UNITED STATES
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 August 2, 1996 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 August 30, 1996 was 11,997,663.

THE TORO COMPANY
INDEX TO FORM 10-Q

PART I. FINANCIAL INFORMATION

THE TORO COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED EARNINGS (UNAUDITED)

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

	Three Months Ended		Nine Months Ended	
	August 2, 1996	July 31, 1995	August 2, 1996	July 31, 1995
Net sales	$ 232,565	$ 202,586	$ 732,712	$ 727,149
Cost of sales	146,681	127,483	466,689	468,636
Gross profit	85,884	75,103	266,023	258,513
Selling, general and administrative expense	72,909	66,841	210,273	207,080
Earnings from operations	12,975	8,262	55,750	51,433
Interest expense	3,755	3,399	10,858	9,422
Other income, net	(1,489)	(1,849)	(7,642)	(5,264)
Earnings before income taxes	10,709	6,712	52,534	47,275
Provision for income taxes	4,244	2,685	20,751	18,910
Net earnings	$ 6,465	$ 4,027	$ 31,783	$ 28,365
Retained earnings at beginning of period	165,274	137,762	142,891	116,482
Other	164	--	164	--
Dividends on common stock of $0.12, $0.12, $0.36 and $0.36 per share, respectively	(1,458)	(1,436)	(4,393)	(4,494)
Retained earnings at end of period	$ 170,445	$ 140,353	$ 170,445	$ 140,353
Net earnings per share of common stock and common stock equivalent	$ 0.52	$ 0.32	$ 2.52	$ 2.17
Net earnings per share of common stock and common stock equivalent - assuming full dilution	$ 0.52	$ 0.32	$ 2.52	$ 2.17

See accompanying notes to condensed consolidated financial statements.

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

	August 2, 1996	July 31, 1995	October 31, 1995
ASSETS			
Cash and cash equivalents	$ 1,151	$ 11,924	$ 7,702
Receivables, net	265,772	210,125	198,816
Inventories	143,339	123,720	145,862
Other current assets	34,370	35,841	33,879
Total current assets	444,632	381,610	386,259
Property, plant and equipment	220,443	208,621	211,681
Less accumulated depreciation and amortization	151,626	138,550	141,726
	68,817	70,071	69,955
Other assets	18,481	16,634	16,439
Total assets	$ 531,930	$ 468,315	$ 472,653
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current portion of long-term debt	$ 373	$ 16,090	$ 15,334
Short-term borrowing	83,600	22,535	41,575
Accounts payable	26,160	41,072	51,052
Other accrued liabilities	136,603	132,962	113,212
Total current liabilities	246,736	212,659	221,173
Long-term debt, less current portion	53,046	64,935	53,365
Other long-term liabilities	22,586	5,250	7,223
Common stockholders' equity:			
Common stock par value $1.00, authorized 35,000,000 shares; issued and outstanding 11,990,873 shares at August 2, 1996 (net of 919,131 treasury shares), 12,039,776 shares at July 31, 1995 (net of 802,549 treasury shares), and 12,167,835 shares at October 31, 1995 (net of 674,490 treasury shares)	11,991	12,040	12,168
Additional paid-in capital	27,817	33,145	35,712
Retained earnings	170,445	140,353	142,891
Foreign currency translation adjustment	(691)	(67)	121
Total common stockholders' equity	209,562	185,471	190,892
Total liabilities and common stockholders' equity	$ 531,930	$ 468,315	$ 472,653

