

TORO CO
Form DEF 14A
January 29, 2013
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SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

THE TORO COMPANY

(Name of Registrant as Specified in Its Charter)

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

Payment of filing fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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- (2) Aggregate number of securities to which transaction applies:

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- (4) Proposed maximum aggregate value of transaction:

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 - (1) Amount previously paid:

 - (2) Form, Schedule or Registration Statement No.:

 - (3) Filing Party:

 - (4) Date Filed:

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ANNUAL MEETING AND
PROXY STATEMENT
FOR MARCH 12, 2013

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The Toro Company
8111 Lyndale Avenue South, Bloomington, Minnesota 55420-1196
Telephone 952-888-8801

January 29, 2013

Dear Fellow Shareholders:

I am pleased to invite you to join us for The Toro Company 2013 Annual Meeting of Shareholders to be held on Tuesday, March 12, 2013, at 1:30 p.m., Central Daylight Time, at our corporate offices. A live, listen-only audio webcast of the meeting will be available at www.thetorocompany.com/proxy. Details about the annual meeting, nominees for election to the Board of Directors and other matters to be acted on at the annual meeting are presented in the notice and proxy statement that follow.

It is important that your shares be represented at the annual meeting, regardless of the number of shares you hold and whether or not you plan to attend the meeting in person. Accordingly, please exercise your right to vote by following the instructions for voting on the Notice Regarding the Availability of Proxy Materials you received for the meeting or, if you received a paper or electronic copy of our proxy materials, by completing, signing, dating and returning your proxy card or by Internet or telephone voting as described in the proxy statement.

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

Sincerely,

Michael J. Hoffman

Chairman and CEO

You can help us make a difference by eliminating paper proxy mailings. With your consent, we will provide all future proxy materials electronically. Instructions for consenting to electronic delivery can be found on your proxy card or at www.proxyvote.com. Your consent to receive shareholder materials electronically will remain in effect until canceled.

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NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

The Toro Company 2013 Annual Meeting of Shareholders will be held on Tuesday, March 12, 2013, at 1:30 p.m., Central Daylight Time, at our corporate offices located at 8111 Lyndale Avenue South, Bloomington, Minnesota, 55420-1196, for the following purposes:

1. To elect as directors the three (3) nominees named in the attached proxy statement, each to serve for a term of three years ending at the 2016 Annual Meeting of Shareholders;
2. To approve an amendment to our Restated Certificate of Incorporation to increase the number of authorized shares of common stock from 100,000,000 to 175,000,000;
3. To ratify the selection of KPMG LLP as our independent registered public accounting firm for our fiscal year ending October 31, 2013;
4. To approve, on an advisory basis, our executive compensation; and
5. To transact any other business properly brought before the annual meeting or any adjournment or postponement of the annual meeting.

We currently are not aware of any other business to be brought before the annual meeting. Shareholders of record at the close of business on January 15, 2013, the record date, will be entitled to vote at the annual meeting or at any adjournment or postponement of the annual meeting.

A shareholder list will be available at our corporate offices beginning March 1, 2013, during normal business hours for examination by any shareholder registered on our stock ledger as of the record date for any purpose germane to the annual meeting.

Since a majority of the outstanding shares of our common stock must be represented either in person or by proxy to constitute a quorum for the conduct of business, **please promptly vote your shares by following the instructions for voting on the Notice Regarding the Availability of Proxy Materials you received for the meeting or, if you received a paper or electronic copy of our proxy materials, by completing, signing, dating and returning your proxy card or by Internet or telephone voting as described in the proxy statement.**

January 29, 2013

BY ORDER OF THE BOARD OF DIRECTORS

TIMOTHY P. DORDELL

Vice President, Secretary and

General Counsel

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THE TORO COMPANY

8111 Lyndale Avenue South

Bloomington, Minnesota 55420-1196

PROXY STATEMENT

2013 ANNUAL MEETING OF SHAREHOLDERS

TUESDAY, MARCH 12, 2013

1:30 p.m. Central Daylight Time

The Toro Company Board of Directors is using this proxy statement to solicit your proxy for use at The Toro Company 2013 Annual Meeting of Shareholders to be held at 1:30 p.m., Central Daylight Time, on Tuesday, March 12, 2013. We intend to send a Notice Regarding the Availability of Proxy Materials for the annual meeting and make proxy materials available to shareholders (or for certain shareholders and for those who request, a paper copy of this proxy statement and the form of proxy) on or about January 29, 2013. Please note that references in this proxy statement to Toro, our Company, we, us, our and similar terms refer to The Toro Company.

