation, to pay any dividends on its shares of capital stock or make any distribution to stockholders.

(c) On and after the Commitment Termination Date, Administrator shall, on the last day of each Interest Period, distribute from the Collection Account the following amounts, without duplication, in the following order of priority:

first, to Administrator on behalf of Lender, the accrued but unpaid interest on the Loans;

second, to Administrator on behalf of the appropriate Persons, all accrued but unpaid Fees;

third, if the Servicer is not Toro or an Affiliate of Toro, to the Servicer, the accrued but unpaid Servicing Fee;

fourth, to Administrator on behalf of Lender, the outstanding principal amount of the Loans;

fifth, to Administrator on behalf of the appropriate Persons, all other Obligations payable by Borrower under this Agreement;

sixth, if the Servicer is Toro or an Affiliate of Toro, to the Servicer, the accrued but unpaid Servicing Fee; and

seventh, once all amounts described in clauses first through sixth have been paid in full, the balance, if any, to Borrower.

#### SECTION 4.3 APPLICATION OF CERTAIN PAYMENTS.

Each payment of principal of the Loans shall be applied to such Loans as Borrower shall direct or, in the absence of such notice or during the existence of a Significant Event or after the Commitment Termination Date, as Administrator shall determine in its discretion.

SECTION 4.4 DUE DATE EXTENSION.

If any payment of principal or interest with respect to any Loan falls due on a day which is not a Business Day, then such due date shall be extended to the next following Business Day, and additional interest shall accrue at the applicable interest rate and be payable for the period of such extension.

SECTION 4.5 MAKING OF PAYMENTS.

All payments of principal of, or interest on, the Loans and of all Fees, and all amounts to be deposited by Borrower or Servicer hereunder, shall be made by Borrower or Servicer, as applicable, no later than 12:00 p.m. (New York City time), on the Business Day when due in lawful money of the United States of America in same day funds to Bank, as Administrator, Reference: Three Pillars Funding Corporation/Toro Receivables Company, Transaction, Account No. 880171236, ABA No. 061000104 at Bank's office at 25 Park Place in Atlanta, Georgia, Attn: Mary Hinsberg (the "Administrator's Account"). Funds received by Administrator after 10:00 a.m. New York City time, on the date when due, will be deemed to have been received by Administrator on its next following Business Day.

SECTION 4.6 DEEMED COLLECTIONS AND OTHER ADJUSTMENTS.

If on any day, any of the representations or warranties in Section 8.8, Section 8.13 or Section 8.17 was not true with respect to any Receivable, Borrower shall be deemed to have received a Collection of such Receivable in the amount of the Unpaid Balance of such Receivable and not later than the next Business Day, Borrower shall deposit in the Collection Account any such Collection deemed to have been received for distribution in the same manner as actual cash collections are distributed under the terms of this Agreement. If on any day, Borrower, or Servicer on Borrower's behalf, shall make an adjustment in the principal amount or finance or other charges accrued or payable with respect to any Receivable, the aggregate amount of such adjustments shall be deposited in the Collection Account no later than the next Business Day.

ARTICLE V

SECURITY INTEREST

SECTION 5.1 GRANT OF SECURITY.

(a) Borrower hereby assigns and pledges to Administrator (for the benefit of the Secured Parties), and hereby grants to Administrator (for the benefit of the Secured Parties) a security interest in all of Borrower's assets, including without limitation, all of Borrower's right, title and interest in and to the following, whether now or hereafter existing and wherever located:

(i) all Receivables, Related Security and Receivable Files;

(ii) all of Borrower's rights, remedies, powers and privileges in respect of the Parent Note and the Receivables Purchase Agreement, including a direct right to cause

the Originator to make payments with respect to Dilutions or with respect to Receivables that are not Eligible Receivables pursuant to the Receivables Purchase Agreement;

(iii) the LockBoxes, the Lock-Box Accounts and the Collection Account and all funds on deposit therein, together with all certificates and instruments, if any, from time to time evidencing such accounts, and funds on deposit and all investments made with such funds, all claims thereunder or in connection therewith, and interest, dividends, moneys, instruments, securities and other property from time to time received, receivable or otherwise distributed in respect of any or all of the foregoing; and

(iv) all products and proceeds (including, without limitation, insurance proceeds) of, and additions, improvements and accessions to, and books and records describing or used in connection with, all and any of the property described above (items (i) through (iv) are collectively referred to as the "Collateral").

(b) This grant of security secures the payment and performance of all Obligations of Borrower now or hereafter existing or arising under, or in connection with, the Loan Agreement, Lender Note and each other Transaction Document, whether for principal, interest, costs, fees, expenses or otherwise (all such obligations of Borrower being called the "Secured Obligations").

(c) This grant of security shall create a continuing security interest in the Collateral and shall:

(i) remain in full force and effect until Administrator's (for the benefit of the Secured Parties) interest in the Collateral shall have been released in accordance with Section 5.4;

(ii) be binding upon Borrower, its successors, transferees and assigns; and

(iii) inure, together with the rights and remedies of Administrator (for the benefit of the Secured Parties) hereunder, to the benefit of Administrator and each Secured Party and their respective successors, transferees and assigns.

#### SECTION 5.2 ADMINISTRATOR APPOINTED ATTORNEY-IN-FACT.

Borrower hereby irrevocably appoints Administrator (for the benefit of the Secured Parties) as Borrower's attorney-in-fact, with full authority in the place and stead of Borrower and in the name of Borrower or otherwise, from time to time in Administrator's discretion, after the occurrence and during the continuation of a Significant Event to take any action and to execute any instrument which Administrator may deem necessary or advisable to accomplish the purposes of the Transaction Documents, including, without limitation:

(a) to ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral;

(b) to receive, endorse, and collect any drafts or other instruments, documents and chattel paper, in connection with clause (a) above;

(c) to file any claims or take any action or institute any proceedings which Administrator may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of Administrator (for the benefit of the Secured Parties) with respect to any of the Collateral;

(d) to sell, transfer, assign or otherwise deal in or with the Collateral or any part thereof pursuant to the terms and conditions hereunder; and

(e) to perform the affirmative obligations of Borrower under the Transaction Documents.

Administrator agrees to give Borrower and Servicer written notice of the taking of any such action, but the failure to give such notice shall not affect the rights, power or authority of Administrator with respect thereto. Borrower hereby acknowledges, consents and agrees that the power of attorney granted pursuant to this Section 5.2 is irrevocable and coupled with an interest.

#### SECTION 5.3 ADMINISTRATOR MAY PERFORM.

If Borrower fails to perform any agreement contained herein, Administrator (for the benefit of the Secured Parties) may itself perform, or cause performance of such agreement, and the expenses of Administrator incurred in connection therewith shall be payable by Borrower.

#### SECTION 5.4 RELEASE OF COLLATERAL.

Administrator's (for the benefit of the Secured Parties) right, title and interest in the Collateral shall be released effective on the date occurring after the Commitment Termination Date on which all Secured Obligations shall have been finally and fully paid and performed.

### ARTICLE VI

#### INCREASED COSTS, ETC.

#### SECTION 6.1 INCREASED COSTS.

If any change in Regulation D of the Board of Governors of the Federal Reserve System, or any Regulatory Change, in each case occurring after the date hereof:

(a) shall subject any Affected Party to any tax, duty or other charge with respect to any Loan made or funded by it, or shall change the basis of taxation of payments to such Affected Party of the principal of or interest on any Loan owed to or funded by it or any other amounts due under this Agreement in respect of any Loan made or funded by it (except for changes in the rate of tax on the overall net income of such Affected Party imposed by the jurisdiction in which such Affected Party's principal executive office is located); or

(b) shall impose, modify or deem applicable any reserve (including, without limitation, any reserve imposed by the Board of Governors of the Federal Reserve System, but excluding any reserve included in the determination of interest rates pursuant to Section 3.1),

special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Affected Party;

(c) shall change the amount of capital maintained or required or requested or directed to be maintained by any Affected Party; or

(d) shall change the amount of capital maintained or required or requested or directed to be maintained by any Affected Party; or

and the result of any of the foregoing is or would be to (i) increase the cost to or to impose a cost on (A) an Affected Party funding or making or maintaining any Loan (including extensions of credit under the Liquidity Agreement, the Voluntary Advance Agreement or any Credit Advance, or any commitment of such Affected Party with respect to any of the foregoing), or (B) Administrator for continuing its or Borrower's relationship with Lender, (ii) to reduce the amount of any sum received or receivable by an Affected Party under this Agreement, Lender Note, the Liquidity Agreement, the Voluntary Advance Agreement or the Credit Agreement with respect thereto, or (iii) in the good faith determination of such Affected Party, to reduce the rate of return on the capital of an Affected Party as a consequence of its obligations hereunder, or under the Liquidity Agreement, the Voluntary Advance Agreement or Credit Agreement, or arising in connection herewith or therewith to a level below that which such Affected Party could otherwise have achieved, then after demand by such Affected Party to Borrower (which demand shall be accompanied by a written statement setting forth the basis of such demand), Borrower shall pay such Affected Party such additional amount or amounts as will (in the reasonable determination of such Affected Party) compensate such Affected Party for such increased cost or such reduction. Such written statement (which shall include calculations in reasonable detail) shall, in the absence of manifest error, be rebuttably presumptive evidence of the subject matter thereof. The Administrator shall use its best efforts to cause each Affected Party to use reasonable efforts in accordance with its normal practices and procedures to reduce amounts payable under this Section 6.1.

## SECTION 6.2 FUNDING LOSSES.

Borrower hereby agrees that upon demand by any Affected Party (which demand shall be accompanied by a statement setting forth the basis for the calculations of the amount being claimed) Borrower will indemnify such Affected Party against any net loss or expense which such Affected Party may sustain or incur (including, without limitation, any net loss or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Affected Party to fund or maintain any Loan made by Lender to Borrower), as reasonably determined by such Affected Party, as a result of (a) any payment or prepayment (including any mandatory prepayment) of any Loan on a date other than the last day of the Interest Period for such Loan, or (b) any failure of Borrower to borrow any Loan on a date specified therefor in a related Borrowing Request. Such written statement shall, in the absence of manifest error, be rebuttably presumptive evidence of the subject matter thereof.

## SECTION 6.3 WITHHOLDING TAXES.

(a) All payments made by Borrower or Servicer hereunder shall be made free and clear of, and without reduction or withholding for or on account of, any present or future taxes, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority or other taxing authority excluding, in the case of Administrator and Lender, net income taxes imposed on Administrator or Lender by the jurisdiction under the laws of which Administrator or Lender is organized or any political subdivision or taxing authority thereof or therein (such taxes, excluding such net income taxes, the "Covered Taxes"). If any Covered Taxes are required to be withheld from any amounts payable to Administrator or Lender, the amounts so payable to Administrator or Lender shall be increased to the extent necessary to yield to Administrator or Lender (after payment of all taxes) all such amounts payable hereunder at the rates or in the amounts specified herein. Whenever any Covered Taxes are payable by Borrower or Servicer, as promptly as possible thereafter, Borrower or Servicer shall send to Administrator for its own account or for the account of Lender, as the case may be, a certified copy of an original official receipt received by Borrower or Servicer showing payment thereof. If Borrower or Servicer fails to pay any Covered Taxes when due to the appropriate taxing authority or fails to remit to Administrator the required documentary evidence, Borrower or Servicer shall indemnify Administrator and Lender for such Covered Taxes and any incremental taxes that may become payable by Administrator or Lender as a result of any such failure.

(b) At least five (5) Business Days prior to the first date on which any payments, including discount or Fees, are payable hereunder for the account of Lender, if Lender is not incorporated under the laws of the United States, Lender agrees to deliver to each of Borrower and Administrator two (2) duly completed copies of (i) United States Internal Revenue Service Form 1001 or 4224 (or successor applicable form) certifying that such Lender is entitled to receive payments hereunder without deduction or withholding of any United States federal income taxes or (ii) United States Internal Revenue Service Form W-8 or W-9 (or successor applicable form) to establish an exemption from United States backup withholding tax. Lender shall replace or update such forms as is necessary or appropriate to maintain any applicable exemption or as is requested by Administrator or Borrower. If Lender does not deliver the forms described in this Section 6.3(b), Borrower or Administrator shall withhold United States federal income taxes from any payments made hereunder at the statutory rate applicable to payments

made to Lender. Lender agrees to indemnify and hold Borrower and Administrator harmless for any United States federal income taxes, penalties, interest and other costs and losses incurred or payable by Borrower or Administrator as a result of either (A) Lender's failure to submit any form required to be provided pursuant to this Section 6.3(b) or (B) Borrower's or Administrator's reliance on any form that Lender has provided pursuant to this Section 6.3(b).

#### ARTICLE VII

##### CONDITIONS TO BORROWING

The making of any Loan hereunder is subject to the following conditions precedent:

###### SECTION 7.1 INITIAL LOAN.

The obligation of Lender to make the initial Loan hereunder is, in addition to the conditions precedent specified in Section 7.2, subject to the condition precedent that Administrator shall have received all of the following, each duly executed and dated the date of such Loan (or such earlier date as shall be satisfactory to Administrator), in form and substance satisfactory to Administrator:

(a) Resolutions. Certified copies of resolutions of the Board of Directors of Borrower and Toro authorizing or ratifying the execution, delivery and performance, respectively, of the Transaction Documents to which it is a party, together with a certified copy of its articles or certificate of incorporation and by-laws.

(b) Consents, etc. Certified copies of all documents evidencing any necessary corporate action, consents and governmental approvals (if any) with respect to the Transaction Documents.

(c) Incumbency and Signatures. A certificate of the Secretary or an Assistant Secretary of each of Borrower and Toro certifying the names of its officer or officers authorized to sign the Transaction Documents to which it is a party.

(d) Good Standing Certificates. Good standing certificates for Borrower and Toro issued as of a recent date acceptable to Administrator by (i) the Secretary of State of the jurisdiction of such Person's incorporation or organization, and (ii) the Secretary of State of the jurisdiction where such Person's chief executive office and principal place of business are located.

(e) Financing Statements. (i) Acknowledgment copies of proper financing statements (Form UCC-1), filed on or prior to the date of the initial Loan, naming Borrower as debtor and Administrator (for the benefit of the Secured Parties) as the secured party as may be necessary or, in the opinion of Administrator, desirable under the UCC to perfect Administrator's (for the benefit of the Secured Parties) security interest in the Collateral, (ii) acknowledgment copies of proper financing statements, filed on or prior to the date of the initial Loan, naming Toro as seller/debtor, Borrower as purchaser/secured party and Administrator as assignee as may be necessary or, in the opinion of Administrator, desirable under the UCC to perfect Borrower's ownership interest in the Receivables and (iii) executed copies of proper Uniform Commercial

Code Form UCC-3 termination statements, if any, necessary to release all Liens upon or with respect to the Collateral granted by Borrower or the Originator.

(f) Search Reports. A written search report ("Search Report") provided to Administrator by a search service acceptable to Administrator listing all effective financing statements that name Borrower or the Originator as debtor or assignor and that are filed in the jurisdictions in which filings were made pursuant to Section 7.1(e) above and in such other jurisdictions that Administrator shall reasonably request, together with copies of such financing statements (none of which shall cover any Collateral or interests therein or proceeds of any thereof), and tax and judgment lien search reports from a Person satisfactory to Administrator showing no evidence of such lien filed against Borrower or the Originator.

(g) Fee Letter; Payment of Fees. The Fee Letter, together with all outstanding Fees payable pursuant to the Fee Letter.

(h) Receivables Purchase Agreement. (i) Duly executed and delivered counterparts of the Receivables Purchase Agreement and all documents, agreements and instruments contemplated thereby, and (ii) evidence that each of the conditions precedent to the execution and delivery of the Receivables Purchase Agreement has been satisfied to Administrator's satisfaction, and that the initial assignments and transfers under the Receivables Purchase Agreement have been consummated.

(i) Opinions of Counsel. Opinions of counsel to Borrower, Servicer and the Originator in form and substance satisfactory to Administrator.

(j) Lender Note. Lender Note, duly executed by Borrower.