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	
	August 2, 1996	July 31, 1995
Cash flows from operating activities:		
Net earnings	$ 31,783	$ 28,365
Adjustments to reconcile net earnings to net cash (used) provided in operating activities:		
Provision for depreciation and amortization	13,228	13,395
Loss on disposal of property, plant and equipment	(176)	(113)
Deferred income taxes	-	(1,283)
Tax benefits related to employee stock option transactions	1,490	1,178
Changes in operating assets and liabilities:		
Net receivables	(66,956)	(12,546)
Inventories	2,523	9,133
Other current assets	(491)	(7,621)
Accounts payable and accrued expenses	(1,502)	1,133
Accrued income taxes	-	(3,231)
Net cash (used) provided in operating activities	(20,101)	28,410
Cash flows from investing activities:		
Purchases of property, plant and equipment	(11,655)	(23,556)
Proceeds from asset disposals	439	807
(Increase) decrease in other assets	(2,740)	2,225
Net cash used in investing activities	(13,956)	(20,524)
Cash flows from financing activities:		
Increase in sale of receivables	-	2,331
Increase in short-term borrowing	42,025	22,535
Repayments of long-term debt	(15,280)	(10,429)
Change in other long-term liabilities	15,363	-
Proceeds from exercise of stock options	3,673	4,033
Purchases of common stock	(13,071)	(25,120)
Dividends on common stock	(4,393)	(4,494)
Repayments from ESOP	-	2,612
Net cash (used) provided by financing activities	28,317	(8,532)
Foreign currency translation adjustment	(811)	168
Net decrease in cash and cash equivalents	(6,551)	(478)
Cash and cash equivalents at beginning of period	7,702	12,402
Cash and cash equivalents at end of period	$ 1,151	$ 11,924

See accompanying notes to condensed consolidated financial statements.

1. BASIS OF PRESENTATION

The accompanying unaudited 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 generally accepted accounting principles for complete financial statements. In the opinion of management, the unaudited 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. The Toro Company's business is seasonal. Operating results for the nine months ended August 2, 1996 are not necessarily indicative of the results that may be expected for the year ending October 31, 1996.

In November 1995, the company changed its fiscal year from a fiscal year ended July 31 to a fiscal year ended October 31.

For further information, refer to the consolidated financial statements and notes included in the company's Annual Report on Form 10-K for the year ended July 31, 1995 (the company's former fiscal year end). The policies described in that report are used for preparing quarterly reports.

2. INVENTORIES

The majority of inventories are valued at the lower of cost or net realizable value with cost determined by the last-in, first-out (LIFO) method. Had the first-in, first-out (FIFO) method of cost determination been used, inventories would have been $24,841,000 and $24,730,000 higher than reported at August 2, 1996, and July 31, 1995, respectively. Under the FIFO method, work-in-process inventories were $68,952,000 and $68,683,000 and finished goods inventories were $99,228,000 and $79,767,000 at August 2, 1996, and July 31, 1995, respectively.

3. DEFERRED INCOME

The company entered into a forward starting interest rate exchange agreement with a bank on March 6, 1996 to hedge the anticipated refinancing of its $50 million, 11% long-term sinking fund debentures callable August 1, 1997, and to realize the benefit of current favorable interest rates. Simultaneously with entering into this interest rate exchange agreement, the company terminated its interest rate exchange agreement entered into during February 1994. The effect of this transaction was to extend the original forward starting interest rate exchange agreement from 5 years to 30 years. As a result of this transaction, the deferred income balance was increased from $5.25 million in 1994 to $17.3 in March of 1996. The net additional cash received in March 1996 was $12.1 million. In return for the net proceeds, the company will pay the bank 10.55% on a notational amount of $50 million from August 1, 1997 through August 2, 2027 and the company will receive payments based on a floating rate equal to LIBOR on the notational amount over the same period.

The net interest rate differential to be received or paid and the $17.3 million deferred income will be recognized commencing August 1, 1997 as an adjustment to interest expense over the term of the agreement.

In accordance with FASB statement 107 "Disclosures about Fair Value of Financial Instruments" the cost to terminate this agreement at August 2, 1996, had management elected to do so, was approximately $18.5 million which would have resulted in a loss of approximately $0.8 million.

Subsequent to August 2, 1996 the company entered into a forward starting interest rate exchange agreement with a bank to hedge the anticipated refinancing of $50 million currently financed under short-term credit agreements. The company received or paid no cash as a result of this transaction.

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

FORWARD LOOKING INFORMATION

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995: This report contains 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. In addition, forward looking statements may be made orally in the future by or on behalf of the company.

