

TORO CO
Form 11-K
July 10, 2013
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 11-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2012

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 1-8649

A. Full title of the plan and address of the plan, if different from that of the issuer named below:

The Toro Company Profit-Sharing Plan for Plymouth Union Employees

The Toro Company

8111 Lyndale Avenue South

Bloomington, MN 55420

Attn: Director, Total Rewards & HR Services

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

The Toro Company

8111 Lyndale Avenue South

Bloomington, MN 55420

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**THE TORO COMPANY PROFIT-SHARING PLAN
FOR PLYMOUTH UNION EMPLOYEES**

Financial Statements

December 31, 2012 and 2011

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**THE TORO COMPANY PROFIT-SHARING PLAN
FOR PLYMOUTH UNION EMPLOYEES**

Statements of Net Assets Available for Benefits (Unaudited)

December 31, 2012 and 2011

	2012	2011
Assets:		
Investments at fair value:		
Interest in the Toro Company Master Trust Fund	\$ 3,231,539	3,094,676
Employee contribution receivable	1,982	2,472
Employer contribution receivable	769	904
Total receivables	2,751	3,376
Total assets before adjustment at fair value	3,234,290	3,098,052
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(10,079)	(11,085)
Net assets available for benefits	\$ 3,224,211	3,086,967

See accompanying notes to financial statements.

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THE TORO COMPANY PROFIT-SHARING PLAN
FOR PLYMOUTH UNION EMPLOYEES

Statements of Changes in Net Assets Available for Benefits (Unaudited)

Years ended December 31, 2012 and 2011

	2012	2011
Additions to net assets:		
Investment income (loss):		
Plan interest in net investment income (loss) of the Toro Company Master Trust Fund	\$ 710,558	(42,930)
Net investment income (loss)	710,558	(42,930)
Employer contributions	47,203	49,754
Employee contributions	123,400	139,511
Total contributions	170,603	189,265
Total additions to net assets	881,161	146,335
Deductions from net assets:		
Benefit payments	(743,917)	(297,362)
Total deductions from net assets	(743,917)	(297,362)
Net increase (decrease) in net assets available for benefits	137,244	(151,027)
Net assets available for benefits:		
Beginning of year	3,086,967	3,237,994
End of year	\$ 3,224,211	3,086,967

See accompanying notes to financial statements.

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**THE TORO COMPANY PROFIT-SHARING PLAN
FOR PLYMOUTH UNION EMPLOYEES**

Notes to Financial Statements (Unaudited)

December 31, 2012 and 2011

(1) Summary Description of Plan

The following description of The Toro Company Profit-Sharing Plan for Plymouth Union Employees (the Plan) is provided for general information purposes only. Participants should refer to the Plan document amended and restated as of January 1, 2009 for more complete information as it relates to calendar years prior to 2012. The Plan document was amended and restated effective January 1, 2012 as part of the regular five-year cycle of amendments and restatements. The plan is subject to certain provisions of the Employee Retirement Security Act of 1974, as amended (ERISA).

Employees are eligible to contribute to the Plan after they have completed 180 consecutive days of employment or one year of eligibility service and must be a member of a collective bargaining unit. Employee contributions to the Plan consist of salary reduction elections under a 401(k) feature, voluntary after tax contributions, and rollover funds from other qualified plans. Participants are fully vested in the entire balance of their individual accounts attributable to those contributions. The Toro Company (the Company), at its discretion, may make matching contributions. Participants are eligible for matching contributions the first of the month following completion of one year of qualifying service with the Company. Company contributions, together with the income attributable thereto, vest at a rate of 20% after one year of vesting service, with an additional 20% being accumulated annually thereafter until the participant is 100% vested. All contributions under the Plan are made to a trust that holds all of the assets of the Plan.

The investments of employee and employer contributions are selected by the participants.

Benefit payments and transfers of participants' interests are made by the trustee, Fidelity Investments (the Trustee).

Participants may receive distributions from their vested accounts under the Plan upon termination of employment, retirement, or death in the form of a lump-sum payment or in installments. Participants are allowed to withdraw amounts that they previously rolled into the Plan. Withdrawals are also allowed from selected accounts in the event of a defined financial hardship to the extent necessary to satisfy the financial need. To the extent an account is invested in common stock, par value \$1.00 per share, of the Company (Common Stock), a withdrawal or distribution can be in the form of Common Stock or cash.

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Forfeited amounts from nonvested accounts totaled \$0 and \$10 during the Plan years ended December 31, 2012 and 2011, respectively.

The Company (the administrator of the Plan) designs, manufactures, and markets professional turf maintenance equipment and services, turf irrigation systems, agricultural micro-irrigation systems, landscaping equipment and lighting, underground utility equipment, concrete and hardscape equipment, and residential yard and snow removal products. The Company absorbs all administrative costs of the Plan, with the exception of investment management fees, which are netted against investment income.

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**THE TORO COMPANY PROFIT-SHARING PLAN
FOR PLYMOUTH UNION EMPLOYEES**

Notes to Financial Statements (Unaudited)

December 31, 2012 and 2011

(2) Summary of Significant Accounting Policies

(a) Basis of Financial Statement Presentation

The accompanying financial statements of the Plan are presented in accordance with U.S. generally accepted accounting principles (U.S. GAAP). The accounting records of the Plan are maintained on the accrual basis. The accompanying financial statements have not been audited, as an audit is not required under the applicable ERISA rules.