NOTE ABOUT FORWARD LOOKING STATEMENTS

Certain statements in this proxy statement are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and are subject to the safe harbor created by those sections. Forward-looking statements are generally identified by words such as expect, strive, looking ahead, outlook, forecast, go, optimistic, anticipate, continue, plan, estimate, believe, should, could, will, would, possible, may, likely, intend, a dates. Forward-looking statements are based on current expectations and assumptions and involve risks and uncertainties that may cause actual results to differ materially from the forward-looking statements. These risks and uncertainties include factors that affect all businesses operating in a global market as well as matters specific to us. The most significant factors known to us that could materially adversely affect our business, operations, industry, financial position, or future financial performance are described in our most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission, or SEC, on December 21, 2012, in Part I, Item 1A, Risk Factors. You should not place undue reliance on any forward-looking statement, which speaks only as of the date made. We assume no obligation to update forward-looking statements to reflect actual results or changes in factors or assumptions affecting such forward-looking statements. You should consult any further disclosures we make on related subjects in our future Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K that we file with or furnish to the SEC.

GENERAL INFORMATION ABOUT THE 2013 ANNUAL MEETING AND VOTING

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting To Be Held on Tuesday, March 12, 2013.

This proxy statement and our 2012 Annual Report, which includes our Annual Report on Form 10-K for the fiscal year ended October 31, 2012, are available at www.thetorocompany.com/proxy.

Pursuant to rules adopted by the SEC, we have elected to provide access to our proxy materials over the Internet. Accordingly, we are sending a Notice Regarding the Availability of Proxy Materials to our shareholders of record and beneficial owners (other than those beneficial owners who hold shares of our common stock in The Toro Company Investment, Savings and Employee Stock Ownership Plan, or IS&ESOP, The Toro Company Profit Sharing Plan for Plymouth Union Employees, The Toro

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Company Deferred Compensation Plan for Officers, or the Deferred Plan for Officers, The Toro Company Deferred Compensation Plan for Non-Employee Directors, or the Deferred Plan for Directors, and those record and beneficial owners who previously have requested that they receive electronic or paper copies of our proxy materials). All shareholders have the ability to access our proxy materials on the website referred to in the Notice Regarding the Availability of Proxy Materials (www.proxyvote.com) or request to receive a printed set of our proxy materials. Instructions on how to access our proxy materials over the Internet or request a printed copy of our proxy materials may be found in the Notice Regarding the Availability of Proxy Materials. In addition, shareholders may request to receive proxy materials in printed form by mail or electronically by email on an ongoing basis.

When and Where Will the Annual Meeting Be Held?

The annual meeting will be held on Tuesday, March 12, 2013, at 1:30 p.m., Central Daylight Time, at our corporate offices located at 8111 Lyndale Avenue South, Bloomington, Minnesota, 55420-1196.

What Are the Purposes of the Annual Meeting?

The purposes of the 2013 Annual Meeting of Shareholders are to vote on the following items:

1. To elect as directors the three (3) nominees named in this proxy statement, each to serve for a term of three years ending at the 2016 Annual Meeting of Shareholders;
2. To approve an amendment to our Restated Certificate of Incorporation to increase the number of authorized shares of common stock from 100,000,000 to 175,000,000;
3. To ratify the selection of KPMG LLP as our independent registered public accounting firm for our fiscal year ending October 31, 2013;
4. To approve, on an advisory basis, our executive compensation; and
5. To transact any other business properly brought before the annual meeting or any adjournment or postponement of the annual meeting.

Who Is Entitled to Vote at the Annual Meeting?

Shareholders of record at the close of business on January 15, 2013, the record date, will be entitled to notice of and to vote at the annual meeting or any adjournment or postponement of the annual meeting. As of January 15, 2013, there were 58,306,886 outstanding shares of our common stock. Each share of our common stock is entitled to one vote on each matter to be voted on at the annual meeting. Shares of our common stock that are held by us in our treasury are not counted as outstanding shares and will not be voted.

What Does It Mean If I Receive More Than One Notice or Set of Proxy Materials?