(k) Borrowing Base Certificate. A certificate, substantially in the form of Exhibit D (a "Borrowing Base Certificate"), duly executed by an officer of Borrower (or the Servicer on its behalf) showing a calculation of the Borrowing Base as of the date of such initial Loan.

(l) Collection Account Agreements. The Collection Account Agreements, duly executed by all of the parties thereto.

(m) Releases. Releases and termination statements duly executed by each Person, other than Borrower, that has an interest in the Receivables.

(n) Other. Such other documents, certificates and opinions as Administrator may request.

#### SECTION 7.2 ALL LOANS.

The making of the initial Loan and each subsequent Loan are subject to the following further conditions precedent that:

(a) No Default, etc. (i) No Significant Event or Unmatured Significant Event has occurred and is continuing or will result from the making of such Loan, (ii) the representations and warranties of Borrower and Servicer contained in Article VIII are true and correct as of the

date of such requested Loan, with the same effect as though made on the date of such Loan, and (iii) after giving effect to such Loan, the aggregate unpaid balance of the Loans will not exceed the lesser of the Borrowing Base or the Facility Limit. By making a Borrowing Request, Borrower shall be deemed to have represented and warranted that items (i), (ii), and (iii) in the preceding sentence are true and correct.

(b) Borrowing Request, etc. Administrator shall have received a Borrowing Base Certificate and Borrowing Request for such Loan in accordance with Section 2.2, together with all items required to be delivered in connection therewith.

(c) Commitment Termination Date. The Commitment Termination Date shall not have occurred.

(d) Collateral Review. Administrator shall have received for all Loans subsequent to the initial Loan on the Closing Date the most-recent Collateral Review pursuant to Section 9.1(e)(vi).

#### ARTICLE VIII

##### REPRESENTATIONS AND WARRANTIES

In order to induce Lender and Administrator to enter into this Agreement and, in the case of Lender, to make Loans hereunder, Borrower hereby represents and warrants to Administrator and Lender as to itself as follows, and Servicer hereby represents and warrants to Lender and Administrator as to itself as follows:

###### SECTION 8.1 ORGANIZATION AND GOOD STANDING, ETC.

Each of Borrower's and Servicer's jurisdiction of organization is correctly set forth in the preamble to this Agreement. Each of Borrower and Servicer is duly organized and is a "registered organization" as defined in the UCC in effect in such jurisdiction. Each of Borrower and Servicer is validly existing and in good standing under the laws of its state of organization, with power and authority to own their respective properties and to conduct their respective businesses as such properties are presently owned and such businesses are presently conducted. Each of Borrower and Servicer is duly licensed or qualified to do business as a foreign entity in good standing in the jurisdiction where its principal place of business and chief executive office are located and in each other jurisdiction in which the failure to be so licensed or qualified has had, or would be reasonably likely to have a material adverse effect on its ability to pay or perform its obligations hereunder. Toro owns 100% of the capital stock of Borrower free and clear of any Lien.

###### SECTION 8.2 POWER AND AUTHORITY; DUE AUTHORIZATION.

Each of Borrower and Servicer has (a) all necessary power, authority and legal right to (i) execute, deliver and perform its obligations under this Agreement and each of the other Transaction Documents to which it is a party, and (ii) in the case of Borrower, to borrow on the terms and subject to the conditions herein provided, and (b) duly authorized, by all necessary action, the execution, delivery and performance of this Agreement and the other Transaction

Documents to which it is a party and, in the case of Borrower, the borrowing, and the granting of security therefor, on the terms and conditions provided herein. Servicer had at all relevant times, and now has, all necessary power, authority and legal right to perform its duties as Servicer.

#### SECTION 8.3 NO VIOLATION.

The consummation of the transactions contemplated by this Agreement and the other Transaction Documents and the fulfillment of the terms hereof and thereof will not (a) conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time or both) a default under, (i) the organizational documents of Borrower or Servicer, or (ii) any indenture, loan agreement, pooling and servicing agreement, receivables purchase agreement, mortgage, deed of trust, or other agreement or instrument to which Borrower or Servicer is a party or by which any of them or any of their respective properties is bound, (b) result in or require the creation or imposition of any Lien upon any of their respective properties pursuant to the terms of any such indenture, loan agreement, pooling and servicing agreement, receivables purchase agreement, mortgage, deed of trust, or other agreement or instrument, other than pursuant to the terms of the Transaction Documents, or (c) violate any law or any order, rule, or regulation applicable to Borrower or Servicer or of any court or of any federal, state or foreign regulatory body, administrative agency, or other governmental instrumentality having jurisdiction over Borrower, the Originator or Servicer or any of their respective properties.

#### SECTION 8.4 VALIDITY AND BINDING NATURE.

This Agreement is, and the other Transaction Documents to which it is a party when duly executed and delivered by Borrower or Servicer (as applicable) and the other parties thereto will be, the legal, valid and binding obligation of Borrower or Servicer (as applicable) enforceable in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally and by general principles of equity.

#### SECTION 8.5 GOVERNMENT APPROVALS.

No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body required for the due execution, delivery or performance by Borrower or Servicer of any Transaction Document to which it is a party remains unobtained or unfiled.

#### SECTION 8.6 SOLVENCY.

Borrower is Solvent.

#### SECTION 8.7 MARGIN REGULATIONS.

Neither Borrower or Servicer is engaged in the business of extending credit for the purpose of purchasing or carrying margin stock, and no proceeds of any loans, directly or indirectly, will be used for a purpose that violates, or would be inconsistent with, Regulations T, U and X promulgated by the Federal Reserve Board from time to time.

#### SECTION 8.8 QUALITY OF TITLE.

The Collateral, including, without limitation, the Receivables, in which a security interest is to be granted to Administrator (for the benefit of the Secured Parties) pursuant to this Agreement is owned by Borrower free and clear of any Lien. Borrower has a first priority perfected ownership interest in the Receivables. This Agreement creates a valid first priority security interest in favor of Administrator (for the benefit of the Secured Parties) in the Collateral, including without limitation the Receivables, which security interest has been perfected (free and clear of any Lien) as security for the Obligations. No effective financing statement or other instrument similar in effect covering any of the Collateral or any interest therein is on file in any recording office except for financing statements that may be filed (a) in favor of Administrator (for the benefit of the Secured Parties) in accordance with this Agreement, (b) in favor of Borrower in accordance with the Receivables Purchase Agreement, or (c) UCC-3 termination statements necessary to release all Liens of any Person in the Collateral granted by Borrower or the Originator. Borrower's jurisdiction of organization is a jurisdiction whose law generally requires information concerning the existence of a nonpossessory security interest to be made generally available in a filing, record or registration system as a condition or result of such a security interest's obtaining priority over the rights of a lien creditor which respect to collateral. Borrower is not aware of any judgment or tax lien filings against it.

#### SECTION 8.9 OFFICES.

The principal place of business and chief executive office of Borrower and Servicer is located at the address referred to on Schedule VI to this Agreement (or at such other locations, notified to Administrator in jurisdictions where all action required by Section 9.2(f) has been taken and completed).

#### SECTION 8.10 COMPLIANCE WITH APPLICABLE LAWS; LICENSES, ETC.

(a) Each of Borrower and Servicer is in compliance with the requirements of all applicable laws, rules, regulations, and orders of all governmental authorities, a breach of any of which, individually or in the aggregate, would be reasonably likely to have a material adverse effect on its ability to pay or perform its obligations hereunder.

(b) Neither Borrower nor Servicer has failed to obtain any licenses, permits, franchises or other governmental authorizations necessary to the ownership of its properties or to the conduct of its business, which violation or failure to obtain has had, or would be reasonably likely to have, a material adverse effect on its ability to pay or perform its obligations hereunder.

#### SECTION 8.11 NO PROCEEDINGS.

Except as described in Schedule IV,

(a) there is no order, judgment, decree, injunction, stipulation or consent order of or with any court or other government authority to which Borrower or Servicer is subject, and there is no action, suit, arbitration, regulatory proceeding or investigation pending, or, to the knowledge of Borrower or Servicer, threatened, before or by any court, regulatory body, administrative agency or other tribunal or governmental instrumentality, against Borrower or

Servicer that, individually or in the aggregate, has had, or is reasonably likely to have a material adverse effect on its ability to pay or perform its obligations hereunder; and

(b) there is no action, suit, proceeding, arbitration, regulatory or governmental investigation, pending or, to the knowledge of Borrower or Servicer, threatened, before or by any court, regulatory body, administrative agency, or other tribunal or governmental instrumentality (i) asserting the invalidity of this Agreement, Lender Note or any other Transaction Document, (ii) seeking to prevent the issuance of Lender Note or the consummation of any of the other transactions contemplated by this Agreement or any other Transaction Document or (iii) seeking to adversely affect the federal income tax attributes of Borrower.

SECTION 8.12 INVESTMENT COMPANY ACT, ETC.

Neither Borrower nor Servicer is an "investment company" within the meaning of the Investment Company Act of 1940, as amended, or a "holding company", or a "subsidiary company", of a "holding company", or an "affiliate" of a "holding company", or of a "subsidiary company" of a "holding company", within the meaning of the Public Utility Holding Company Act of 1935, as amended.

SECTION 8.13 ELIGIBLE RECEIVABLES.

Each Receivable included in the Borrowing Base as an Eligible Receivable on the date of any Borrowing Base Certificate, Monthly Report or any Loan shall be an Eligible Receivable on such date.

SECTION 8.14 ACCURACY OF INFORMATION.

All information heretofore furnished by, or on behalf of, Borrower or Servicer to Administrator or Lender in connection with any Transaction Document, or any transaction contemplated thereby, is true and accurate in every material respect (without omission of any information necessary to prevent such information from being materially misleading).

SECTION 8.15 NO MATERIAL ADVERSE EFFECT.

Since October 31, 2002, there has been no event or circumstance which has had, or could reasonably be expected to have, a material adverse effect on the ability of Borrower or Servicer to pay or perform its obligations hereunder.

SECTION 8.16 TRADE NAMES AND SUBSIDIARIES.

Borrower has not used any other names, trade names or assumed names for the six year period preceding the date of this Agreement. Borrower has no Subsidiaries and does not own or hold, directly or indirectly, any equity interest in any Person.

SECTION 8.17 ACCOUNTS.

Set forth in Schedule I hereto is a complete and accurate description, as of the Closing Date, of the Collection Account, the Lock-Box Accounts and the LockBoxes maintained by the

Originator, Borrower or Servicer for the purpose of receiving Collections with respect to Receivables. The Collection Account and each Lock-Box Account has been validly and effectively assigned to Administrator pursuant to this Agreement and the Collection Account Agreements. The Collection Account Agreements continue to be the legal, valid and binding obligations of the parties thereto, enforceable against such parties in accordance with their respective terms, and Borrower and Servicer acknowledge that all cash and other proceeds of the Receivables will be deposited in the Lock-Box Accounts Collection Account in accordance with this Agreement and are subject to the terms and conditions of this Agreement. None of the Originator, Servicer or Borrower has granted any interest in the Collection Account, any Lock-Box Account or any LockBox to any Person other than Administrator, and Administrator has exclusive control of the Collection Account, each Lock-Box Account and each LockBox.

SECTION 8.18 SALES BY ORIGINATOR.

Each sale of Receivables by the Originator to Borrower shall have been effected under, and in accordance with the terms of, the Receivables Purchase Agreement, including the payment by Borrower to the Originator of an amount equal to the purchase price therefor as described in the Receivables Purchase Agreement, and each such sale shall have been made for "reasonably equivalent value" (as such term is used under Section 548 of the Bankruptcy Code) and not for or on account of "antecedent debt" (as such term is used under Section 547 of the Bankruptcy Code) owed by Borrower to the Originator.

ARTICLE IX

COVENANTS OF BORROWER AND SERVICER

SECTION 9.1 AFFIRMATIVE COVENANTS.

From the date hereof until the first day, following the Commitment Termination Date, on which all Obligations shall have been finally and fully paid and performed, Borrower hereby covenants and agrees with Lender and Administrator that as to itself, and Servicer hereby covenants and agrees with Lender and Administrator as to itself, that it will:

(a) Compliance with Laws, Etc. Comply in all material respects with all applicable laws, rules, regulations and orders of all governmental authorities (including those which relate to the Receivables).

(b) Preservation of Corporate Existence. Preserve and maintain its existence, rights, franchises and privileges in the jurisdiction of its incorporation or organization, and qualify and remain qualified in good standing as a foreign entity in the jurisdiction where its principal place of business and its chief executive office are located and in each other jurisdiction where the failure to preserve and maintain such existence, rights, franchises, privileges and qualifications would have a material adverse effect on its ability to pay or perform its obligations hereunder.

(c) Performance and Compliance with Receivables. Timely and fully perform and comply with all provisions, covenants and other promises required to be observed by it under the Receivables and all other agreements related to such Receivables.

(d) Collection Policy. Comply in all material respects with the Collection Policy applicable to the Receivables.

(e) Reporting Requirements. Furnish to Administrator and Lender:

(i) Financial Statements.

(A) as soon as available, and in any event within 120 days after the end of each Fiscal Year of Borrower, a copy of the annual report for such Fiscal Year of Borrower including a copy of the balance sheet of Borrower, in each case, as at the end of such Fiscal Year, together with the related statements of income or operations, stockholders' equity and cash flows for such Fiscal Year, certified by the chief executive officer, chief financial officer or controller of Borrower (which certification shall state that such balance sheet and statements fairly present the financial condition and results of operations for such Fiscal Year in accordance with GAAP), together with a certificate of such officer stating that such officer has obtained no knowledge that a Significant Event or Unmatured Significant Event has occurred and is continuing, or if, in the opinion of such officer, such a Significant Event or Unmatured Significant Event has occurred and is continuing, a statement as to the nature thereof;

(B) as soon as available and in any event within 120 days after the end of each Fiscal Year of Toro, a copy of the audited consolidated balance sheet of Toro and its Subsidiaries as of the end of such year and the related statements of income or operations, stockholders' equity and cash flows for such year earnings in each case setting forth in comparative form the figures for the previous Fiscal Year, and accompanied by the opinion of KPMG LLP or another nationally recognized independent public accounting firm ("Independent Auditor") which report shall state that such consolidated financial statements present fairly the financial position for the period indicated in conformity with GAAP applied on a basis consistent with prior years. Such opinion shall not be qualified or limited because of a restricted or limited examination by the Independent Auditor of any material portion of Toro's or any of its Subsidiaries' records or with respect to Toro and its Subsidiaries as a going concern; and

(C) as soon as available and in any event within 50 days after the end of each of the first three fiscal quarters of each Fiscal Year a copy of the unaudited consolidated balance sheet of Toro and its Subsidiaries as of the end of such quarter and the related consolidated statements of income, stockholders' equity and cash flows for the period commencing on the first day and ending on the last day of such quarter and certified by a Responsible Officer as fairly presenting, in accordance with GAAP (subject to ordinary, good faith year-end audit adjustments), the financial position and the results of operations of Toro and its Subsidiaries delivery of which balance sheets and statements shall be accompanied by a certificate of such chief financial officer or controller to the effect that no Significant Event or Unmatured Significant Event has occurred and is continuing.

(ii) Monthly Reports. On or before the 9th day of each calendar month, or if such day is not a Business Day, on the next following Business Day (each, a "Reporting Date"), Servicer shall prepare and deliver to Administrator and Lender a report, substantially in the form of Exhibit C or in such other form acceptable to Administrator (a "Monthly Report"), as of the immediately preceding Month End Date signed by an authorized officer of Servicer.

(iii) Weekly Reports. On or before the first Business Day of each week, Servicer shall prepare and deliver to Administrator and Lender a Borrowing Base Certificate, as of the last Business Day of immediately preceding week.

(iv) Significant Events. As soon as possible but in any event within three days after any officer of Borrower or Servicer becomes aware of the occurrence of a Significant Event or an Unmatured Significant Event, or a Purchase Termination Event or Incipient Purchase Termination Event under (and as defined in) the Receivables Purchase Agreement, an officer's certificate of Borrower or Servicer, as the case may be, setting forth details of such event and the action that Servicer, Borrower or the Originator, as the case may be, proposes to take with respect thereto.