(b) Investments

The Plan's investments are in a Master Trust held by the Trustee. The investment securities are stated at fair values based upon published quotations or, in the absence of available quotations, at fair values determined by the Trustee. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. Purchases and sales of securities are recorded on a trade-date basis. Interest is recorded on an accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

The Company maintains one Master Trust for two profit sharing and retirement plans that are sponsored by the Company. The two plans are the Plan and The Toro Company Investment, Savings, and Employee Stock Ownership Plan. The purpose of the Master Trust is to pool investment transactions and achieve uniform rates of return on comparable funds under all plans. The Master Trust invests in fully benefit-responsive investment contracts stated at fair value which are then adjusted to contract value. Fair value of the contracts is calculated by discounting the related cash flows based on current yields of similar instruments with comparable durations.

The Plan's proportionate share of net investment income (loss) from the Master Trust is based upon the percentage of the fair value of the Plan's investment in the Master Trust's net assets. The Plan's percentage interest in the net assets of the Master Trust was approximately 1% as of each of December 31, 2012 and 2011.

(c) *Accounting Estimates*

The preparation of financial statements in conformity with U.S. GAAP requires the Company, as the administrator of the Plan, to make estimates and assumptions that affect the reported amounts of net assets available for benefits, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets available for benefits during the reporting period. Actual results could differ from those estimates.

(d) *Concentrations of Risk*

The Plan has investments in a variety of investment funds. Investments in general are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

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**THE TORO COMPANY PROFIT-SHARING PLAN
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Notes to Financial Statements (Unaudited)

December 31, 2012 and 2011

The assets held by the Master Trust include Common Stock. At December 31, 2012 and 2011, approximately 36% and 33%, respectively, of the investments of the Master Trust were invested in Common Stock. The underlying value of the Common Stock is entirely dependent upon the performance of the Company and the market's evaluation of such performance and other factors.

(e) Fully Benefit-Responsive Investment Contracts

The Plan indirectly invests in investment contracts and security-backed contracts through the Wells Fargo Stable Value Fund E. An investment contract is a contract issued by a financial institution to provide a stated return to the buyer of the contract for a specified period of time. A security-backed contract has similar characteristics as a traditional investment contract and is comprised of two parts: the first part is a fixed-income security or portfolio of fixed-income securities; the second part is a contract value guarantee (wrapper) provided by a third party. The yield earned by the Wells Fargo Stable Value Fund E at December 31, 2012 and 2011 was 0.94% and 1.56%, respectively.

Investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The statements of net assets available for benefits present the fair value of the Master Trust, as well as the adjustment of the fully benefit-responsive investment contract from fair value to contract value. The statements of changes in net assets available for benefits are prepared on a contract value basis.

(3) Party-in-interest Transactions

The Trustee and the Company are parties-in-interest with respect to the Plan. The Plan's investments are held by the Trustee, and some of the investment funds available to participants include mutual funds managed by the Trustee. In the opinion of the Plan's legal counsel, transactions between the Plan and the Trustee are exempt from being considered as prohibited transactions under the ERISA Section 408(b).

(4) Plan Termination

The Company has voluntarily agreed to make contributions to the Plan. Although the Company has not expressed any intent to terminate the Plan, it may do so at any time. Each participant's interest in the Plan is 100% vested at all times, except for the portion attributable to matching contributions which is vested in a manner described above. Upon termination of the Plan, interests of active participants in the Plan fully vest.

(5) Master Trust Fund

Under the terms of the trust agreement, the Trustee manages investment funds on behalf of the Plan. The Trustee has been granted discretionary authority concerning the purchases and sales of the investments of the investment funds, except to the extent the Trustee is subject to the discretion of participants, other fiduciaries or the Company. In accordance with the trust agreement, the assets of the Plan are held together with assets of other plans

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**THE TORO COMPANY PROFIT-SHARING PLAN
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Notes to Financial Statements (Unaudited)

December 31, 2012 and 2011

sponsored by the Company in the Master Trust. Investment income related to the Master Trust is allocated to the individual plans based upon daily balances invested in the Plan.

Fair values of Master Trust investments at December 31, 2012 and 2011 were as follows:

	2012	2011
Mutual Funds:		
U.S. Small Cap Equities	\$ 31,567,294	29,820,362
U.S. Mid Cap Equities	32,420,071	26,506,816
U.S. Large Cap Equities	122,443,659	108,237,566
International Small Cap Equities	3,653,436	2,675,343
International Large Cap Equities	26,403,367	25,065,517
Stable Asset Funds	100,747,244	106,043,767
Asset Allocation Funds	103,583,178	90,484,097
Fixed Income Funds	22,591,625	17,802,425
Money Market Funds	3,223,982	2,394,853
The Toro Company Common Stock	251,938,375	200,867,070
	\$ 698,572,231	609,897,816
Plan Interest in Master Trust	3,231,539	3,094,676

Net investment income (loss) for the Master Trust for the years ended December 31, 2012 and 2011 was as follows:

	2012	2011
Net realized and unrealized appreciation (depreciation) in fair value of investments:		
Mutual Funds:		
U.S. Small Cap Equities	\$ 1,902,305	(3,740,505)
U.S. Mid Cap Equities	4,178,779	(263,253)
U.S. Large Cap Equities	17,735,527	(5,380,635)
International Small Cap Equities	638,757	(430,956)
International Large Cap Equities	4,016,531	(4,341,245)
Stable Asset Funds	2,032,319	2,648,514
Asset Allocation Funds	10,452,064	131,732

Fixed Income Funds