SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For the Quarter Ended April 29, 1994 Commission File Number 1-8649

THE TORO COMPANY

(Exact name of registrant as specified in its charter)

DELAWARE	41-0580470
(State of Incorporation)	(I.R.S. Employer Identification Number)

8111 LYNDALE AVENUE SOUTH
BLOOMINGTON, MINNESOTA 55420
TELEPHONE NUMBER: (612) 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 X No

The number of shares of Common Stock outstanding as of April 29, 1994 was 12,604,218.

THE TORO COMPANY
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PART I. FINANCIAL INFORMATION

THE TORO COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(DOLLARS IN THOUSANDS)

	April 29, 1994	April 30, 1993	July 31, 1993
ASSETS			
Cash	$ 7,664	$ 6,482	$ 61,793
Receivables (net)	300,751	276,190	180,363
Inventories	123,662	99,354	78,708
Prepaid expenses	23,004	25,368	23,266
Total current assets	455,081	407,394	344,130
Property, plant and equipment	182,009	181,276	173,397
Less accumulated depreciation and amortization	125,091	118,243	113,428
	$ 56,918	$ 63,033	$ 59,969
Other assets	18,266	20,415	15,104
Total assets	$ 530,265	$ 490,842	$ 419,203
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current portion of long-term debt	$ 45,645	$ 16,140	$ 15,000
Short-term debt	43,588	28,460	--
Accounts payable	38,193	30,252	28,786
Other accrued liabilities	155,882	124,922	106,474
Total current liabilities	283,308	199,774	150,260
Deferred income taxes	759	2,442	1,372
Long-term debt, less current portion	77,245	147,960	122,970
Deferred income	5,250	--	--
Stockholders' equity:			
Common stock par value $1.00, authorized 35,000,000 shares; issued and outstanding 12,604,218 shares at April 29, 1994 (net of 28,544 treasury shares), 12,252,230 shares at April 30, 1993 (net of 325,643 treasury shares), and 12,270,404 shares at July 31, 1993 (net of 307,469 treasury shares)	12,604	12,252	12,270
Additional paid-in capital	49,357	44,736	44,898
Retained earnings	107,189	92,304	93,451
Foreign currency translation adjustment	(224)	(792)	(795)
	168,926	148,500	149,824
Receivable from ESOP	(5,223)	(7,834)	(5,223)
Total common stockholders' equity	163,703	140,666	144,601
Total liabilities and stockholders' equity	$ 530,265	$ 490,842	$ 419,203

See accompanying notes to condensed consolidated financial statements.

THE TORO COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
AND RETAINED EARNINGS (UNAUDITED)
(DOLLARS IN THOUSANDS, EXCEPT PER- SHARE DATA)

	Three Months Ended		Nine Months Ended	
	April 29, 1994	April 30, 1993	April 29, 1994	April 30, 1993
Net sales	$ 276,476	$ 241,347	$ 601,650	$ 507,962
Cost of sales	178,787	157,553	388,339	331,571
Gross profit	97,689	83,794	213,311	176,391
Selling, general and administrative expense	70,817	59,470	179,618	150,106
Earnings from operations	26,872	24,324	33,693	26,285
Interest expense	3,631	4,568	10,178	12,978
Other income, net	(2,820)	(796)	(6,850)	(3,503)
Earnings before income taxes	26,061	20,552	30,365	16,810
Provision for income taxes	10,424	7,810	12,146	6,388
Net earnings	$ 15,637	$ 12,742	$ 18,219	$ 10,422
Retained earnings at beginning of period	93,063	81,019	93,451	86,235
Dividends on common stock of $0.12, $0.12, $0.36 and $0.36 per share, respectively	(1,511)	(1,457)	(4,481)	(4,353)
Retained earnings at end of period	$ 107,189	$ 92,304	$ 107,189	$ 92,304
Net earnings per common and common share equivalent:	$ 1.19	$ 1.01	$ 1.40	$ 0.85

See accompanying notes to condensed consolidated financial statements.

THE TORO COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(DOLLARS IN THOUSANDS)

	Nine Months Ended	
	April 29, 1994	April 30, 1993
Cash flows from operating activities:		
Net income	$ 18,219	$ 10,422
Adjustments to reconcile net income to net cash used in operating activities:		
Provision for depreciation and amortization	13,680	14,082
Provision for deferred income tax benefit	(613)	(67)
Changes in operating assets and liabilities:		
Receivables (net)	(126,977)	(77,853)
Inventories	(44,954)	(25,229)
Prepaid expenses	262	863
Payables and accruals	51,202	27,573
Accrued income taxes	7,615	5,514
Net cash used in operating activities	(81,566)	(44,695)
Cash flows from investing activities:		
Purchases of property, plant and equipment	(9,270)	(6,009)
Proceeds from asset disposals	19	--
Increase in other assets	(4,541)	(2,728)
Net cash used in investing activities	(13,792)	(8,737)
Cash flows from financing activities:		
Increase in short-term debt	43,588	28,460
Increase in sale of receivables	6,589	8,333
Repayments of long-term debt	(15,080)	--
Proceeds from deferred income	5,250	--
Proceeds from sale of common stock	6,026	3,066
Purchases of common stock	(1,234)	(291)
Dividends on common stock	(4,481)	(4,353)
Net cash provided by financing activities	40,658	35,215
Foreign currency translation adjustment	571	(792)
Net decrease in cash	(54,129)	(19,009)
Cash at beginning of period	61,793	25,491
Cash at end of period	$ 7,664	$ 6,482

See accompanying notes to condensed consolidated financial statements.