(v) Servicing Certificate. Servicer shall deliver, or cause to be delivered, to Administrator, on or before the date that is 120 days after the end of each Fiscal Year, an officer's certificate signed by the president, chief executive officer or any vice president of Servicer, dated as of the last day of the preceding Fiscal Year, stating that (A) a review of the activities of Servicer during the preceding Fiscal Year and of its performance under this Agreement has been made under such officer's supervision and (B) to the best of such officer's knowledge, based on such review, Servicer has fulfilled its obligations under the Agreement throughout such Fiscal Year and has complied in all respects with the Collection Policy, or, if there has been a default in the fulfillment of any such obligation, specifying each such default known to such officer and the nature and status thereof.

(vi) Collateral Review. As soon as possible, and in any event within 60 days after the Closing Date, and after each semi-annual period thereafter, a report of the independent certified public accountants of Toro (each such report, a "Collateral Review") which satisfies the requirements set forth on Schedule V.

(vii) Collection Policy. On or before February 28th of each year, a summary of any changes to the Collection Policy made during the previous year.

(viii) Fiscal Months. On or before July 31st of each calendar year, an updated Schedule VII, showing each of the Fiscal Months for the immediately succeeding fiscal year.

(ix) Sixty Day Period. Notice of the commencement of the Sixty Day Period at least three (3) Business Days prior to the commencement thereof.

(x) Other. Promptly, from time to time, such other information, documents, records or reports respecting the Collateral, the Receivables or the condition or

operations, financial or otherwise, of Borrower, the Originator or Servicer as Administrator may from time to time reasonably request in order to protect the interests of Administrator or Lender under or as contemplated by this Agreement or the other Transaction Documents.

(f) Use of Proceeds. Borrower shall use the proceeds of the Loans made hereunder solely in connection with (i) the acquisition or funding of Receivables, (ii) making Parent Loans subject to the terms and conditions contained herein and the other Transaction Documents and (iii) general corporate purposes, to the extent permitted herein.

(g) Separate Legal Entity. Borrower hereby acknowledges that Lender and Administrator are entering into the transactions contemplated by this Agreement and the other Transaction Documents in reliance upon Borrower's identity as a legal entity separate from any other Person. Therefore, from and after the date hereof, Borrower shall take all reasonable steps to continue Borrower's identity as a separate legal entity and to make it apparent to third Persons that Borrower is an entity with assets and liabilities distinct from those of any other Person, and is not a division of any other Person. Without limiting the generality of the foregoing and in addition to and consistent with the covenant set forth in Section 9.1(b), Borrower shall take such actions as shall be required in order that:

(i) Borrower will be a special purpose corporation whose primary activities are restricted in its certificate of incorporation to owning financial assets and financing the acquisition thereof and conducting such other activities as it deems necessary or appropriate to carry out its primary activities;

(ii) Not less than one member of Borrower's Board of Directors (the "Independent Director") shall be an individual who is not, and during the past five (5) years has not been, (A) a creditor, supplier, director, officer, employee, family member, manager or contractor of Servicer, the Originator or any of their respective Subsidiaries or Affiliates (other than Seller), (B) a direct or indirect or beneficial owner, excluding de minimus ownership interests, (at the time of such individual's appointment as an Independent Director or at any time thereafter while serving as an Independent Director) of any of the outstanding common shares of Borrower, Servicer, the Originator, or any of their respective Subsidiaries or Affiliates, having general voting rights, or (C) a person who controls (whether directly, indirectly or otherwise) Servicer, the Originator or any of their respective Subsidiaries or Affiliates (other than Seller) or any creditor, supplier, employee, officer, director, manager or contractor of Servicer, the Originator or any of their respective Subsidiaries or Affiliates (other than Seller).

(iii) Any employee, consultant or agent of Borrower will be compensated from funds of Borrower, as appropriate, for services provided to Borrower;

(iv) Borrower will allocate and charge fairly and reasonably overhead expenses shared with any other Person. To the extent, if any, that Borrower and any other Person share items of expenses such as legal, auditing and other professional services, such expenses will be allocated to the extent practical on the basis of actual use

or the value of services rendered, and otherwise on a basis reasonably related to the actual use or the value of services rendered;

(v) Borrower's operating expenses will not be paid by any other Person except as permitted under the terms of this Agreement or otherwise consented to by Administrator and Lender;

(vi) Borrower's books and records will be maintained separately from those of any other Person;

(vii) All audited financial statements of any Person that are consolidated to include Borrower will contain detailed notes clearly stating that (A) all of Borrower's assets are owned by Borrower, and (B) Borrower is a separate corporate entity;

(viii) Borrower's assets will be maintained in a manner that facilitates their identification and segregation from those of any other Person;

(ix) Borrower will strictly observe corporate formalities in its dealings with all other Persons, and funds or other assets of Borrower will not be commingled with those of any other Person;

(x) Borrower shall not, directly or indirectly, be named or enter into an agreement to be named, as a direct or contingent beneficiary or loss payee, under any insurance policy with respect to any amounts payable due to occurrences or events related to any other Person;

(xi) Any Person that renders or otherwise furnishes services to Borrower will be compensated thereby at market rates for such services it renders or otherwise furnishes thereto. Borrower will not hold itself out to be responsible for the debts of any other Person or the decisions or actions respecting the daily business and affairs of any other Person;

(xii) Borrower will operate its business and activities such that: it does not engage in any business or activity of any kind, or enter into any transaction or indenture, mortgage, instrument, agreement, contract, lease or other undertaking, other than the transactions contemplated and authorized by this Agreement and the Receivables Purchase Agreement; and does not hold out its credit as being available to satisfy the obligations of others, pledge its assets for the benefit of any other entity, make loans or advances to any other entity, acquire obligations or securities of any of its shareholders or otherwise create, incur, guarantee, assume or suffer to exist any indebtedness or other liabilities, whether direct or contingent, other than (A) as a result of the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business, (B) the incurrence of obligations under this Agreement, (C) the making of Parent Loans pursuant to the Receivables Purchase Agreement subject to the terms and conditions therein, and (D) the incurrence of operating expenses in the ordinary course of business of the type otherwise contemplated by this Agreement; and

(xiii) Borrower will maintain capitalization adequate for the conduct of its business.

(h) Liens on Receivables. Defend each Receivable against all claims and demands of all Persons at any time claiming the same or any interest therein adverse to Administrator and the Secured Parties.

(i) Further Assurances. At their expense, perform all acts and execute all documents reasonably requested by Administrator at any time to evidence, perfect, maintain and enforce the title or the security interest of Administrator in the Receivables and the priority thereof. Borrower will, at the reasonable request of Administrator, execute and deliver financing statements relating to or covering the Collateral and, where permitted by law, Borrower shall authorize Administrator to file one or more financing statements signed only by Administrator. Borrower and Servicer shall cause its computer records, master data processing records and other books and records relating to the Receivables to be marked, with a legend stating that the Receivables have been sold to Borrower and that the Collateral has been pledged to Administrator for the benefit of the Secured Parties.

(j) Servicing. Servicer shall use all reasonable measures to prevent or minimize any loss being realized on a Receivable and shall take all reasonable steps to recover the full amount of such loss. Servicer shall follow such practices and procedures for servicing the Receivables as would be customary and usual for a prudent servicer under similar circumstances, including using reasonable efforts to realize upon any recourse to the Obligor.

(k) Inspection. Servicer and Borrower shall permit Lender, Administrator or their duly authorized representatives, attorneys or auditors to inspect the Receivables, the Receivable Files, Documents and the related accounts, records and computer systems, software and programs used or maintained by Borrower or Servicer at such times as Lender or Administrator may reasonably request; provided, that all inspections occurring after a Significant Event has occurred shall be at the expense of Borrower. Upon instructions from Lender or Administrator, Borrower or Servicer shall release any Document to Lender or Administrator, as the case may be.

(l) Cooperation. Borrower and Servicer shall provide such cooperation, information and assistance, and prepare and supply Administrator with such data regarding the performance by the Obligor of their obligations under the Receivables and the performance by Borrower and Servicer of their respective obligations under the Transaction Documents, as may be reasonably requested by Administrator from time to time.

(m) Facility. Servicer shall maintain its facility from which it services the Receivables in its present condition, ordinary wear and tear excepted, or such other facility of similar quality, security and safety as Servicer may select from time to time. Servicer shall make all property tax payments, lease payments and all other payments with respect to such facility. Servicer shall (i) ensure that Administrator shall have complete and unrestricted access, at Servicer's expense, to such facility and all computers and other systems relating to the servicing of the Receivables and all persons employed at such facility, (ii) use its best efforts to retain employees based at such facility to provide assistance to Administrator and (iii) continue to store

on a daily basis all back-up files relating to the Receivables and the servicing of the Receivables at the facilities of the Originator, or such other storage facility of similar quality, security and safety as Servicer may select from time to time, in the case of each of clauses (i), (ii) and (iii) until the receipt of all Collections in respect of all Receivables or all Receivables have been written off in accordance with the Collection Policy.

(n) Accounts. Borrower shall not maintain any bank accounts other than the Collection Account and each Lock-Box Account described on Schedule I. Except as set forth in the last sentence of Section 11.2(c)(ii) Borrower shall not make, nor will it permit the Originator or Servicer to make, any change in its instructions to Obligors regarding payments to be made to a LockBox or Lock-Box Account or permit any funds other than Collections be deposited into any LockBox, Lock-Box Account or the Collection Account. Neither Borrower nor Servicer shall, nor will it permit the Originator to, add any Collection Account Bank, Lock-Box Bank or Collection Account, to those listed on Schedule I unless Administrator shall have consented thereto and received a copy of any new duly executed Collection Account Agreement. Neither Borrower nor Servicer shall, nor will it permit the Originator to, terminate any Collection Account Bank or close any Collection Account or Lock-Box Account unless Administrator shall have received at least thirty (30) days prior notice of such termination.

#### SECTION 9.2 NEGATIVE COVENANTS OF BORROWER AND SERVICER.

From the date hereof until the first day, following the Commitment Termination Date, on which all Obligations shall have been finally and fully paid and performed, each of Borrower and Servicer hereby covenants and agrees.

(a) Sales, Liens, Etc. Except pursuant to, or as contemplated by, the Transaction Documents, Borrower shall not sell, assign (by operation of law or otherwise) or otherwise dispose of, or create or suffer to exist voluntarily or, for a period in excess of 5 days, involuntarily any Liens upon or with respect to any of its assets, including, without limitation, the Collateral, any interest therein or any right to receive any amount from or in respect thereof.

(b) Mergers, Acquisitions, Sales, Subsidiaries, Etc.

(i) Certain Restrictions on Borrower. Borrower shall not:

(A) be a party to any merger or consolidation, or directly or indirectly purchase or otherwise acquire all or substantially all of the assets or any stock of any class of, or any partnership or joint venture interest in, any other Person, except for Permitted Investments, or sell, transfer, assign, convey or lease any of its property and assets (or any interest therein) other than pursuant to, or as contemplated by, this Agreement or the other Transaction Documents;

(B) make, incur or suffer to exist an investment in, equity contribution to, loan or advance to, or payment obligation in respect of the deferred purchase price of property from, any other Person, except for Permitted Investments or pursuant to the Transaction Documents;

(C) create any direct or indirect Subsidiary or otherwise acquire direct or indirect ownership of any equity interests in any other Person other than pursuant to the Transaction Documents; or

(D) enter into any transaction with any Affiliate except for the transactions contemplated by the Transaction Documents and other transactions upon fair and reasonable terms materially no less favorable to Borrower than would be obtained in a comparable arm's length transaction with a Person not an Affiliate.

(c) Change in Business Policy; Change in Collection Policy. Borrower shall not make any change in the character of its business or permit Toro to cease to own 100% of the capital stock of Borrower free and clear of any Lien. Neither Borrower nor Servicer shall make any material adverse change to the Collection Policy without giving the Administrator at least thirty (30) days prior notice to the effectiveness thereof and obtaining the written consent of the Administrator prior to the effectiveness of any such change.

(d) Other Indebtedness. Borrower shall not incur any Indebtedness to any Person other than pursuant to this Agreement, the Receivables Purchase Agreement or otherwise in connection with a transaction involving Lender, Bank, any Credit Bank, any Liquidity Bank or any other Persons providing liquidity or credit support to Lender.

(e) Certificate of Incorporation and By-Laws. Borrower shall not amend its certificate of incorporation or by-laws without the prior written consent of the Administrator.

(f) Chief Executive Office and Corporate Status. The principal place of business and chief executive office of each of Borrower and Servicer is located at the address referred to on Schedule VI to this Agreement. Originals or duplicates of documents and records evidencing all Receivables are kept at, and only at, said offices, and neither Borrower nor Servicer shall move its chief executive office or permit the documents and records evidencing the Receivables to be moved unless (i) Borrower or Servicer, as the case may be, shall have given to Administrator prior written notice thereof, clearly describing the new location, and (ii) Borrower shall have taken such action, satisfactory to Administrator, to maintain the title or ownership of Borrower and any security interest of Administrator in the Collateral at all times fully perfected and in full force and effect. Servicer shall not, in any event, move the location where it conducts the servicing and collection of the Receivables from the address referred to on Schedule VI to this Agreement, without the prior written consent of Administrator, which consent shall not be unreasonably withheld. Borrower will not change (A) its name as it appears in official filings in the jurisdiction of its organization, (B) its status as a "registered organization" (within the meaning of Article 9 of any applicable enactment of the UCC), (C) its organizational identification number, if any, issued by its jurisdiction of organization, or (iii) its jurisdiction of organization unless it shall have: (A) given Administrator at least forty-five (45) days' prior written notice thereof; (B) at least ten (10) days prior to such change, delivered to Administrator all financing statements, instruments and other documents requested by Administrator in connection with such change or relocation and (C) caused an opinion of counsel acceptable to Administrator and the Secured Parties to be delivered to Administrator on behalf of the Secured Parties that Administrator's security interest (for the benefit of the Secured Parties) is perfected

and of first priority, such opinion to be in form and substance acceptable to Administrator and the Secured Parties in their sole discretion.

(g) Financing Statements. Borrower shall not execute any effective financing statement (or similar statement or instrument of registration under the laws of any jurisdiction) or statements relating to any Receivables other than the financing statements described in Section 7.1(e).

(h) Business Restrictions. Borrower shall not (i) engage in any business or transactions, or be a party to any documents, agreements or instruments, other than the Transaction Documents or those incidental to the purposes thereof, or (ii) make any expenditure for any assets (other than Receivables) if such expenditure, when added to other such expenditures made during the same calendar year would, in the aggregate, exceed \$10,500; provided, however, that the foregoing will not restrict Borrower's ability to pay servicing compensation as provided herein and, so long as no Significant Event or Unmatured Significant Event shall have occurred and be continuing, and that Borrower's tangible net worth, after giving effect thereto, shall not be less than \$2,250,000, Borrower's ability to make Parent Loans or other payments or distributions legally made to Borrower's equity owners; provided, further, that no Parent Loans shall be made by Borrower, if after giving effect thereto, the Parent Loan Conditions shall not be satisfied.

## ARTICLE X

### SIGNIFICANT EVENTS AND THEIR EFFECT

#### SECTION 10.1 EVENTS OF DEFAULT.

Each of the following shall constitute an Event of Default (an "Event of Default") under this Agreement:

(a) Non-Payment of Loans, Etc. Borrower shall fail to make any payment when due of any principal or interest on any Loan, or payment of any other amount payable by Borrower hereunder, including, without limitation, interest on any Loan or any Fees, or shall fail to make any deposit required to be made hereunder when due and such failure shall continue for three Business Days.

(b) Non-Compliance with Other Provisions. (i) Borrower shall fail to perform or observe any term, covenant or agreement contained in Section 9.1(e)(ii), Section 9.1(e)(iii), Section 9.1(e)(v) or Section 9.1(e)(vi) or (ii) Borrower shall fail to perform or observe any term, covenant or agreement contained in this Agreement (except as otherwise described in this Section 10.1) or any other Transaction Document on its part to be performed or observed and, solely with respect to this clause (ii), any such failure shall remain unremedied for thirty days.