If you hold shares in more than one account, you may receive multiple copies of the Notice Regarding the Availability of Proxy Materials and/or electronic or paper copies of our proxy materials. If you are a participant in our Dividend Reinvestment Plan, shares registered in your name are combined with shares you hold in that plan. Similarly, where possible, shares registered in your name are combined with shares you hold, if any, as a participant in certain Toro employee benefit plans. However, shares you hold in street name (through a broker, bank or other nominee) are not combined with shares registered in your name or held as a participant in Toro employee benefit plans. If you receive more than one Notice Regarding the Availability of Proxy Materials and/or electronic or paper copies of our proxy materials, you must vote separately for each notice, e-mail notification or proxy and/or voting instruction card having a unique control number to ensure that you vote all of your shares.

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What Different Methods May I Use to Vote My Shares?

Your vote is important. If your shares are registered in your name, you may vote your shares in person at the meeting or by one of the three following methods:

Vote by Internet, by going to www.proxyvote.com and following the instructions for Internet voting shown on your Notice Regarding the Availability of Proxy Materials, proxy card or voting instruction form.

Vote by Telephone, by dialing 800-690-6903 and following the instructions for telephone voting shown on your proxy card.

Vote by Proxy Card, by completing, signing, dating and mailing your proxy card in the envelope provided if you received a paper copy of these proxy materials. If you vote by Internet or telephone, please do not mail your proxy card.

If you hold shares as a participant in certain Toro employee benefit plans, you may vote your shares by one of the three methods noted above. If your shares are held in street name, you may receive a separate voting instruction form with this proxy statement or you may need to contact your broker, bank or other nominee to determine whether you will be able to vote electronically using the Internet or by telephone.

How Will My Shares Be Voted?

If you return your signed proxy card or use Internet or telephone voting before the annual meeting, the named proxies will vote your shares as you direct. If you hold shares as a participant in certain Toro employee benefit plans, the trustee for such plan will cause your shares to be voted confidentially in accordance with your instructions.

For Proposal One Election of Directors, you may:

Vote **FOR** all three nominees;

WITHHOLD your vote from all three nominees; or

WITHHOLD your vote from one or more nominees you designate.

For Proposal Two Approval of Amendment to Restated Certificate of Incorporation to Increase Authorized Shares of Common Stock, Proposal Three Ratification of Selection of Independent Registered Public Accounting Firm and Proposal Four Advisory Approval of Executive Compensation, you may:

Vote **FOR** the proposal;

Vote **AGAINST** the proposal; or

ABSTAIN from voting on the proposal.

If your shares are registered in your name and you send in your proxy card or use Internet or telephone voting but you do not specify how you want to vote your shares, the proxies will vote your shares **FOR** all three nominees for election to the Board in Proposal One Election of Directors, **FOR** Proposal Two Approval of Amendment to Restated Certificate of Incorporation to Increase Authorized Shares of Common

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Stock, **FOR** Proposal Three Ratification of Selection of Independent Registered Public Accounting Firm, and **FOR** Proposal Four Proposal Four Advisory Approval of Executive Compensation. If you hold shares as a participant in certain Toro employee benefit plans and you do not provide voting instructions for such shares, in accordance with the terms of each respective plan, the trustee for such plan will vote your shares in the same proportion as the votes actually cast by participants.

If your shares are held in street name and you do not indicate how you wish to vote, under the New York Stock Exchange, or NYSE, rules, your broker is permitted to exercise its discretion to vote

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your shares only on certain routine matters. Proposal One Election of Directors and Proposal Four Advisory Approval of Executive Compensation are not routine matters. Accordingly, if you do not direct your broker how to vote on those proposals, your broker may not exercise discretionary voting authority and may not vote your shares on such proposals. This is called a broker non-vote and although your shares will be considered to be represented by proxy at the annual meeting, as discussed below, they are not considered to be shares entitled to vote at the annual meeting and will not be counted as having been voted on the applicable proposal. Proposal Two Approval of Amendment to Restated Certificate of Incorporation to Increase Authorized Shares of Common Stock and Proposal Three Ratification of Selection of Independent Registered Public Accounting Firm are routine matters and, as such, your broker is permitted to exercise discretionary voting authority to vote your shares for or against the proposals in the absence of your instruction.

How Does the Board Recommend that I Vote?

The Board of Directors unanimously recommends that you vote:

FOR all three nominees for election to the Board in Proposal One Election of Directors;

FOR Proposal Two Approval of Amendment to Restated Certificate of Incorporation to Increase Authorized Shares of Common Stock;

FOR Proposal Three Ratification of Selection of Independent Registered Public Accounting Firm; and

FOR Proposal Four Advisory Approval of Executive Compensation.