THE TORO COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
APRIL 29, 1994

1. BACKGROUND

The information furnished reflects all adjustments which, in the opinion of management, are necessary for a fair presentation of the interim periods. The Toro Company's business is seasonal. Operating results for the three months and nine months ended April 29, 1994 are not necessarily indicative of the results that may be expected for the fiscal year ending July 31, 1994.

These statements should be read in conjunction with the financial statements and footnotes included in the Company's Annual Report for the year ended July 31, 1993. The policies described in that report are used in preparing quarterly reports.

2. INVENTORIES

Substantially all inventories are valued at the lower of cost or net realizable value with cost determined by the last-in, first-out (LIFO) method. If the first-in, first-out (FIFO) method of cost determination had been used, inventories would have been $17,221,000 and $13,365,000 higher than the levels reported as of the end of the first nine months of fiscal years 1994 and 1993, respectively. Using the FIFO method, inventories would have been $64,907,000 and $54,157,000 of work-in-process and $75,976,000 and $58,562,000 of finished goods in fiscal years 1994 and 1993, respectively.

3. DEFERRED INCOME

The Company entered into an interest rate exchange agreement with a bank during the third quarter to preserve the value of the call option included in its $50 million, 11% long-term sinking fund notes due August 1, 2017, and to realize the benefit of current interest rates. As a result of this agreement the Company received $5.25 million from the bank, which is recorded on the balance sheet as deferred income. In return, the Company is obligated to pay the bank 10.25% on a notational amount of $50 million from August 1, 1997 through July 31, 2002 and the Company will receive payments based on a floating rate equal to LIBOR on the notational amount of $50 million for the same period.

The net interest rate differential to be received or paid and the $5.25 million deferred income will be recognized, commencing August 1, 1997, over the term of the agreement as an adjustment to interest expense.

In accordance with FASB Statement 107 "Disclosures about Fair Value of Financial Instruments" the cost to terminate this agreement at April 29, 1994, had management elected to do so, was approximately $3.7 million which would have resulted in a gain of approximately $1.6 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS

LIQUIDITY AND CAPITAL RESOURCES

Total assets for the Company as of April 29, 1994 were $530.3 million, an increase of $39.5 million, or 8.1%, from the $490.8 million reported at the end of the third quarter last year. The increase resulted primarily from increases in trade receivables and inventory. The increase in trade receivables is directly related to increased sales volume. Inventory increased as a result of building product to meet increased demand coupled with production plans implemented to accommodate previous consolidation of manufacturing plants.

Total debt as of April 29, 1994 was $166.5 million, or $26.1 million less than the $192.6 million reported at the end of the third quarter last year. The ratio of total debt to total capital of 50.4% has improved from the 57.8% reported as of April 30, 1993. The lower debt ratio resulted from the reduced debt levels combined with an increase in equity as a result of fiscal 1994 earnings to date.

The business of the Company is seasonal. Historically, accounts receivable balances increase throughout the winter months as a result of extended payment terms made available to customers (distributors and dealers) and decrease in the late spring when payments become due. Peak borrowing usually occurs in the third quarter. The seasonal working capital requirements of the business are financed primarily with short-term debt. Management believes that the combination of funds available through existing financing options, coupled with forecasted cash flows, will provide the capital resources necessary to meet the Company's working capital requirements.

RESULTS OF OPERATIONS

The following table sets forth sales by product line.

(Dollars in thousands)	Three Months Ended			
	April 29, 1994	April 30, 1993	$ Change	% Change
Consumer products	$ 171,476	$ 135,621	$ 35,855	26.4%
Commercial products	71,908	73,841	(1,933)	(2.6)
Irrigation products	33,092	31,885	1,207	3.8
Total *	$ 276,476	$ 241,347	$ 35,129	14.6%
* Includes International sales of:.	$ 57,774	$ 56,606	$ 1,168	2.1%

(Dollars in thousands)	Nine Months Ended			
	April 29, 1994	April 30, 1993	$ Change	% Change
Consumer products	$ 360,530	$ 276,982	$ 83,548	30.2%
Commercial products	162,520	152,603	9,917	6.5
Irrigation products	78,600	78,377	223	0.3
Total *	$ 601,650	$ 507,962	$ 93,688	18.4%
* Includes International sales of:.	$101,400	$99,266	$2,134	2.2%

Changes in net sales for the third quarter and year to date were attributed to the following factors. Consumer product sales reflect increased sales of walk power mowers, electric products and the continued acceptance of the new lower-priced lawn tractor introduced last spring. These increases were attributed to heavy ordering by distributors and mass merchandisers in anticipation of a better retail selling season than last year, expansion of the distribution channel and retail network, and strong acceptance of new products. The commercial product sales decrease for the third quarter was primarily attributable to an aggressive introduction of the new Workman-TM- vehicle in fiscal 1993 and earlier shipments to distributors in the first half of fiscal 1994 to replenish low field inventory levels. On a year to date basis, commercial product sales are experiencing an increase over the prior year. The irrigation product sales increase reflects improving domestic economic conditions and changes in the distribution network implemented in the first quarter of this fiscal year. The slight increase in irrigation sales year to date reflects some strengthening in the domestic market. The international sales increase was attributed to increases in commercial product sales, particularly the new Workman-TM- vehicle which was new in the market last year.