(c) Breach of Representations and Warranties. Any representation or warranty of Borrower made or deemed to have been made hereunder or in any other Transaction Document or any other writing or certificate furnished by or on behalf of Borrower to Administrator or Lender for purposes of or in connection with this Agreement or any other Transaction Document shall prove to have been false or incorrect when made or deemed to have been made; provided,

however to the extent that a breach of a representation or warranty has occurred with respect to any Receivable and either (i) a deposit to the Collection account has previously been made pursuant to Section 4.6 or (ii) such deposit is not yet due pursuant to the terms of Section 4.6, no Event of Default shall occur pursuant to this paragraph (c).

(d) Bankruptcy. An Event of Bankruptcy shall have occurred and remained continuing with respect to Borrower.

(e) Tax Liens. The IRS shall file notice of a lien pursuant to Section 6323 of the Code with regard to any of the Receivables or Related Security or other assets of Borrower and such lien shall not have been released within seven (7) Business Days or the PBGC shall, or shall indicate its intention to, file notice of a lien pursuant to Section 4068 of ERISA with regard to any of the Receivables or Related Security or other assets of Borrower.

(f) ERISA. (i) An ERISA Event shall occur with respect to a Pension Plan or Multiemployer Plan which has resulted or could reasonably be expected to result in liability of Servicer, Borrower or the Originator under Title IV of ERISA to the Pension Plan, Multiemployer Plan or the PBGC in an aggregate amount in excess of \$10,000,000; (ii) the aggregate amount of Unfunded Pension Liability among all Pension Plans at any time exceeds \$10,000,000; or (iii) Servicer, Borrower, the Originator or any ERISA Affiliate thereof shall fail to pay when due, after the expiration of any applicable grace period, any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan in an aggregate amount in excess of \$10,000,000.

#### SECTION 10.2 AMORTIZATION EVENTS.

Each of the following shall constitute an Amortization Event (an "Amortization Event") under this Agreement:

(a) Servicer Event of Default. A Servicer Event of Default shall have occurred and remained continuing.

(b) Borrowing Base Deficit. A Borrowing Base Deficit shall exist and Borrower shall fail to make a prepayment pursuant to Section 4.1(d) or otherwise cause sufficient funds to remedy such Borrowing Base Deficit to be deposited in the Collection Account pursuant to Section 11.2(d)(v) for three Business Days.

(c) Default Ratio. The Default Ratio shall be equal to or exceed 8.0% on a rolling three month average basis.

(d) Delinquency Ratio. The Delinquency Ratio shall be equal to or exceed 8.0% on a rolling three month average basis.

(e) Dilution Ratio. The Dilution Ratio shall be equal to or exceed 8.5% on a rolling three month average basis.

(f) Accounts Receivable Turnover Ratio. The Accounts Receivable Turnover Ratio is less than 5.16 for any Due Period.

(g) Event of Default. An Event of Default shall have occurred and remained continuing;

(h) Validity of Transaction Documents. (i) Any Transaction Document, or any lien or security interest granted thereunder, shall (except in accordance with its terms), in whole or in part, terminate, cease to be effective or cease to be the legally valid, binding and enforceable obligation of Borrower, Servicer or the Originator which is a party to such Transaction Document, (ii) Borrower, the Originator or Servicer shall, directly or indirectly, contest in any manner such effectiveness, validity, binding nature or enforceability or (iii) any security interest securing any Obligation shall, in whole or in part, cease to be a perfected first priority security interest.

#### SECTION 10.3 EFFECT OF SIGNIFICANT EVENT.

(a) Optional Termination. Upon the occurrence of a Significant Event (other than an Event of Default described in Section 10.1(d) or a Servicer Event of Default described in Section 11.7(g)), Administrator may, and at the request of Lender shall, by notice to Borrower (a copy of which shall be promptly forwarded by Administrator to each Rating Agency), declare all or any portion of the outstanding principal amount of the Loans and other Obligations to be due and payable and/or Lender's Commitment (if not theretofore terminated) to be terminated by declaring the Commitment Termination Date to have occurred, whereupon the full unpaid amount of such Loans and other Obligations which shall be so declared due and payable shall be and become immediately due and payable, without further notice, demand or presentment, and/or, as the case may be, Lender's Commitment shall terminate.

(b) Automatic Termination. Upon the occurrence of an Event of Default described in Section 10.1(d) or a Servicer Event of Default described in Section 11.7(g)), the Commitment Termination Date shall be deemed to have occurred automatically, and all outstanding Loans and all other Obligations shall become immediately and automatically due and payable, all without presentment, demand, protest, or notice of any kind.

(c) Notice to Rating Agencies. Administrator shall notify each Rating Agency of the occurrence of any continuing Significant Event, promptly following its actual knowledge thereof.

ARTICLE XI

THE SERVICER

SECTION 11.1 TORO AS INITIAL SERVICER.

The servicing, administering and collection of the Receivables shall be conducted by the Person designated from time to time as Servicer hereunder. Until such time as Administrator shall notify Toro in writing pursuant to Section 11.6 hereof of the revocation of such power and authority, Borrower, Lender and Administrator hereby appoint Toro, and Toro hereby agrees to act, as Servicer hereunder.

SECTION 11.2 CERTAIN DUTIES OF SERVICER.

(a) Authorization to Act as Borrower's Agent. Borrower hereby appoints Servicer as its agent for the following purposes: (i) selecting the amount of each requested Loan and executing Borrowing Requests on behalf of Borrower, (ii) making transfers among, deposits to and withdrawals from all deposit accounts of Borrower for the purposes described in the Transaction Documents, (iii) arranging payment by Borrower of all Fees, expenses, other Obligations and other amounts payable under the Transaction Documents, (iv) causing the repayment and prepayment of the Loans as required or permitted pursuant to Section 4.1 and (v) executing and preparing the Monthly Reports and Weekly Reports; provided, however, that Servicer shall act in such capacity only as an agent of Borrower and shall incur thereby no additional obligations with respect to any Loan. Borrower irrevocably agrees that (A) it shall be bound by all proper actions taken by Servicer pursuant to the preceding sentence, and (B) Lender, Administrator and the banks holding all deposit accounts of Borrower are entitled to accept submissions, determinations, selections, specifications, transfers, deposits and withdrawal requests, and payments from Servicer on behalf of Borrower.

(b) Toro to Act as Servicer. (i) Servicer shall service and administer the Receivables on behalf of Borrower and Administrator (for the benefit of the Secured Parties) and shall have full power and authority, acting alone and/or through subservicers as provided in Section 11.2(b)(iii), to do any and all things which it may deem reasonably necessary or desirable in connection with such servicing and administration and which are consistent with this Agreement. Consistent with the terms of this Agreement, Servicer may waive, modify or vary any term of any Receivable or consent to the postponement of strict compliance with any such term or in any manner, grant indulgence to any Obligor if, in Servicer's reasonable determination, such waiver, modification, postponement or indulgence is not materially adverse to the interests of Borrower or Administrator (for the benefit of the Secured Parties); provided, however, that Servicer may not permit any modification with respect to any Receivable that would reduce the Unpaid Balance (except for actual payments thereof), or extend the due date thereof, except that Servicer may take such actions with respect to Defaulted Receivables if such actions will, in Servicer's reasonable business judgment, maximize the Collections thereof. Without limiting the generality of the foregoing, Servicer in its own name or in the name of Borrower is hereby authorized and empowered by Borrower when Servicer believes it appropriate in its best judgment to execute and deliver, on behalf of Borrower, any and all instruments of satisfaction or cancellation, or of

partial or full release or discharge and all other comparable instruments, with respect to the Receivables.

(ii) Servicer shall service and administer the Receivables by employing such procedures (including collection procedures) and degree of care, in each case consistent with applicable law, with the Collection Policy and with prudent industry standards, as are customarily employed by Servicer in servicing and administering receivables owned or serviced by Servicer comparable to the Receivables. Servicer shall not take any action to impair Administrator's (for the benefit of the Secured Parties) security interest in any Receivable, except to the extent allowed pursuant to this Agreement or required by law.

(iii) Servicer may perform any of its duties pursuant to this Agreement, including those delegated to it pursuant to this Agreement, through subservicers appointed by Servicer, provided that such subservicing arrangements may be terminated, at Administrator's discretion, upon the replacement of Toro as Servicer. Such subservicers may include Affiliates of Servicer. Notwithstanding any such delegation of a duty, Servicer shall remain obligated and liable for the performance of such duty as if Servicer were performing such duty.

(iv) Servicer may take such actions as are necessary to discharge its duties as Servicer in accordance with this Agreement, including the power to execute and deliver on behalf of Borrower such instruments and documents as may be customary, necessary or desirable in connection with the performance of Servicer's duties under this Agreement (including consents, waivers and discharges relating to the Receivables).

(v) Servicer shall keep separate records covering the transactions contemplated by this Agreement, including the identity and collection status of each Receivable purchased by Borrower from the Originator and the Originator Payables.

(c) Collections. (i) On or prior to the Closing Date, Borrower and Servicer shall have established and shall maintain thereafter the following system of collecting and processing Collections of Receivables. Each Obligor shall be instructed to make payments of Receivables by wire transfer to a Lock-Box Account or the Collection Account or by check mailed to a post office box listed on Schedule I (each a "LockBox" and collectively, the "LockBoxes")(such payments, upon receipt in a LockBox being referred to herein as "Mail Payments").

(ii) On or prior to the Closing Date, Administrator shall have received a consent to assignment of the assignment of each LockBox and Lock-Box Bank to Administrator. Servicer's right of access thereto shall be revocable at the option of Administrator upon the occurrence of Unmatured Significant Event or Significant Event. In addition, after the occurrence of any Unmatured Significant Event or any Significant Event, Servicer agrees that it shall, upon the written request of Administrator, notify all Obligors under Receivables to make payment thereof to (A) one or more bank accounts and/or post-office boxes designated by Administrator and specified in such notice or (B) any successor Servicer appointed hereunder.

(iii) Servicer shall remove all Mail Payments, or cause all Mail Payments to be removed, from each LockBox and Lock-Box Account by the close of business on each Business Day and deposited into the Collection Account. Servicer shall cause all payments received directly by Servicer or otherwise to be deposited in the Collection Account within one (1) Business Day after receipt thereof. Servicer shall process all such Mail Payments, and all wire transfers, ACH payments and other payments on the date received by recording the amount of the payment received from the Obligor and the applicable account or invoice number.

(iv) All Collections received by the Originator or Servicer in respect of Receivables will, pending remittance to the Collection Account as provided herein, be held by the Originator or Servicer in trust for the exclusive benefit of Administrator, and shall not be commingled with any other funds or property of the Originator or Servicer.

(v) Borrower and Servicer hereby irrevocably waive any right to set off against, or otherwise deduct from, any Collections.

(vi) In performing its duties and obligations hereunder, Servicer (A) shall not impair the rights of Borrower or Administrator in any Receivable, (B) shall not amend the terms of any Receivable other than in accordance with the Collection Policy and this Agreement, and (C) shall be entitled to commence or settle any legal action to enforce collection of any Receivable. In the event that Servicer shall breach any of its covenants set forth in clause (A), (B) or (C) of this Section 11.2(c)(vi), Servicer shall pay the Unpaid Balance of each Receivable affected thereby on the Distribution Date following the Due Period in which such event occurs. For the purposes of Section 11.7 hereof, Servicer shall not be deemed to have breached its obligations under this Section 11.2(c)(vi) unless it shall fail to make such payment with respect to any Receivable affected by Servicer's noncompliance with clause (A), (B) or (C) of this Section 11.2(c)(vi).

(vii) All payments or other amounts collected or received by Servicer in respect of a Receivable shall be applied to the Unpaid Balance of such Receivable.

(d) Collection Account. (i) On any Business Day, Borrower may withdraw, or permit Servicer to withdraw funds that are on deposit in the Collection Account for any purpose or use permitted hereby, including, without limitation, making Parent Loans, paying the purchase price of Receivables acquired by Borrower under the Receivables Purchase Agreement, paying any dividends on its shares of capital stock and making any distribution to stockholders, provided that (A) no Significant Event or Unmatured Significant Event has occurred and is continuing and (B) the Commitment Termination Date has not occurred. On the first Business Day of each week, the Servicer shall deliver a certificate to Administrator, which certificate shall be substantially in the form of Exhibit H hereto and which shall certify to the Administrator that (1) the requirements set forth in clauses (A) and (B) of the immediately preceding sentence were satisfied with respect to each withdrawal made from the Collection Account on any day during the immediately preceding week and (2) after giving effect to all withdrawals made during the immediately preceding week, no Borrowing Base Deficit exists or has occurred and, as of the

last day of the previous week, there were funds in the Collection Account at least equal to the interest on the Loans and the Fees accrued through such date.

(ii) Prior to 3:00 p.m., New York time, on the Business Day preceding each Distribution Date (a "Deposit Date"), the Servicer shall deposit or cause to be deposited in the Collection Account, to the extent not already on deposit therein, an amount equal to, without duplication, the lesser of (A) (1) the aggregate amount of all Collections received during the immediately preceding Due Period, plus (2) the aggregate amounts due from Servicer on such Distribution Date pursuant to Section 11.2(c)(vi) hereof, plus (3) the aggregate amount of Originator Payables paid on such Distribution Date and (B) the amounts due on such Distribution Date pursuant to clauses first through sixth of Section 4.2(b), and the remainder of the Collections from such Due Period shall be applied pursuant to the Receivables Purchase Agreement, provided that if a Significant Event or Unmatured Significant Event shall exist on such Distribution Date or the Commitment Termination Date has occurred, then the Servicer shall deposit all of the amounts described in this Section 11.2(d)(ii) in the Collection Account on such Deposit Date.

(iii) Servicer shall distribute the amounts on deposit in the Collection Account in accordance with Section 4.2 hereof.

(iv) Funds deposited in the Collection Account may be invested by Servicer in Permitted Investments that mature not later than the Business Day next preceding the Distribution Date. All income, gain or losses realized from any such investment shall be credited or debited (as applicable) to the balance of the Collection Account. Servicer shall have no obligation to reimburse the Collection Account for any losses realized by reason of such investments.

(v) On any day on which a Borrowing Base Deficit shall exist, the Servicer shall cause an amount of Collections equal to such Borrowing Base Deficit to be set aside and retained in the Collection Account for application in accordance with this subsection (d). Such funds shall be held in the Collection Account until the earlier of (A) any prepayment made pursuant to the provisions of Section 4.1(d) and (B) any payment made pursuant to the provisions of Section 4.2(a) or 4.2(b), as the case may be.

#### SECTION 11.3 SERVICING COMPENSATION.

Servicer, as compensation for its activities hereunder, shall be entitled to receive the Servicing Fee, which shall be payable by Borrower on each Distribution Date from funds on deposit in the Collection Account in accordance with Section 4.2. Servicer shall be required to pay all expenses incurred by it in connection with its servicing activities hereunder (including payment of the fees and expenses of any subservicer) and shall not be entitled to reimbursement therefor except as specifically provided herein.

#### SECTION 11.4 AGREEMENT NOT TO RESIGN.

Toro acknowledges that Lender and Administrator have relied on Toro's agreement to act as Servicer hereunder in their respective decisions to execute and deliver the respective

Transaction Documents to which they are parties. In recognition of the foregoing, Toro agrees not to resign as Servicer voluntarily, except as required by law (as evidenced by the delivery of an outside opinion of counsel to Administrator, in form and substance satisfactory to Administrator), without the prior written consent of Administrator.

SECTION 11.5 DESIGNATION OF SERVICER.

Borrower agrees not to designate any Person other than Toro as Servicer without the prior written consent of Administrator.

SECTION 11.6 TERMINATION.

The authorization of Servicer to act on behalf of Borrower under this Agreement and the other Transaction Documents shall terminate at the sole discretion of Administrator upon the replacement of Servicer by a successor Servicer selected by Administrator.

SECTION 11.7 SERVICER EVENTS OF DEFAULT.