Forward looking statements involve risks and uncertainties, including, but not limited to, changes in business conditions and the economy in general in both foreign and domestic markets; weather conditions affecting demand; seasonal factors affecting the company's industry; lack of growth in the company's markets; litigation; financial market changes including interest rates and foreign exchange rates; trend factors including housing starts, new golf course starts and market demographics; government actions including budget levels, regulation, and legislation, primarily legislation relating to the environment, commerce and infrastructure, and health and safety; labor relations; availability of materials; actions of competitors; ability to integrate acquisitions; and the company's ability to profitably develop, manufacture and sell both new and existing products. Actual results could differ materially from those projected in the forward looking statements as a result of these risk factors, and should not be relied upon as a prediction of actual future results. Further, Toro undertakes no obligation to update any forward looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events.

RESULTS OF OPERATIONS

The following table sets forth sales by product line.

(Dollars in thousands)	Three Months Ended August 2, 1996	Three Months Ended July 31, 1995	$ CHANGE	% CHANGE
Consumer products.	$102,290	$ 76,375	$ 25,915	33.9 %
Commercial products.	84,828	82,372	2,456	3.0
Irrigation products.	45,447	43,839	1,608	3.7
Total *	$232,565	$202,586	$ 29,979	14.8 %
* Includes international sales of. . . .	$ 43,238	$ 37,426	$ 5,812	15.5 %

(Dollars in thousands)	Nine Months Ended August 2, 1996	Nine Months Ended July 31, 1995	$ CHANGE	% CHANGE
Consumer products.	$342,722	$361,279	$(18,557)	(5.1)%
Commercial products.	271,684	256,662	15,022	5.9
Irrigation products.	118,306	109,208	9,098	8.3
Total *.	$732,712	$727,149	$ 5,563	0.8 %
* Includes international sales of. . . .	$146,996	$128,669	$ 18,327	14.2 %

Worldwide net sales for the three months ended August 2, 1996 of $232.6 million increased by $30.0 million from the prior year. The increase in consumer product sales occurred primarily as a result of significant snow sales early in the season. Good performance for riding products and electric products also contributed to the increase. The commercial product sales increase was primarily the result of a strong European golf market and increased sales to the landscape contractors market, fueled by a new product introduced in the quarter and successful marketing programs. Sales of irrigation products increased as sales of do-it-yourself products remained strong. International sales, reported within the consumer, commercial and irrigation results above, increased from the prior year due to strong commercial sales to the European golf market. Consumer riding product sales to Australia and early snow shipments also fueled the increase.

Worldwide net sales for the nine months ended August 2, 1996 of $732.7 million increased $5.6 million from the prior year. The consumer product sales decline is the result of the slow start to the lawn and garden retail season because of the unseasonable weather over most of the United States. This decline was partially offset by the early snow sales described above. The increase in commercial products was primarily the result of strong sales to the European golf market. Irrigation sales are up with increases in both the golf and do-it-yourself markets. International sales for the nine months are above the prior year due to the reasons previously noted.

Gross profit of $85.9 million for the third quarter increased $10.8 million from the prior year. As a percent of sales, gross profit for the third quarter ended August 2, 1996 was 36.9% compared with 37.1% for the period ended July 31, 1995 due primarily to a change in product mix. Gross profit of $266.0 million for the nine months ended August 2, 1996 increased $7.5 million from the prior year. As a percent of sales, gross profit for the nine months ended August 2, 1996 was 36.3% compared with 35.6% for the prior period. This increase was also due primarily to favorable product costs and product mix.

Selling General and Administrative Expense

S G & A	Aug 2, 1996	% of Net Sales	Jul 31, 1995	% of Net Sales
Administrative	$ 25.6	11.0 %	$ 25.5	12.6 %
Sales and Marketing	22.8	9.8	17.3	8.5
Warranty	7.3	3.1	8.1	4.0
Distributor/Dealer Financing	2.7	1.2	2.8	1.4
Research and Development	8.3	3.6	7.1	3.5
Warehousing	3.9	1.7	4.4	2.2
Service/Quality Assurance	2.3	0.9	1.6	0.8
Total	$ 72.9	31.3 %	$ 66.8	33.0 %

Selling, General and Administrative Expense (S G & A) for the third quarter increased $6.1 million from the prior year but as a percent of sales decreased to 31.3%. Administrative expense was flat from the prior year and as a percent of sales was down 1.6% as the company leverages fixed expenses on increased sales. Sales and marketing expense increased primarily because of the sales increase. The percent of sales change in sales and marketing expense was the result of marketing incentives used in the quarter to stimulate lawn and garden sales. Warranty expense decreased from the prior year primarily as a result of lower warranty reserve requirements due to product quality improvement. Research and development expenditures were above the prior year reflecting the company's continued commitment to product innovation.