How Can I Revoke or Change My Vote?

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

Submitting another proper proxy with a more recent date than that of the proxy first given by following the Internet or telephone voting instructions or completing, signing, dating and returning a proxy card;

Sending written notice of revocation to our Vice President, Secretary and General Counsel; or

Attending the annual meeting and voting by ballot.

If you hold shares as a participant in certain Toro employee benefit plans, you may revoke or change your proxy by submitting another proper proxy with a more recent date than that of the proxy first given by following the Internet or telephone voting instructions or completing, signing, dating and returning a proxy card. If your shares are held in street name, you may revoke your proxy by following instructions provided by your broker, bank or other nominee.

How Many Shares Must Be Present to Hold the Annual Meeting?

The presence, in person or represented by proxy, at the annual meeting of a majority of the outstanding shares of our common stock as of the record date will constitute a quorum for the transaction of business at the annual meeting. Your shares will be counted toward the quorum if you submit a proxy or vote at the annual meeting. Shares represented by proxies marked abstain and broker non-votes also are counted in determining whether a quorum is present for the transaction of business at the annual meeting.

What Vote Is Required for Each Proposal?

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Proposal One Election of Directors will be decided by the affirmative vote of a plurality of the outstanding shares of our common stock, present in person or represented by proxy at the annual

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meeting, and entitled to vote at the annual meeting. A plurality for Proposal One means the individuals who receive the greatest number of votes cast for are elected as directors. However, under our Amended and Restated Bylaws, if a majority of the votes of the shares present in person or represented by proxy at the annual meeting are designated to be withheld from or are voted against a nominee for director in an uncontested election, that director must tender his or her resignation for consideration by the Nominating & Governance Committee. The Nominating & Governance Committee then must evaluate the best interests of our Company and its shareholders and recommend the action to be taken by the Board with respect to such tendered resignation.

Proposal Two Approval of Amendment to Restated Certificate of Incorporation to Increase Authorized Shares of Common Stock will be decided by the affirmative vote of a majority of the outstanding shares of our common stock entitled to vote at the annual meeting.

Proposal Three Ratification of Selection of Independent Registered Public Accounting Firm and Proposal Four Advisory Approval of Executive Compensation each will be decided by the affirmative vote of a majority of the outstanding shares of our common stock, present in person or represented by proxy at the annual meeting, and entitled to vote at the annual meeting. Proposal Four is an advisory vote; however, our Compensation & Human Resources Committee and Board expect to take into account the outcome of the vote when considering future executive compensation decisions.

Proxies marked withheld on Proposal One Election of Directors or abstain on Proposal Two Approval of Amendment to Restated Certificate of Incorporation to Increase Authorized Shares of Common Stock, Proposal Three Ratification of Section of Independent Registered Public Accounting Firm or Proposal Four Advisory Approval of Executive Compensation will be counted in determining the total number of shares entitled to vote on such proposal but will have the effect of a vote against a director or a proposal. Broker non-votes are not considered to be shares entitled to vote at the annual meeting and, as such, will not be counted as having been voted on the applicable proposal.

Who Will Count the Votes?

Broadridge Financial Solutions, Inc. has been engaged to tabulate shareholder votes and act as our independent inspector of elections for the annual meeting.

Are There Any Matters To Be Voted On at the Annual Meeting that Are Not Included in this Proxy Statement?

We currently are not aware of any business to be acted upon at the annual meeting other than that described in this proxy statement. If, however, other matters properly are brought before the annual meeting, or any adjournment or postponement of the annual meeting, your proxy includes discretionary authority on the part of the individuals appointed to vote your shares or act on those matters according to their best judgment.

How Will Business Be Conducted at the Annual Meeting?

The presiding officer at the annual meeting will determine how business at the meeting will be conducted. Only nominations and other proposals brought before the annual meeting in accordance with the advance notice and information requirements of our Amended and Restated Bylaws will be considered, and no such nominations or other proposals were received. In order for a shareholder proposal to have been included in our proxy statement for the annual meeting, our Vice President, Secretary and General Counsel must have received such proposal not later than October 10, 2012. Under our Amended and Restated Bylaws, complete and timely written notice of a proposed nominee for election to our Board at the annual meeting or a proposal for any other business to be brought before the annual meeting must have been received by our Vice President, Secretary and General Counsel not later than December 20, 2012, nor earlier than November 20, 2012, and must have contained the specific information required by our Amended and Restated Bylaws.