Each of the following shall constitute a Servicer Event of Default (a "Servicer Event of Default") under this Agreement:

(a) failure by the Servicer to make any payments required to be made by it hereunder on the day on which such payment is required to be made and such failure continues for three Business Days;

(b) (i) failure to perform or observe any term, covenant or agreement contained in Section 9.1(e)(ii), Section 9.1(e)(iii), Section 9.1(e)(v) or Section 9.1(e)(vi) or (ii) failure to perform or observe any term, covenant or agreement contained in this Agreement (except as otherwise described in this Section 11.7) or any other Transaction Document on its part to be performed or observed and, solely with respect to this clause (ii), any such failure shall remain unremedied for thirty days;

(c) failure on the part of the Servicer to observe or perform in any respect any other covenants or agreements of the Servicer contained herein which continues unremedied for a period of 30 days;

(d) the delegation by the Servicer of its duties hereunder other than to any subservicer as expressly authorized hereby;

(e) any representation, warranty or certification made by the Servicer herein proves to have been incorrect when made; provided however to the extent that a breach of representation or warranty has occurred with respect to any Receivable and either (i) a deposit to the Collection Account has previously been made pursuant to Section 4.6 or (ii) such deposit is not yet due pursuant to the terms of Section 4.6, no Servicer Event of Default shall occur pursuant to this paragraph (e);

(f) so long as Toro shall be the Servicer the Consolidated Tangible Net Worth of Toro shall be less than or equal to \$100,000,000;

(g) an Event of Bankruptcy shall have occurred with respect to the Servicer or the Originator;

(h) a final judgment or judgments for the payment of money in excess of \$10,500 in the aggregate shall have been rendered against Borrower or \$10,000,000 in the aggregate shall have been rendered against Toro and the same shall have remained unsatisfied and in effect, without stay of execution, for a period of thirty consecutive days after the period for appellate review shall have elapsed;

(i) Toro shall fail to pay any Indebtedness in excess of \$10,000,000 when due, or a default shall have occurred and be continuing with respect to any such Indebtedness which default results in, or would permit, the acceleration of such Indebtedness;

(j) The IRS shall file notice of a lien pursuant to Section 6323 of the Code with regard to any of the assets of Toro, and such lien shall not have been released within seven (7) Business Days or PBGC shall, or shall indicate its intention to, file a notice of lien pursuant to Section 4068 of ERISA with regard to any of the assets of Toro;

(k) so long as Toro shall be the Servicer, Toro shall, on a consolidated basis, permit its Consolidated Interest Coverage Ratio, as at the end of each fiscal quarter for the four consecutive fiscal quarters then ended, to fall below 2.0 to 1.0; or

(l) so long as Toro shall be the Servicer, Toro shall, on a consolidated basis, permit its consolidated ratio of total Indebtedness to total Indebtedness plus shareholders' equity to exceed (i) 0.60 to 1.0 as at the end of the first fiscal quarter of each Fiscal Year, (ii) 0.65 to 1.00 as at the end of the second fiscal quarter of each Fiscal Year, (iii) 0.60 to 1.0 as at the end of the third fiscal quarter of each Fiscal Year and (iv) 0.55 to 1.00 as at the end of each Fiscal Year.

At any time during the continuance of any Servicer Event of Default, Administrator may, in its sole discretion, notify Servicer in writing of the revocation of its appointment as Servicer hereunder. Upon revocation of Servicer's appointment hereunder, Administrator shall appoint a successor Servicer.

Servicer agrees that upon receipt of written notification from Administrator of the revocation of Servicer's appointment as Servicer hereunder, Servicer shall upon the written request of Administrator (which request may be contained in the notification of revocation) (i) notify all Obligor(s) under the Receivables to make payment thereof to a bank account(s) or post office box designated by Administrator and specified in such notice, and (ii) pay to Administrator (or its designee) immediately all Collections then held or thereafter received by Servicer or the Originator of Receivables, together with all other payment obligations of the Servicer hereunder owing to Lender or Administrator.

Servicer shall, at its sole cost and expense, cooperate with and assist the successor Servicer (including, without limitation, providing access to, and transferring, all Receivable Files and all records (including data-processing records) relating thereto (which shall be held in trust for the benefit of the parties hereto in accordance with their respective interests)) and allowing the successor Servicer to use all licenses, hardware or software necessary or desirable to collect the Receivables). Toro irrevocably agrees to act (if requested to do so) as the data-processing

agent for the successor Servicer (in substantially the same manner as Toro conducted such data-processing functions while it acted as Servicer).

## ARTICLE XII

### ADMINISTRATOR

#### SECTION 12.1 AUTHORIZATION AND ACTION.

Lender hereby appoints SunTrust Capital Markets, Inc. as its Administrator for purposes of the Transaction Documents and authorizes SunTrust Capital Markets, Inc. in such capacity to take such action on its behalf under each Transaction Document and to exercise such powers hereunder and thereunder as are delegated to SunTrust Capital Markets, Inc., as Administrator, by the terms hereof and thereof, together with such powers as are reasonably incidental thereto and SunTrust Capital Markets, Inc. hereby accepts such appointment and agrees to take such action as necessary in furtherance thereof.

#### SECTION 12.2 ADMINISTRATOR AND AFFILIATES.

Bank and any of its Affiliates may generally engage in any kind of business with Borrower, Bank, Servicer, any Obligor, any of their respective Affiliates and any Person who may do business with or own securities of Borrower, Bank, Servicer, any Obligor or any of their respective Affiliates, all as if SunTrust Capital Markets, Inc. were not Administrator and without any duty to account therefor to Lender.

## ARTICLE XIII

### ASSIGNMENTS

#### SECTION 13.1 RESTRICTIONS ON ASSIGNMENTS.

Neither Borrower nor Servicer may delegate any of its duties, or assign its rights, hereunder or any interest herein without the prior written consent of Administrator and Lender. Lender may not assign its rights hereunder, any Loan or Lender Note (or any portion thereof) to any Person without the prior written consent of Borrower; provided, however, that:

(a) Lender may assign, or grant a security interest in, all or any portion of the Loans and Lender Note to Credit Bank, any Liquidity Bank (or any successor of any thereof by merger, consolidation or otherwise), any Affiliate of Credit Bank or any Liquidity Bank in connection with a draw under the Liquidity Agreement or a Credit Advance (which may then assign all or any portion thereof so assigned or any interest therein to such party or parties as it may choose); and

(b) Lender may assign any Loan to any other Person proposed by Lender and consented to by Borrower (such consent not to be unreasonably withheld or delayed). Administrator shall promptly provide notice of any such assignment to each Rating Agency.

Within five Business Days after notice to Borrower of any proposed assignment by Lender for which Borrower's consent is required, Borrower agrees to advise Administrator of its consent or non-consent thereto. If Borrower does not consent to such assignment Lender may immediately assign the Loan (or portion thereof) that was subject to such proposal to Bank, any Liquidity Bank or any Affiliate of Bank or any Liquidity Bank. Subject to Section 13.2, all of the aforementioned assignments shall be upon such terms and conditions as Lender and the assignee may mutually agree.

SECTION 13.2 DOCUMENTATION.

Lender shall deliver to each assignee an assignment, in such form as Lender and the related assignee may agree, duly executed by Lender, assigning any such Loan to the assignee, and Lender shall promptly execute and deliver all further instruments and documents, and take all further action, that the assignee may reasonably request, in order to perfect, protect or more fully evidence the assignee's right, title and interest in and to such Loan, and to enable the assignee to exercise or enforce any rights hereunder or under Lender Note evidencing such Loan.

SECTION 13.3 RIGHTS OF ASSIGNEE.

Upon the foreclosure of any assignment of any Loans made for security purposes, or upon any other assignment of any Loan from Lender pursuant to this Article XIII, the respective assignee receiving such assignment shall have all of the rights of Lender hereunder to the extent of such assignment with respect to such Loans and all references to Lender in Section 6.1 shall be deemed to apply to such assignee to the extent of such assignment.

SECTION 13.4 NOTICE OF ASSIGNMENT.

Lender shall provide notice to Borrower of any assignment hereunder by Lender to any assignee. Lender authorizes Administrator to, and Administrator agrees that it shall, endorse Lender Note to reflect any assignments made pursuant to this Article XIII or otherwise.

ARTICLE XIV

INDEMNIFICATION

SECTION 14.1 GENERAL INDEMNITY OF BORROWER.

Without limiting any other rights which any such Person may have hereunder or under applicable law, Borrower hereby agrees to indemnify Administrator, Lender, Servicer, each Liquidity Bank, each Credit Bank, Bank, each of Bank's Affiliates and each of their respective successors, transferees, participants and assigns and all officers, directors, shareholders, controlling persons, employees and agents of any of the foregoing (each of the foregoing Persons being individually called an "Indemnified Party"), forthwith on demand, on an after-tax basis, from and against any and all damages, losses, claims, liabilities and related costs and expenses, including reasonable attorneys' fees and disbursements (all of the foregoing being collectively called "Indemnified Amounts") awarded against or incurred by any of them arising out of or relating to any Transaction Document or the transactions contemplated thereby, any commingling of funds (whether or not permitted hereunder), or the use of proceeds therefrom by

Borrower, including (without limitation) in respect of the funding of any Loan or in respect of any Receivable; excluding, however, (a) Indemnified Amounts to the extent determined by a court of competent jurisdiction to have resulted from gross negligence or willful misconduct on the part of such Indemnified Party and (b) any tax upon or measured by net income (except those described in Section 6.1(a)) on any Indemnified Party.

SECTION 14.2 INDEMNITY OF SERVICER.

Without limiting any other rights which any such Person may have hereunder or under applicable law, Toro as Servicer, hereby agrees to indemnify each Indemnified Party forthwith on demand, on an after-tax basis, from and against any and all Indemnified Amounts awarded against or incurred by any of them arising from, or related to, the negligence or willful misconduct of Toro, the inaccuracy of any representation or warranty of Toro, or the failure of Toro to perform its obligations under any Transaction Document; excluding, however, (a) Indemnified Amounts to the extent determined by a court of competent jurisdiction to have resulted from gross negligence or willful misconduct on the part of such Indemnified Party, (b) Indemnified Amounts to the extent solely due to non-payment by any Obligor of an amount due and payable with respect to a Receivable for credit reasons, and (c) any tax upon or measured by net income on any Indemnified Party.

ARTICLE XV

MISCELLANEOUS

SECTION 15.1 NO WAIVER; REMEDIES.

No failure on the part of Lender, Administrator, any Indemnified Party or any Affected Party to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise by any of them of any right, power or remedy hereunder preclude any other or further exercise thereof, or the exercise of any other right, power or remedy. The remedies herein provided are cumulative and not exclusive of any remedies provided by law. Without limiting the foregoing, each of Bank, each Credit Bank and each Liquidity Bank is hereby authorized by Borrower at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by Bank, such Credit Bank or such Liquidity Bank to or for the credit or the account of Borrower, now or hereafter existing under this Agreement, to Administrator, any Affected Party, any Indemnified Party, or Lender or their respective successors and assigns.

SECTION 15.2 AMENDMENTS, ETC.

No amendment, modification or waiver of, or consent with respect to, any provision of this Agreement and any Schedules hereto, or Lender Note shall in any event be effective unless the same shall be in writing and signed and delivered by (a) Borrower, Servicer, Administrator and Lender (with respect to an amendment), or (b) Administrator and Lender (with respect to a waiver or consent by them) or Servicer or Borrower (with respect to a waiver or consent by them), as the case may be, and then any such waiver or consent shall be effective only in the

specific instance and for the specific purpose for which given; provided, however, that no material amendment of this Agreement (other than an amendment to extend the Scheduled Commitment Termination Date) shall be effective unless Lender (or Administrator on its behalf) shall have received written confirmation by the Rating Agencies that such amendment shall not cause the rating on the then outstanding Commercial Paper Notes to be downgraded or withdrawn. Administrator shall provide each Rating Agency with a copy of each amendment to or consent or waiver under this Agreement promptly following the effective date thereof.

#### SECTION 15.3 NOTICES, ETC.

(a) All notices, requests, consents, approvals, waivers and other communications shall be in writing (including, unless the context expressly otherwise provides, by facsimile transmission and electronic mail, provided that any matter transmitted by Servicer or Borrower by facsimile or electronic mail shall be immediately confirmed by a telephone call to the recipient at the number specified on Schedule VI) and mailed, faxed or delivered, to the address or facsimile number specified for notices on Schedule VI; or, as directed to Servicer, Borrower, Lender or Administrator, to such other address as shall be designated by such party in a written notice to the other parties.

(b) All such notices, requests and communications shall, when transmitted by overnight delivery, faxed or sent by electronic mail, be effective when delivered for overnight (next-day) delivery, transmitted in legible form by facsimile machine, or sent by electronic mail, respectively, or if mailed, upon the third Business Day after the date deposited into the U.S. mail, or if delivered, upon delivery.

(c) Any agreement of Administrator and Lender herein to receive certain notices by telephone, facsimile or electronic mail is solely for the convenience and at the request of Borrower and Servicer. Administrator and Lender shall be entitled to rely on the authority of any Person purporting to be a Person authorized by Borrower or Servicer, as the case may be, to give such notice and Administrator and Lender shall not have any liability to Borrower and/or Servicer, as the case may be, or other Person on account of any action taken or not taken by Administrator or Lender in reliance upon such telephonic, facsimile or electronic mail notice. The obligation of Borrower to pay the Obligations shall not be affected in any way or to any extent by any failure by Administrator, Lender or any Affected Party to receive written confirmation of any telephonic, facsimile or electronic mail notice or the receipt by Administrator, Lender or any Affected Party, as the case may be, of a confirmation which is at variance with the terms understood by Administrator, Lender or any Affected Party, as the case may be, to be contained in the telephonic, facsimile or electronic mail notice.

#### SECTION 15.4 COSTS, EXPENSES AND TAXES.

In addition to its obligations under Section 14.1, Borrower agrees to pay on demand:

(a) all costs and expenses incurred by Administrator, Lender, each Liquidity Bank, each Credit Bank and Servicer in connection with (i) the preparation, execution, delivery, administration and enforcement of, or any breach of, this Agreement, Lender Note, the other Transaction Documents, the Liquidity Agreement and, to the extent directly related to this

Agreement, the Program Documents (including any amendments or modifications of or supplements to the Program Documents directly related to this Agreement), including, without limitation, the reasonable fees and expenses of counsel to any of such Persons incurred in connection therewith, (ii) the perfection of Administrator's security interest in the Collateral, (iii) the maintenance of the Collection Account and each Lock-Box Account, (iv) the audit of the books, records and procedures of the Originator, Servicer and Borrower by Administrator's auditors (which may be employees of Administrator), and (v) Rating Agency fees related to the transactions contemplated by this Agreement; and

(b) all stamp and other taxes and fees payable or determined to be payable in connection with the execution, delivery, filing and recording of this Agreement, Lender Note, the other Transaction Documents, or (to the extent directly related to this Agreement) the Program Documents, and agrees to indemnify each Indemnified Party against any liabilities with respect to or resulting from any delay in paying or omission to pay such taxes and fees.

#### SECTION 15.5 BINDING EFFECT; SURVIVAL.

This Agreement shall be binding upon and inure to the benefit of Borrower, Bank, Toro, Lender, Administrator, and their respective successors and assigns, and the provisions of Article VI and Article XIV shall inure to the benefit of the Affected Parties and the Indemnified Parties, respectively, and their respective successors and assigns; provided, however, nothing in the foregoing shall be deemed to authorize any assignment not permitted by Article XIII. This Agreement shall create and constitute the continuing obligations of the parties hereto in accordance with its terms, and shall remain in full force and effect until such time, after the Commitment Termination Date, when all Obligations have been finally and fully paid and performed. The rights and remedies with respect to any breach of any representation and warranty made by Borrower or Servicer pursuant to Article VIII and the indemnification and payment provisions of Article XIV and Article VI, Sections 15.4, 15.11 and 15.12 shall be continuing and shall survive any termination of this Agreement and any termination of Toro's rights to act as Servicer hereunder or under any other Transaction Document.