Gross profit of $97.7 million was $13.9 million (16.6%) higher than the $83.8 million reported for the third quarter of fiscal 1993. As a percent of sales, gross profit increased slightly to 35.3% for the third quarter of fiscal 1994 compared to 34.7% for the third quarter last year. Year to date gross profit was $213.3 million, $36.9 million (20.9%) higher than the $176.4 million reported last year. The dollar increase is attributed to increased sales volume and improved manufacturing efficiencies.

Selling, general and administrative (S G & A) expenses increased $11.3 million, or 19.0%, to $70.8 million from the $59.5 million for the third quarter last year. Year to date S G & A of $179.6 million increased $29.5 million from the $150.1 million reported a year ago. The increases occurred principally as a result of investments in consumer product brand advertising, customer support services related to changes made in irrigation's distribution channel, research and development expenditures, a consumer warranty provision for a lawn tractor component modification, and start-up costs for the fertilizer and debris businesses.

Interest expense of $3.6 million for the quarter was $1.0 million, or 21.7%, less than the $4.6 million the same period last year. Year to date interest expense decreased $2.8 million to $10.2 million from the $13.0 million reported a year ago. These decreases are principally because of the reduction in long-term debt.

Net other income increased $2.0 million to $2.8 million from $0.8 million from the third quarter last year. The increase resulted primarily from the settlement of a patent infringement lawsuit and the sale of the portable heater business. Year to date net other income of $6.9 million is $3.4 million higher than the $3.5 million reported a year ago. The year to date increase reflects $1.85 million received in settlement of a lawsuit relating to the purchase of Lawn-Boy, Inc., as well as the items mentioned above. In addition to the items listed, other income includes foreign currency exchange losses, royalty income and gains/losses incurred on joint ventures.

Provision for income taxes as a percent of pre-tax earnings was 40.0% for the third quarter of fiscal 1994 and provision for income taxes as a percent of pre-tax loss was 38.0% for the same period in fiscal 1993. The tax rate increase reflects the enactment of the new tax law. The tax rate is expected to remain at 40% for the remainder of fiscal 1994.

We are optimistic about our outlook for the remainder of the fiscal year, and have good momentum to carry us into fiscal 1995.

PART II. OTHER INFORMATION

Item 6 Exhibits and Reports on Form 8-K

(a) Exhibit 11 Computation of Earnings per Common Share

(b) Reports on Form 8-K

The Company did not file any Form 8-K reports during the third quarter of fiscal 1994.

SIGNATURES

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

THE TORO COMPANY
(Registrant)

By /s/ Gerald T. Knight

Gerald T. Knight
Vice President, Finance
Chief Financial Officer
(principal financial officer)

Date: June 10, 1994

Exhibit 11

THE TORO COMPANY AND SUBSIDIARIES
COMPUTATION OF EARNINGS (LOSS) PER COMMON SHARE (UNAUDITED)
(DOLLARS IN THOUSANDS, EXCEPT PER-SHARE DATA)

	Three Months Ended		Nine Months Ended	
	April 29, 1994	April 30, 1993	April 29, 1994	April 30, 1993
Net earnings	$ 15,637	$ 12,742	$ 18,219	$ 10,422
Primary:				
Shares for common and common share equivalent net earnings per share:				
Weighted average number of common shares outstanding	12,564,692	12,185,120	12,434,277	12,093,899
Dilutive effect of outstanding stock options (1)	544,903	406,921	543,553	218,013
	13,109,595	12,592,041	12,977,830	12,311,912
Net earnings per common and common share equivalent	$ 1.19	$ 1.01	$ 1.40	$ 0.85
Fully Diluted:				
Shares for common and common share equivalent net earnings per share:				
Weighted average number of common shares outstanding	12,564,692	12,185,120	12,434,277	12,093,899
Dilutive effect of outstanding stock options (2)	544,903	406,921	561,648	409,761
	13,109,595	12,592,041	12,995,925	12,503,660
Net earnings per common and common share equivalent	$ 1.19	$ 1.01	$ 1.40	$ 0.83

1) Outstanding stock options and options exercised in the current period are converted to common share equivalents by the treasury stock method using the average market price of the Company's stock during each period.

2) Outstanding stock options and options exercised in the current period are converted to common share equivalents by the treasury stock method using the greater of the average market price or the period-end market price of the Company's stock during each period.