Table of Contents**STOCK OWNERSHIP****Significant Beneficial Owners**

The following table sets forth information known to us as of January 15, 2013, as to entities that have reported to the SEC or have otherwise advised us that they are a beneficial owner, as defined by the SEC's rules and regulations, of more than five percent of our outstanding common stock. Please note that all share amounts set forth in the table and footnotes below reflect the impact of our two-for-one stock split effective June 29, 2012.

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class⁽¹⁾
Common Stock	The Vanguard Group, Inc. 100 Vanguard Blvd. Malvern, PA 19355	3,943,987 ⁽²⁾	6.76%
Common Stock	BlackRock, Inc. 40 East 52nd St. New York, NY 10022	3,888,753 ⁽³⁾	6.67%
Common Stock	Mairs and Power, Inc. 332 Minnesota St. W-1520 First National Bank Building St. Paul, MN 55101	3,316,553 ⁽⁴⁾	5.69%

(1) Percent of class is based on 58,306,886 shares outstanding as of January 15, 2013.

(2) Based solely on information contained in the most recently filed Schedule 13F of The Vanguard Group, Inc. an investment advisor, filed with the SEC on November 14, 2012, reflecting beneficial ownership as of September 30, 2012, with sole investment discretion but no voting authority with respect to 3,899,827 shares, sole investment discretion and voting authority with respect to 3,000 shares, and shared investment discretion but sole voting authority with respect to 41,160 shares.

(3) Based solely on information contained in the most recently filed Schedule 13F of each of the following entities, each of which was filed with the SEC on November 13, 2012 reflecting beneficial ownership as of September 28, 2012: (a) BlackRock, Inc., reflecting beneficial ownership of 200,203 shares of our common stock; (b) BlackRock Japan Co. Ltd., reflecting beneficial ownership of 9,544 shares of our common stock; (c) BlackRock Institutional Trust Company, N.A., reflecting beneficial ownership of 1,764,393 shares of our common stock; (d) BlackRock Fund Advisors, reflecting beneficial ownership of 1,739,647 shares of our common stock; (e) BlackRock Advisors, LLC, reflecting beneficial ownership of 7,836 shares of our common stock; (f) BlackRock Investment Management, LLC, reflecting beneficial ownership of 55,635 shares of our common stock; and (g) BlackRock Group Limited, reflecting beneficial ownership of 111,495 shares of our common stock. Each entity reported sole investment discretion and voting authority with respect to all such shares. BlackRock, Inc. is a parent holding company of certain institutional investment managers and the most recently filed Schedule 13F of BlackRock, Inc. names each of the other entities listed herein as a subsidiary and individual filer of Schedules 13F.

- (4) Based solely on information contained in the most recently filed Schedule 13F of Mairs and Power, Inc., an investment advisor, filed with the SEC on November 14, 2012, reflecting beneficial ownership as of September 30, 2012, with sole investment discretion with respect to all such shares, sole voting authority with respect to 2,684,000 shares and no voting authority with respect to 632,553 shares.

Table of Contents**Directors and Executive Officers**

The following table sets forth information known to us regarding the beneficial ownership of our common stock as of January 15, 2013, by (i) each of our directors and nominees for director, (ii) our principal executive officer, principal financial officer, and the next three most highly compensated executive officers named in the Summary Compensation Table on page 55 (we collectively refer to these persons as our named executive officers), and (iii) all current directors and executive officers as a group. Please note that all share amounts set forth in the table and footnotes below reflect the impact of our two-for-one stock split effective June 29, 2012.

Name	Amount and Nature of Beneficial Ownership of Common Stock ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	Common Stock Beneficially Owned as a Percent of Common Stock Outstanding ⁽⁵⁾
Non-Employee Directors:		
Robert C. Buhrmaster	84,056	*
Janet K. Cooper	69,814	*
Gary L. Ellis	50,321	*
Jeffrey M. Ettinger	13,321	*
Katherine J. Harless	49,930	*
Robert H. Nassau	49,009	*
James C. O'Rourke	1,128	*
Gregg W. Steinhafel	38,697	*
Christopher A. Twomey	96,402	*
Named Executive Officers:		
Michael J. Hoffman	1,678,113	2.83%
Renee J. Peterson		