#### SECTION 15.6 CAPTIONS AND CROSS REFERENCES.

The various captions (including, without limitation, the table of contents) in this Agreement are provided solely for convenience of reference and shall not affect the meaning or interpretation of any provision of this Agreement. Unless otherwise indicated, references in this Agreement to any Section, Appendix, Schedule or Exhibit are to such Section of or Appendix, Schedule or Exhibit to this Agreement, as the case may be, and references in any Section, subsection, or clause to any subsection, clause or subclause are to such subsection, clause or subclause of such Section, subsection or clause.

#### SECTION 15.7 SEVERABILITY.

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

SECTION 15.8 GOVERNING LAW.

THIS AGREEMENT AND LENDER NOTE SHALL BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO THE CONFLICT OF LAW PRINCIPLES THEREOF (OTHER THAN SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

SECTION 15.9 COUNTERPARTS.

This Agreement may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original but all of which shall constitute together but one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile shall be effective as delivery of a manually executed counterpart Agreement.

SECTION 15.10 SUBMISSION TO JURISDICTION; WAIVER OF TRIAL BY JURY.

(a) Borrower and Servicer hereby submit to the nonexclusive jurisdiction of any United States District Court for the Southern District of New York and of any New York state court sitting in New York, New York for purposes of all legal proceedings arising out of, or relating to, the Transaction Documents or the transactions contemplated thereby. Each of Borrower and Servicer hereby irrevocably waives, to the fullest extent possible, any objection it may now or hereafter have to the venue of any such proceeding and any claim that any such proceeding has been brought in an inconvenient forum. Nothing in this Section 15.10 shall affect the right of Administrator or Lender to bring any action or proceeding against Borrower or Servicer or its respective property in the courts of other jurisdictions.

(b) TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH PARTY HERETO IRREVOCABLY WAIVES ALL RIGHT OF TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF, OR IN CONNECTION WITH, ANY TRANSACTION DOCUMENT OR ANY MATTER ARISING THEREUNDER.

SECTION 15.11 NO RECOURSE AGAINST LENDER.

The obligations of Lender under this Agreement are solely the corporate obligations of Lender. No recourse shall be had for any obligation, covenant or agreement (including, without limitation, the payment of any amount owing in respect to this Agreement or the payment of any fee hereunder or for any other obligation or claim) arising out of or based upon this Agreement or any other agreement, instrument or document entered into pursuant hereto or in connection herewith against any stockholder, employee, officer, director, manager, administrator, partner or incorporator of Lender, as such, by the enforcement of any assessment or by any legal or equitable proceeding, by virtue of any statute or otherwise.

SECTION 15.12 NO PROCEEDINGS.

Each of the parties hereto hereby agree that it will not institute against Lender, or join any other Person in instituting against Lender, any insolvency proceeding (namely, any proceeding of the type referred to in the definition of Event of Bankruptcy) so long as any Commercial Paper Notes issued by Lender shall be outstanding and there shall not have elapsed one year plus one

day since the last day on which any such Commercial Paper Notes shall be outstanding. The provisions of this Section 15.12 shall survive the termination hereof.

SECTION 15.13 CONFIDENTIALITY OF AGREEMENT.

Unless otherwise consented to by Administrator, each of Borrower and Servicer hereby agrees that it will not disclose the contents of any Transaction Document, or any other confidential or proprietary information furnished by Administrator or Lender to any Person other than its Affiliates (which Affiliates shall have executed an agreement satisfactory in form and in substance to Administrator to be bound by this Section 15.13) auditors and attorneys or as required by applicable law.

SECTION 15.14 LIMITATION ON PAYMENTS.

Notwithstanding any provisions contained in this Agreement to the contrary, the Lender shall not, and shall not be obligated to, pay any amount pursuant to this Agreement unless (a) the Lender has received funds which may be used to make such payment and which funds are not required to repay the Commercial Paper Notes and Voluntary Advance Loans when due and (b) after giving effect to such payment, either (i) there is sufficient liquidity availability (determined in accordance with the Program Documents), under all of the liquidity facilities for the Lender's commercial paper program, to pay the Face Amount of all outstanding Commercial Paper Notes and Voluntary Advance Loans when due or (ii) all Commercial Paper Notes and Voluntary Advance Loans are paid in full. Any amount which the Lender does not pay pursuant to the operation of the preceding sentence shall not constitute a claim (as defined in ss.101 of the Bankruptcy Code) against or corporate obligation of the Lender for any such insufficiency unless and until such payment may be made in accordance with clauses (a) and (b) above. The agreements in this Section 15.14 shall survive termination of this Agreement, the reduction to zero of the Lender Note and payment of all obligations hereunder.

SECTION 15.15 ENTIRE AGREEMENT.

THIS AGREEMENT AND THE OTHER TRANSACTION DOCUMENTS EXECUTED AND DELIVERED HERewith REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES HERETO AND THERETO AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

[signature pages begin on next page]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

TORO RECEIVABLES COMPANY,  
as Borrower

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

THE TORO COMPANY,  
as Servicer

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

THREE PILLARS FUNDING CORPORATION,  
as Lender

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

SUNTRUST CAPITAL MARKETS, INC.,  
as Administrator

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

EXHIBIT A

FORM OF BORROWING REQUEST

To: Three Pillars Funding Corporation ("Lender")  
SunTrust Capital Markets, Inc. ("Administrator")

From: Toro Receivables Company ("Borrower")

Re: Loan Agreement, dated as of July 9, 2003, between Borrower,  
The Toro Company ("Toro") as initial Servicer, Lender and the  
Administrator as heretofore amended, (the "Agreement")

- A. (i) Pursuant to Section 2.2, the undersigned hereby requests a Loan from Lender in an amount equal to the following (at least \$1,000,000 and in integral multiples of \$500,000) \$ \_\_\_\_\_
- (ii) The date such Loan is requested is: \_\_\_\_\_
- (iii) The total principal amount of Loans outstanding under the Loan Agreement, including the amount in (i) above, is equal to: \$ \_\_\_\_\_
- (iv) The amount in (iii) above does not exceed the Borrowing Base as of the date hereof or the Facility Limit (\$75,000,000)
- B. (i) The Aggregate Unpaid Balance as of the date hereof is equal to: \$ \_\_\_\_\_
- (ii) The aggregate Excess Concentration Amount as of the date hereof is: \$ \_\_\_\_\_
- (iii) (A) The Loss Reserve is: \_\_\_\_\_%
- (B) The Dilution Reserve is: \_\_\_\_\_%
- (C) The Yield Reserve is: \_\_\_\_\_%
- (D) The Servicer Reserve is: \_\_\_\_\_%
- (E) The sum of (A), plus (B), and (C), plus (D) is: \_\_\_\_\_%
- (F) The Reserve Floor is: 25.0%
- (G) The Advance Rate (100% minus the greater of (E) and (F) is: \_\_\_\_\_%

(iv) The Borrowing Base  $[(i) \text{ minus } (ii)] \text{ times } (iii) (G)$  as of the date hereof is equal to: \$\_\_\_\_\_

C. As of the date hereof and the date of making of the Loans, (i) each of the representations and warranties contained in Article VIII of the Agreement shall be true and correct on and as of the date hereof and, the date of such Loan, (ii) no Significant Event or Unmatured Significant Event has occurred and is continuing or shall exist after giving effect to the Loans requested hereby, (iii) no Servicer Event of Default has occurred and is continuing and (iv) after giving effect to the Loan, the aggregate principal balance of the outstanding Loans hereunder will not exceed the Borrowing Base or the Facility Limit.

Capitalized terms used but not defined herein shall have the meanings given to them in the Agreement.

The undersigned certifies to the accuracy of the foregoing.

TORO RECEIVABLES COMPANY

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

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

THE TORO COMPANY,  
as Servicer

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

EXHIBIT B

FORM OF LENDER NOTE

\$75,000,000

July 9, 2003

FOR VALUE RECEIVED, TORO RECEIVABLES COMPANY, a Delaware corporation (the "Borrower"), promises to pay to THREE PILLARS FUNDING CORPORATION, as lender (the "Lender") the principal sum of SEVENTY-FIVE MILLION DOLLARS (\$75,000,000) or, if less, the unpaid principal amount of the aggregate loans (each a "Loan") made by the Lender to the Borrower pursuant to the Agreement (as defined below), as set forth on the attached Schedule, as specified in Section 2.7 of the Agreement, and to pay interest on the unpaid principal amount of each Loan on each day that such unpaid principal amount is outstanding as provided in the Agreement on each Distribution Date and each other dates specified in the Agreement.

This Lender Note is issued pursuant to the Loan Agreement dated as of July 9, 2003 (as amended, restated or otherwise modified from time to time, the "Agreement") among the Borrower, The Toro Company, as servicer, Three Pillars Funding Corporation, as lender and SunTrust Capital Markets, Inc., as administrator. Capitalized terms used but not defined in this Lender Note are used with the meanings ascribed to them in the Agreement.

Notwithstanding any other provisions contained in this Lender Note, if at any time the rate of interest payable by the Borrower under this Lender Note, when combined with any and all other charges provided for in this Lender Note, in the Agreement or in any other document (to the extent such other charges would constitute interest for the purpose of any applicable law limiting interest that may be charged on this Lender Note), exceeds the highest rate of interest permissible under applicable law (the "Maximum Lawful Rate"), then so long as the Maximum Lawful Rate would be exceeded, the rate of interest under this Lender Note shall be equal to the Maximum Lawful Rate. If at any time thereafter the rate of interest payable under this Lender Note is less than the Maximum Lawful Rate, the Borrower shall continue to pay interest under this Lender Note at the Maximum Lawful Rate until such time as the total interest paid by the Borrower is equal to the total interest that would have been paid had applicable law not limited the interest rate payable under this Lender Note. In no event shall the total interest received by the Lender under this Lender Note exceed the amount which the Lender could lawfully have received had the interest due under this Lender Note been calculated since the date of this Lender Note at the Maximum Lawful Rate.

Payments of the principal of, and interest on, Loans represented by this Lender Note shall be made by the Borrower to the holder hereof by wire transfer of immediately available funds in the manner and at the address specified for such purpose as provided in Section 4.5 of the Agreement, or in such manner or at such other address as the holder of this Lender Note shall

have specified in writing to the Borrower for such purpose, without the presentation or surrender of this Lender Note or the making of any notation on this Lender Note.

If any payment under this Lender Note falls due on a day which is not a Business Day, then such due date shall be extended to the next succeeding Business Day and interest shall be payable on any principal so extended at the applicable interest rate.

If all or a portion of (i) the principal amount hereof or (ii) any interest payable thereon or (iii) any other amounts payable hereunder shall not be paid when due (whether at maturity, by acceleration or otherwise), such overdue amount shall bear interest at a rate per annum that is equal to the Base Rate plus 2.00%, in each case from the date of such non-payment to (but excluding) the date such amount is paid in full.

Portions or all of the principal amount of the Lender Note shall become due and payable at the time or times set forth in the Agreement. Any portion or all of the principal amount of this Lender Note may be prepaid, together with interest thereon (and as set forth in the Agreement, certain costs and expenses of the Lender) at the time and in the manner set forth in, but subject to the provisions of, the Agreement.

Except as provided in the Agreement, the Borrower expressly waives presentment, demand, diligence, protest and all notices of any kind whatsoever with respect to this Lender Note.

All amounts evidenced by this Lender Note and all payments and prepayments of the principal hereof and the respective dates and maturity dates thereof shall be endorsed by the Lender on the schedule attached hereto and made a part hereof or on a continuation thereof which shall be attached hereto and made a part hereof, or otherwise recorded by the Lender in its internal records; provided, however, that the failure of the Lender to make such a notation shall not in any way limit or otherwise affect the obligations of the Borrower under this Lender Note as provided in the Agreement.

The holder hereof may sell, assign, transfer, negotiate, grant participations in or otherwise dispose of all or any portion of any Loans made by the Lender and represented by this Lender Note and the indebtedness evidenced by this Lender Note.

This Lender Note is secured by the security interests granted pursuant to Section 5.1 of the Agreement. The holder of this Lender Note and the Lender, is entitled to the benefits of the Agreement and may enforce the agreements of the Borrower contained in the Agreement and exercise the remedies provided for by, or otherwise available in respect of, the Agreement, all in accordance with, and subject to the restrictions contained in, the terms of the Agreement. If a Significant Event shall occur and be continuing, the unpaid balance of the principal of all Loans, together with accrued interest thereon, shall become due and payable in the manner and with the effect provided in the Agreement.

This Lender Note is the Lender Note referred to in the Agreement.

THIS LENDER NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO THE CONFLICT OF LAW PRINCIPLES THEREOF (OTHER THAN SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the undersigned has executed this Lender Note as on the date first written above.

TORO RECEIVABLES COMPANY

By: \_\_\_\_\_  
Name:  
Title:

Schedule to Lender Note

Date of Loan or Repayment	Principal Amount of Loan	Principal Amount of Repayment	Outstanding Principal Amount	Interest Rate	Interest Period

Exhibit C  
Form of Monthly Report

Exhibit D

Form of Borrowing Base Certificate

Exhibit E

Form of Collection Account Agreement

COLLECTION ACCOUNT AGREEMENT

[LETTERHEAD OF ORIGINATOR]

July [\_\_], 2003

[NAME OF COLLECTION BANK]  
[ADDRESS]

Attention: \_\_\_\_\_

RE: The Toro Company

Ladies and Gentlemen:

Reference is made to our the account numbers [\_\_\_\_\_]  
maintained with you (the "Account") pursuant to a collection account agreement  
between the undersigned and you, the terms and conditions of which are  
incorporated herein by reference (the "Collection Account Agreement"). Pursuant  
to a Receivables Purchase Agreement, dated as of July 9, 2003 as amended,  
supplemented or otherwise modified from time to time, between The Toro Company  
("Toro" or the "Originator") and Toro Receivables Company ("Toro Receivables"),  
as purchaser, we have sold and/or may hereafter sell to Toro Receivables certain  
of the accounts, chattel paper, instruments or general intangibles  
(collectively, "Receivables") with respect to which payments are or may  
hereafter be made to the Account. Pursuant to a Loan Agreement, dated as of July  
9, 2003 (as amended, supplemented or otherwise modified from time to time, the  
"Loan Agreement"), among Toro Receivables, as borrower, The Toro Company, a  
Delaware corporation as initial Servicer, Three Pillars Funding Corporation as  
lender ("TPFC" or the "Lender") and SunTrust Capital Markets, Inc., as  
administrator (the "Administrator"), Lender has agreed to extend financing to  
Toro Receivables on the terms and subject to the conditions set forth therein.  
Capitalized terms used but not defined herein shall have the meanings ascribed  
to them in the Loan Agreement.

For purposes of this letter agreement, SunTrust Capital Markets, Inc. is acting  
as Administrator for TPFC. We hereby transfer exclusive ownership and control of  
the Account to the Administrator, for the benefit of TPFC, subject only to the  
condition subsequent that the Administrator shall have given you notice of its  
election to assume such ownership and control, which notice shall be  
substantially in the form attached hereto as Annex A. You hereby acknowledge  
that Administrator shall have control of the Account in accordance with Section  
9-104 of the UCC at all times from and after the date hereof.

We hereby irrevocably instruct you, at all times from and after the date of your receipt of notice from the Administrator of its assumption of control of the Account as described above, (i) to make all payments to be made by you out of or in connection with the Account directly to the Administrator in accordance with the instructions of the Administrator, (ii) to hold all moneys and instruments delivered to the Account administered by you for the order of the Administrator (for the benefit of the TPFC), (iii) to refrain from initiating any transfer from the Account to any Seller Party and (iv) to change the name of the Account to "SunTrust Capital Markets, Inc., as Administrator for Three Pillars Funding Corporation." The Administrator agrees to execute your standard wire transfer documentation in effect from time to time, or other customary documentation related to wire transfers, prior to the initiation of any wire transfers.

We also hereby notify you that, at all times from and after the date of your receipt of notice from the Administrator as described above, the Administrator shall be irrevocably entitled to exercise in our place and stead any and all rights in respect of or in connection with the Account, including, without limitation, (a) the right to specify when payments are to be made out of or in connection with the Account and (b) the right to require preparation of duplicate monthly bank statements on the Account for the Administrator's audit purposes and mailing of such statements directly to the Administrator at an address specified by the Administrator.

Notices from the Administrator and other notices or communications under this letter agreement may be personally served or sent by facsimile or by certified mail, return receipt requested, or by express mail or courier, to the address or facsimile number set forth under the signature of the relevant party to this letter agreement (or to such other address or facsimile number as the relevant party shall have designated by written notice to the party giving the aforesaid notice or other communication). Notwithstanding the foregoing, any notice delivered by you may be delivered by regular mail. If notice is given by facsimile, it will be deemed to have been received when the notice is sent and receipt is confirmed by telephone or other electronic means. All other notices will be deemed to have been received when actually received or, in the case of personal delivery, delivered.

By executing this letter agreement, you acknowledge the existence of the Administrator's right to ownership and control of the Account and its ownership (on behalf of TPFC and Toro Receivables as the parties having interests in such amounts) of the amounts from time to time on deposit therein, and agree that from the date hereof the Account shall be maintained by you for the benefit of, and amounts from time to time therein held by you for, the Administrator (on behalf of TPFC and Toro Receivables) on the terms provided herein. Except as otherwise provided in this letter agreement, payments to the Account are to be processed in accordance with the standard procedures currently in effect. All service charges and fees with respect to the Account shall continue to be payable by us as under the arrangements currently in effect.

By executing this letter agreement, you irrevocably waive and agree not to assert, claim or endeavor to exercise, irrevocably bar and estop yourself from asserting, claiming or exercising, and acknowledge that you have not heretofore received a notice, writ, order or any form of legal process from any other party asserting, claiming or exercising, any right of set-off, banker's lien or other purported form of claim with respect to the Account or any funds from time to time therein. Except for your right to payment of your service charges and fees and your right to

make deductions for returned items, you shall have no rights in the Account or funds therein. To the extent you may ever have such rights, you hereby expressly subordinate all such rights to all rights of the Administrator.

Notwithstanding any other provision of this letter agreement, it is agreed by the parties hereto that you shall not be liable to TPFC or the Administrator for any action taken by you or any of your directors, officers, agents or employees in accordance with this letter agreement at the request of the Administrator, except for your or such person's own gross negligence or willful misconduct.

THIS LETTER AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER WILL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF \_\_\_\_\_, WHICH STATE SHALL BE YOUR "LOCATION" FOR PURPOSES OF THE UNIFORM COMMERCIAL CODE. This letter agreement may be executed by the signatories hereto in several counterparts, each of which shall be deemed to be an original and all of which shall together constitute but one and the same letter agreement. Delivery of an executed counterpart of a signature page to this letter agreement by facsimile shall be effective as delivery of a manually executed counterpart to this letter agreement.

You may terminate this letter agreement by canceling the Account maintained with you, which cancellation and termination shall become effective only upon 30 days' prior written notice thereof from you to the Administrator. Incoming mail addressed to the Account received after such cancellation shall be forwarded in accordance with the Administrator's instructions. This letter agreement may also be terminated upon written notice to you by the Administrator stating that the Loan Agreement is no longer in effect. Except as otherwise provided in this paragraph, this letter agreement may not be altered, modified, terminated or amended in any respect, nor may any right, power or privilege of any party hereunder be waived or released or discharged, except upon execution by all parties hereto of a written instrument so providing. In the event that any provision in this letter agreement is in conflict with, or inconsistent with, any provision of the Collection Account Agreement, this letter will exclusively govern and control. Each party agrees to take all actions reasonably requested by any other party to carry out the purposes of this letter agreement or to preserve and protect the rights of each party hereunder.

Please acknowledge your agreement to the terms set forth in this letter agreement by signing the six copies of this letter agreement enclosed herewith in the space provided below and returning each of such signed copies to the Administrator.

Very truly yours,

THE TORO COMPANY,

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Address for notice:

Toro Receivables Company  
8111 Lyndale Avenue South  
Bloomington, MN 55420

Attention: Tom Larson  
Facsimile: (952) 887-8449

with a copy to

Toro Receivables Company  
8111 Lyndale Avenue South  
Bloomington, MN 55420

Attention: Deb Sakalos  
Facsimile: (952) 887-8449

Accepted and confirmed as of  
the date first written above:

THREE PILLARS FUNDING CORPORATION,  
as Lender

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Address for notice:  
c/o Amacar Group, L.L.C.  
6525 Morrison Boulevard  
Suite 318  
Charlotte, North Carolina 28211

Attention: Doug Johnson  
Facsimile No: (704) 365-1362

SUNTRUST CAPITAL MARKETS, INC.  
as Administrator

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Address for notice:  
24th Floor MC3950  
303 Peachtree Street  
Atlanta, Georgia 30308

Attention: James Bennison  
Facsimile: (404) 230-1344

TORO RECEIVABLES COMPANY,

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Address for notice:  
Toro Receivables Company  
8111 Lyndale Avenue South  
Bloomington, MN 55420

Attention: Tom Larson  
Facsimile: (952) 887-8449

with a copy to

Toro Receivables Company  
8111 Lyndale Avenue South  
Bloomington, MN 55420

Attention: Deb Sakalos  
Facsimile: (952) 887-8449

[Name of Collection Bank]  
as Collection Bank

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Address for notice:

Attention:  
Facsimile No:

ANNEX A to  
Collection Account Agreement

[FORM OF NOTICE OF ASSUMPTION OF CONTROL OF ACCOUNT]

[Letterhead of Collection Bank]

\_\_\_\_\_, 200\_

[NAME OF COLLECTION BANK]  
[ADDRESS OF COLLECTION BANK]

Re: [Name of Originator]  
Collection Account No. \_\_\_\_\_

Ladies and Gentlemen:

Reference is made to the letter agreement dated July 9, 2003 (as amended, supplemented or otherwise modified from time to time, the "Letter Agreement") among The Toro Company, Toro Receivables Company, Three Pillars Funding Corporation (the "Lender"), SunTrust Capital Markets, Inc., as Administrator for the Lender, and you, concerning the above-described Collection Account (the "Account").

We hereby give you notice of our assumption of ownership and control of the Account as provided in the Letter Agreement.

We hereby instruct you to make all payments to be made by you out of or in connection with the Account [DIRECTLY TO THE UNDERSIGNED, AT [OUR ADDRESS SET FORTH ABOVE], FOR THE ACCOUNT OF [THREE PILLARS FUNDING CORPORATION] (ACCOUNT NO. \_\_\_\_\_)].

[OTHER INSTRUCTIONS]

Very truly yours,  
SUNTRUST CAPITAL MARKETS, INC.,  
as Administrator

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

EXHIBIT F

COLLECTION POLICY

2-250 CREDIT POLICY--TORO RESIDENTIAL COMMERCIAL DISTRIBUTORS.

EFFECTIVE 7/31/1995

REVISED: 8/02/2002

I. CREDIT APPROVAL TRCD ACCOUNTS

- A. The Credit Department will grant credit approval to Toro TRCD accounts within a reasonable time after their submission by the Sales Department. If it is impossible to offer the extension of credit terms the customer and Sales Department will be advised as to the reasons for this refusal. The Credit Department will also monitor the customers financial condition on an ongoing basis and reserves the right to change the customers credit terms or limit at its discretion.
- B. The Credit Manager will coordinate the securing of all required credit documents and financial information from the new TRCD customers and will assign an appropriate credit limit for each customer. The Credit Manager will review such extensions of credit with the Director of Credit and obtain concurrence.
- C. Required Documents
  - 1. Application for Credit
  - 2. Financial Statements
  - 3. Security Agreement
  - 4. Financing Statement (UCC-1)
  - 5. Personal Guarantee of Principals (Corporations)
  - 6. Personal Financial Statements
  - 7. Resale Tax Exemption Certificate
- D. The Security Agreement and UCC-I will be obtained to secure Toro's interest in all Toro inventory and proceeds resulting from the sale of that inventory. If for some reason these documents are waived, a memo to that effect indicating the reason and under whose authority these requirements were waived will be placed in the TRCD's credit file.
- E. The Credit Department will use the SAP system to manage TRCD accounts who are on credit hold.

- F. The Order Entry or Sales Department will review the customers purchase order for the exact compliance with Toro's current terms and pricing. Any deviation will be noted and the Sales Department will obtain a correction before the order is released.

## II. CREDIT FILES

The Credit Department will maintain a credit file for each active Toro TRCD Distributor which will contain the following information:

### A. Annual Financial Statement

The Credit Department will maintain a follow-up system to make certain that a copy of each TRCD's fiscal year end Financial Statement is obtained and a Financial Statement Analysis form is prepared and maintained in the credit file. If more frequent financial information is required, Credit will follow up as needed.

### B. UCC-1 and Security Agreement

A copy of all UCC-1 filings and Security Agreements will be kept in each TRCD's file. The Credit Department will maintain a follow-up system to make sure that all continuations are filed on a timely basis and Purchase Money Security Interest letters are sent.

### C. Personal Guarantees

Copies of the Guarantees will be kept in the credit file.

### D. Dun and Bradstreet Reports

The Credit Department will maintain a current (dated within one year) D&B Report in each TRCD's file.

## III. ESTABLISHED AND APPROVING SELLING TERMS

### A. Established Terms of Sale

Current terms will be continuous unless a formal request for change in terms has been made and approved. These requests will generally originate in the division responsible for the sale of the product. Approval of all requests are required by the Divisional Vice President and General Manager and the Vice President-Controller.

These requests are to be forwarded to the attention of the CFO for approval and are to be acted upon within two weeks after the request is received. The rationale supporting the terms change are to include:

1. Reason for change.
2. Effects on the Toro Company's cash flow.

3. Competitive terms.

4. P & L effect on the Toro Company which would include the loss or gain in sales volume.

Even though there may be no request for change in terms, an analysis of current terms should be made annually by each division's Marketing Department to determine if the present selling terms are still justified.

B. Temporary Terms of Sale

From time to time, special promotional terms may be introduced because of competitive forces, inventory levels, or special market conditions. Approval of these requests are to be made by the Divisional Vice President and General Manager and forwarded for approval to the CFO. These requests are to be acted upon within 48 hours.

These requests should be submitted on the proper deviation form and are to include:

1. Rationale for change.
2. Length of time the special terms are to be in effect.
3. Qualification requirements.
4. Expected sales volume from special terms.
5. Effect on the quarterly cash flow and year end cash flow.
6. Cost of deviation.

IV. COLLECTION OF TRADE RECEIVABLES

The Credit Department will have all collection responsibility. At the same time, the Sales Department is responsible for facilitating the requests of the Credit Department in their actions on past due or disputed amounts.

An invoice, although technically past due if not paid on its due date, shall not be considered formally so until 10 working days after its due date. Collection activities will commence at that time, and at the Credit Managers discretion the delinquent customer can be placed on a "Stop Ship" status.

The Credit Manager will take into consideration various factors, however, during administration of this policy such as:

- A. Total of the past due invoice or invoices
- B. Account total balance
- C. Financial status of the customer

- D. Whether or not a dispute may exist regarding the invoice or invoices in question.

If it is prudent to place the customer on a "Stop Ship" status before he is formally past due, as previously defined, he may do so.

V. CASH DISCOUNT ALLOWANCE

Toro presently offers cash discounts to its TRCD's for prompt payment. It shall be the policy of the company to allow these discounts if the payment meets the following conditions:

- A. For cash application purposes (Manual and Automatic) this general rule should be followed by Accounts Receivable at all times to decide if discount will be allowed. "The payment is received within the approved grace period, and the account is in a current and up-to-date status with no past due invoices owing, allow the discount."

If discounts are allowed by Accounts Receivable on any account which is not eligible for discount by the above criteria, a written report will be sent to the Credit Manager indicating the amount of discount allowed, the TRCD, the reason allowed, and under whose approval. It will be the responsibility if the Credit Department to collect or resolve all unallowed/unauthorized discounts.

- B. Inasmuch as the purpose of this policy is to maintain a discipline for payments from TRCD's, it is intended to be strictly applied when necessary to accomplish this purpose. However, it should also be flexible enough so that under certain conditions, discount can be allowed even though the payment does not meet the above criteria. Given the need for flexibility, the Credit Manager will rely on his/her judgement as to the customer's intent on complying with the discount policy, and decide, when appropriate, to clear the unearned/unauthorized discount from the customer's account.

The Credit Manager can authorize unearned/unauthorized discount amounts less than \$5,000. Amounts \$5,000 and above will require approval from the Director of Credit.

VI. FINANCE CHARGES

In the event terms other than cash are granted to the customer, past due amounts on an account not paid in accordance with such terms shall be surcharged a service fee at the maximum rate permitted by law, not to exceed 1 1/2% per month (18% per annum), and will be automatically charged by the Accounts Receivable system on a monthly basis.

VII. BAD DEBT WRITE OFFS

All bad debts must be approved by:

- Director of Credit - \$5,000, formal written request
- Chief Financial Officer or his appointee - Over \$5,000

VIII. MANAGEMENT REPORTS

Upon request, the Accounting Department will supply to the CFO, Divisional General Managers, and the Corporate Controller a computer generated aged trial balance (on line availability on the SAP system) of all accounts.

EFFECTIVE 7/31/1995

REVISION DATE: 6/26/2002

Contact Area: Credit Department

I. CREDIT APPROVAL

A. New Accounts

Upon receipt of a signed purchase order and our completed credit application form from Sales or Order Entry, the Credit Manager or his designated assistant will initiate a credit investigation which is to be completed within a maximum of ten days.

A file will be initiated which will include the credit application and a copy of the initial order. This file will be retained in the divisional credit files whether or not the account is approved for an open line of credit.

In all cases, the investigation will include:

1. The Regional Sales Manager's review of expected sales volume and type of product to be sold.
2. The references will be contacted and responses included in the file.
3. Current agency information will be consulted and results noted in the file. Based on a current rating of 1A2 or equivalent, an appropriate credit availability will be established by the Credit Manager. If the credit availability expected warrants further investigation and/or if the current rating does not support immediate granting of the requested credit availability, D & B and/or NACM will be contacted for available reports to support additional credit extension.
  - a. In all cases where a credit availability is expected to exceed \$25,000, a D & B Business Report and Paydex Report should be obtained and maintained in the file.
  - b. Current financial information will be maintained (annual statement and quarterly statements, if possible) on any account that becomes a major account for the division, or where Toro's exposure on a company wide basis is extensive.

If audited statements are not available or do not show adequate financial strength to support the expected exposure, a low availability will be set. Incoming orders will be reviewed by the Credit Manager continuously against our payment experience and our present credit exposure and released accordingly.

4. Upon completion of the credit investigation, the account will be:
  - a. Approved by the Credit Department, a credit availability will be established, a set-up sheet filled out, the account assigned a number, and set up in the computer. or
  - b. In the event that information is inadequate to support extension of credit, alternate sales methods will be recommended, e.g., cash with order, letters of credit, etc.

In either case, the initial order, the sales review and either the set-up sheet or the alternate recommendations will then be routed to Divisional Finance Department, Sales Management, Order Entry and Marketing Programs.

Upon completion of the account set-up and routing of the set-up sheet,

- c. Corporate Finance will assign customer type and inform the Credit Department of the proper coding.
- d. Sales will route a Fact Sheet with appropriate approvals to ensure compliance with agreed-upon pricing, terms and any special agreements. Credit will receive a copy and maintain a full current file of Fact Sheets.
- e. Marketing Programs will properly code the new account for commissions.
- f. Order Entry will set-up necessary ship-to's.

5. Established Accounts

- a. Accounts for which all necessary credit information is available and the information indicates both financial strength and minimal slow payment to trade creditors, a credit availability will be set at the expected high exposure for the account.
- b. Accounts with weak credit information or with a history or trend toward slow payment are to be granted only an appropriate availability. If there has been any recent (two years) serious slowness within the trade reports, or if there has developed a slow payment trend with Toro, the credit availability is to be set at \$1.00 and each order released only after review by credit and resolution has been made for any past due balance on Toro receivables.
- c. Seasonal accounts which do not maintain balances throughout the year and which do not have adequate D & B ratings, or other strong credit history, will carry a credit availability of \$1.00 and will be reviewed at the point of receipt or shipment of each order.

- d. Current financial information will be maintained (annual statement and quarterly statements if possible) on any account that becomes a major account for the division, or where Toro's exposure on a company wide basis is extensive.

If audited statements are not available or do not show adequate financial strength to support the expected exposure, a low availability will be set. Incoming orders will then be reviewed continuously against our payment experience and our present credit exposure.

- e. Accounts having recently experienced a bankruptcy will be shipped on a cash with order basis until evidence of sound financial condition is obtained.

6. Management Reports

The Credit Manager will maintain a monthly report which will include current status of the major accounts. This will be routed to both credit and divisional management along with a review of problem accounts.

II. COLLECTION

A. The normal collection procedures will be as follows:

1. Accounts with invoices past due from 1 to 30 days as of the month-end aging will be contacted by the first of two computerized letters to be sent the third week of the month.
2. Those accounts that do not respond to the first letter and have the invoices remaining open on the next aging, will receive the second letter and will be placed on do-not-ship status.
3. Accounts not responding to the second letter will be contacted by the Credit Department by phone. If the phone contact does not resolve the past-due problem, the credit availability will be withdrawn and both the Regional Sales Manager and the Commissioned Representative will be notified and asked for assistance.
4. If the past-due is resolved at this point, the account will be reinstated after a review of current credit information and a new availability will be set using the current credit information or the account will be handled on an order by order basis.
5. Accounts past due 120 days will be reviewed for third party collection as necessary.

B. Accounts that have large balances that remain unpaid after the due date will be contacted immediately by phone to determine the reason for nonpayment and to attempt to collect the amount due.

C. Both major accounts and others deemed necessary by the Credit Manager will be handled on an exception basis. Collection emphasis will be earlier and more aggressive - tailored to the market conditions and type of account.

1. Accounts will be contacted by phone within 30 days of past due invoices.
2. Reps will be notified of past due balances between 30 and 60 days past due.
3. On major accounts with weak financial condition, the Credit Manager or Assistant Manager responsible for the account will work with Sales, Customer Accounts Payable and Customer Purchasing during the purchasing seasons to coordinate payment and order release.

### III. SALES TERMS AND CONDITIONS

There are published standard terms and conditions for Home Improvement Division products. Due to the varied markets and competitive pressures, Regional Sales Managers may need to structure pricing and terms outside of published programs. Any such deviations to standard programs are to be approved prior to implementation by proper sign off of a Fact Sheet. Any extension of terms beyond published program must be approved by the Credit Manager and Director of Credit.

It is the responsibility of the Sales Department to provide a Fact Sheet for each account fully stating programs and any deviation from standard program.

The Credit Department will administer the account based upon the current Fact Sheets as agreed upon and signed-off by divisional management.

Any terms change which will increase the due date of invoices beyond published terms will require the authorization of the Credit Manager and Director of Credit. Fact Sheets requesting such changes will be routed to the Credit Department for sign-off.

EXHIBIT G

FORM OF PARENT NOTE

July 9, 2003

FOR VALUE RECEIVED, THE TORO COMPANY, a Delaware corporation ("Toro") promises to pay on demand to TORO RECEIVABLES COMPANY ("Toro Receivables"), or its assigns, at such place as the holder of this Parent Note ("Note") may designate from time to time in writing, in lawful money of the United States of America and in immediately available funds, the principal amount of SEVENTY-FIVE MILLION DOLLARS (\$75,000,000) or, if less, the aggregate unpaid principal amount of all Parent Loans (as defined in the Receivables Purchase Agreement defined below) made to Toro, together with all interest thereon from time to time from the Closing Date (as defined in the Receivables Purchase Agreement) at the rate provided therein.

Section 1.01. Receivables Purchase Agreement. This Note is the "Parent Note" described in, and is subject to the terms and conditions set forth in, the Receivables Purchase Agreement, dated as of July 9, 2003 (as amended, supplemented, or otherwise modified from time to time, the "Receivables Purchase Agreement"), between Toro Receivables, as the Purchaser and Toro, as Originator. Reference is hereby made to the Receivables Purchase Agreement for a statement of certain other rights and obligations of Toro Receivables and Toro. In the case of any conflict between the terms of this Note and the terms of the Receivables Purchase Agreement, the terms of the Receivables Purchase Agreement shall control. All of the terms, covenants and conditions of the Receivables Purchase Agreement and all other instruments evidencing the indebtedness hereunder, including the other Transaction Documents, are hereby made a part of this Note and are deemed incorporated herein in full.

Section 1.02. Definitions. Capitalized terms used (but not defined) herein have the meanings ascribed thereto in the Receivables Purchase Agreement or in the Loan Agreement (as defined in the Receivables Purchase Agreement).

Section 1.03. Interest. The date, amount and interest rate of each Parent Loan made by Toro Receivables to Toro, and each payment made by or on behalf of Toro on account of the principal thereof, shall be recorded by Toro Receivables on its books and, prior to any transfer of this Note, endorsed by Toro Receivables on the schedule attached hereto or any continuation thereof.

Section 1.04. Principal Payments. The Receivables Purchase Agreement provided for repayments of Parent Loans upon the terms and conditions specified therein. This Note shall be paid in full upon the demand of Toro Receivables. If any payment or repayment on this Note becomes due and payable on a day other than a Business Day, the maturity thereof shall be extended to the next succeeding Business Day and, with respect to payments of principal, interest thereon shall be payable at the Parent Note Interest Rate during such extension.

Section 1.05. Amendments, Etc. No failure or delay on the part of Toro Receivables, or its assigns, in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power or right preclude any other or further exercise thereof or the exercise of any other power or right. No amendment, modification or waiver of, or

consent with respect to, any provision of this Note shall in any event be effective unless (a) the same shall be in writing and signed and delivered by Toro Receivables Company and Toro, and (b) all consents required for such actions under the Transaction Documents shall have been received by the appropriate Persons.

Section 1.06. Limitation on Interest. Notwithstanding anything in this Note to the contrary, Toro shall never be required to pay unearned interest on any amount outstanding hereunder, and shall never be required to pay interest on the principal amount outstanding hereunder, at a rate in excess of the maximum interest rate that may be contracted for, charged or received without violating applicable federal or state law.

Section 1.07. No Negotiation. This Note is not negotiable.

SECTION 1.08. GOVERNING LAW. THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES (OTHER THAN SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

Section 1.09. Captions. Paragraph captions used in this Note are provided solely for convenience of reference and shall not affect the meaning or interpretation of any provision of this Note. Whenever possible each provision of this Note shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Note shall be prohibited or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity without invalidating the remainder of such provision or remaining provisions of this Note.

IN WITNESS WHEREOF, the undersigned has caused this Note to be executed by its officer thereunto duly authorized on the date first above written.

THE TORO COMPANY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

EXHIBIT H

FORM OF WITHDRAWAL CERTIFICATE

This Certificate is made pursuant to the provisions of the Loan Agreement, dated as of July 9, 2003, (the "Agreement") by and among TORO RECEIVABLES COMPANY, a Delaware corporation, as borrower, THE TORO COMPANY, a Delaware corporation ("Company"), as initial Servicer, THREE PILLARS FUNDING CORPORATION, a Delaware corporation, ("Lender") and SUNTRUST CAPITAL MARKETS, INC., a Tennessee corporation, as agent and administrator for Lender. Capitalized terms used herein and not otherwise defined shall have the meaning set forth in the Agreement.

The undersigned, as \_\_\_\_\_ of the Company, DOES HEREBY CERTIFY that:

1. This certificate relates to the week ended on [MONTH] \_\_, 200\_\_.
2. On the following dates, the Company, as Servicer, withdrew funds from the Collection Account in accordance with the provisions of Section 11.2(d) of the Agreement (each, a "Withdrawal Date"): [LIST DATES].
3. On each Withdrawal Date, no Significant Event or Unmatured Significant Event was in existence.
4. On each Withdrawal Date, the Commitment Termination Date had not occurred.
5. On [INSERT DATE THAT IS LAST WITHDRAWAL DATE FOR WEEK COVERED BY THIS CERTIFICATE] no Borrowing Base Deficit existed after giving effect to the withdrawal of funds from the Collection Account on such day and, after giving effect to such withdrawal, there were funds in the Collection Account at least equal to the interest on the Loans and the Fees accrued through such date.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, I have signed this certificate as of this \_\_\_\_ day  
of \_\_\_\_\_, 200\_.

THE TORO COMPANY,

By: \_\_\_\_\_

Name:

Title:

Schedule I

Description of Collection Accounts and Lockbox Accounts

Name and Address of Bank	LockBox Number and Address (if applicable)	Account Number
US Bank National Association (Collection Account)	US Bank, N.A 800 Nicollet Mall Minneapolis, Minnesota 55402	104758074348
Harris Bank (Lockbox Account)	Toro Dealer 36333 Treasury Center Chicago, Illinois 60694-6300  GLD Mass Toro Distributor 36346 Treasury Center Chicago, Illinois 60694-6300	4277554

Schedule II

[Reserved]

Schedule III

[Reserved]

Schedule IV

Description Of Proceedings

None.

Schedule V  
Collateral Review Requirements

I. Initial Report of Independent Accountants

- (a) the report shall be titled the "Initial Report of Independent Accountants on Agreed Upon Procedures";
- (b) the report shall be addressed to The Toro Company, as Servicer and to SunTrust Capital Markets, Inc. as Administrator:
  - Berk Jolly
  - SunTrust Capital Markets, Inc.
  - Mail Code 3950
  - 303 Peachtree Street, 24th Floor
  - Atlanta, GA 30308
- (c) the agreed upon procedures shall be performed by KPMG LLP as engaged by the Servicer;
- (d) the report shall be delivered on or before sixty (60) days after the Closing Date;
- (e) the agreed upon procedures shall entail the selection of a non-systematic sample of 100 invoices from the receivable schedule delivered by Borrower pursuant to the initial funding performance of the following:
  - (i) agree invoice information including: customer name and receivables balance to information on the report generated by the receivable servicing system;
  - (ii) determine that credit terms are indicated on the invoice and that no more than 15% are due within 121 - 180 days and that no credit terms exceed 180 days; and
  - (iii) determine that the Originator's computer records have been marked or stamped indicating that the Receivable has been sold to Toro Receivables Company.
- (f) verify invoice information regarding the Weighted Average Payment Terms corresponds with most recently delivered Monthly Report.

II. Reports of Independent Accountants

- (a) the report shall be titled "Report of Independent Accountants on Agreed Upon Procedures";
- (b) the report shall be addressed as detailed in item I above;

- (c) the agreed upon procedures shall be performed by KPMG LLP, or another nationally recognized independent public accounting firm acceptable to the Administrator;
- (d) the reports shall be delivered within 60 days after each semi-annual period following this transaction's Closing Date; and
- (e) the agreed upon procedures shall consist of the following:
  - (i) agree the data on lines 1 through 10 and 11 through 16 from three (3) non-systematically selected Monthly Reports as shown in Exhibit C for the most recent semi-annual period to the information contained in system reports and accounting records used in the compilation of those Monthly Reports;
  - (ii) request personnel responsible for the credit and/or finance function at The Toro Company to (a) identify whether or not any customers with balances included as Receivables are in bankruptcy; and (b) provide a list of the names of such customers. For any such identified customers, compare the balance of such Receivables contained in the system reports used in the compilation of those Monthly Reports with amounts contained in lines 16 and 17 of the Monthly Reports in item (i) above and report any differences;
  - (iii) verify the mathematical accuracy of the Accounts Receivable information and Aging Report in the Monthly Reports in item (i) above;
  - (iv) verify invoice information regarding the Weighted Average Payment Terms corresponds with two (2) randomly selected Monthly Reports
  - (v) non-systematically select a sample of 100 invoices from the receivable schedule delivered by Borrower pursuant to the subsequent fundings during the most recent semi-annual period and perform the following:
    - (a) agree invoice information including: customer name and receivables balance to information on a report generated by the receivables servicing system;
    - (b) determine that credit terms are on the invoice and do not exceed 180 days;
    - (c) determine that the Originator's computer records have been marked or stamped to indicate that the Receivable has been sold to Toro Receivables Company; and
    - (d) for invoices for which payments have been received verify that the Collection was sent by wire transfer to a Collection Account or by check to a Lock-Box and deposited into a Collection Account.

- (vi) verify that appropriate notations have been made on the Parent Note with respect to all Parent Loans made by Toro Receivables Company to the Originator.

Schedule VI

Notice Addresses

Borrower:

Toro Receivables Company  
8111 Lyndale Avenue South  
Bloomington, MN 55420

Attention: Tom Larson  
Facsimile: (952) 887-8449  
Telephone: (952) 887-5924

with a copy to:

Toro Receivables Company  
8111 Lyndale Avenue South  
Bloomington, MN 55420

Attention: Deb Sakalos  
Facsimile: (952) 887-8125  
Telephone: (952) 887-5924

Principal Place of Business and Chief Executive  
Office:

Servicer:

The Toro Company  
8111 Lyndale Avenue South  
Bloomington, MN 55420

Attention: Tom Larson  
Facsimile: (952) 887-8449  
Telephone: (952) 887-5924

with a copy to:

The Toro Company  
8111 Lyndale Avenue South  
Bloomington, MN 55420

Attention: Deb Sakalos  
Facsimile: (952) 887-8125  
Telephone: (952) 887-5924

Lender: Three Pillars Funding Corporation  
c/o Amacar Group, L.L.C.  
6525 Morrison Boulevard  
Suite 318  
Charlotte, North Carolina 28211

Attention: Doug Johnson  
Facsimile: (704) 365-1362  
Telephone: (704) 365-0569

Administrator: SunTrust Capital Markets, Inc.  
24th Floor MC3950  
303 Peachtree Street  
Atlanta, Georgia 30308

Attention: James Bennison  
Facsimile: (404) 230-1344  
Telephone: (404) 532-0766

Schedule VII

Fiscal Months

TORO FISCAL MONTH-END DATES

FISCAL 2003

November	11/29/02
December	01/03/03
January	01/31/03
February	02/28/03
March	03/28/03
April	05/02/03
May	05/30/03
June	06/27/03
July	08/01/03
August	08/29/03
September	10/03/03
October	10/31/03

FISCAL 2004

November	11/28/03
December	12/26/03
January	01/30/04
February	02/27/04
March	03/26/04
April	04/30/04
May	05/28/04
June	06/25/04
July	07/30/04
August	09/03/04
September	10/01/04
October	10/31/04

FISCAL 2005

November	11/26/04
December	12/24/04
January	01/28/05
February	02/25/05
March	03/25/05
April	04/29/05
May	05/27/05
June	06/24/05
July	07/29/05
August	08/26/05
September	09/23/05
October	10/31/05

FISCAL 2006

November	12/05/05
December	12/30/05
January	02/03/06
February	03/03/06
March	03/31/06
April	05/05/06
May	06/02/06
June	06/30/06
July	08/04/06
August	09/01/06
September	09/29/06
October	10/31/06

CERTIFICATION PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Kendrick B. Melrose, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Toro Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 10, 2003

/s/ Kendrick B. Melrose

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Kendrick B. Melrose  
Chairman and Chief Executive Officer  
(Principal Executive Officer)

CERTIFICATION PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Stephen P. Wolfe, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Toro Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in the report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 10, 2003

/s/ Stephen P. Wolfe

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Stephen P. Wolfe  
Vice President, Finance  
Treasurer and Chief Financial Officer  
(Principal Financial Officer)

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

In connection with the Quarterly Report of The Toro Company (the "Company") on Form 10-Q for the quarterly period ended August 1, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Kendrick B. Melrose, Chairman and Chief Executive Officer of the Company, and Stephen P. Wolfe, Vice President-Finance, Treasurer and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Kendrick B. Melrose

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Kendrick B. Melrose  
Chairman and Chief Executive Officer  
September 10, 2003

/s/ Stephen P. Wolfe

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Stephen P. Wolfe  
Vice President-Finance,  
Treasurer and Chief Financial Officer  
September 10, 2003

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