FINANCIAL POSITION AS OF AUGUST 2, 1996

AUGUST 2, 1996 COMPARED TO JULY 31, 1995

Total assets as of August 2, 1996 were $531.9 million, up $63.6 million from July 31, 1995. The primary increases occurred in accounts receivable and inventory. The increase in inventory comes as a result of the slow retail season in some product categories. Production schedule changes and a pick up in retail demand is expected to bring inventory levels back in line with prior periods by October 31, 1996.

Historically, accounts receivable balances increase in March and April as a result of extended payment terms made available to the company's customers and decrease throughout the summer months as payments become due. Accounts receivable at August 2, 1996 showed an increase of $55.6 million over the prior year. Of the receivables increase approximately $38.8 million is due to the large volume of snow sales made at the end of the quarter and a slowdown in retail commercial product movement. Approximately $5.3 million relates to the expansion of the dealer financing customer base which is financed by the company. Approximately $2.3 million of the increase was due to the sale of receivables in the prior year with no receivables being sold in the current year. The remaining change is primarily due to increases in consumer and international sales.

Total current liabilities of $246.7 million at August 2, 1996 increased $34.1 million compared with current liabilities at July 31, 1995. The majority of this increase occurred in short-term borrowing, which was up $61.1 million over the prior year. The increase in short-term borrowing reflects the company's cash management strategy of utilizing short-term borrowing to fund the company's seasonal working capital needs. The company's peak borrowing usually occurs in late winter/early spring. The company also acquired $5.9 million of Toro stock in the third quarter. The purchased stock will be used primarily to fulfill the company's obligations under a variety of benefit plans. The increase in short-term borrowing was offset by a decrease in both accounts payable, due to normal seasonal production slowdowns within the past few months, and a reduction in the current portion of long-term debt due to scheduled payments.

Other long-term liabilities increased $17.3 million over the prior year because the company entered into a forward starting interest rate exchange agreement. See footnote 3 on page 7.

AUGUST 2, 1996 COMPARED TO OCTOBER 31, 1995

Total assets as of August 2, 1996 were $531.9 million, up $59.3 million from October 31, 1995. The majority of this increase occurred in accounts receivable ($67.0 million). The increase in accounts receivable is attributable to the fact that the company's business is cyclical with receivables increasing in the winter months as extended payment terms are offered to customers. Receivable balances are highest at the end of the second quarter with third quarter the next largest. In addition, accounts receivable have increased due to the expansion of the dealer financing customer base.

Total current liabilities of $246.7 million at August 2, 1996 increased $25.6 million compared with current liabilities at October 31, 1995. The majority of this increase was the result of additional short-term borrowing of $42.0 million and other accrued liabilities of $23.4 million. The increase in short-term borrowing reflects the company's strategy of utilizing short-term borrowing to fund the company's seasonal working capital needs. The company also acquired $13.1 million of Toro stock in the nine months ended August 2, 1996.

Other long-term liabilities increased $15.4 million mainly because the company entered into a forward starting interest rate exchange agreement. See footnote 3 on page 7.

LIQUIDITY AND CAPITAL RESOURCES

EQUITY

Equity increased $24.1 million compared with the prior year. Retained earnings increased $30.1 million. This was offset by a decrease in additional paid in capital because the company acquired $14.0 million of Toro stock in the twelve months ended August 2, 1996. The purchased stock will be used primarily to fulfill the company's obligations under a variety of benefit plans.

Equity as of August 2, 1996 increased $18.7 million compared to October 31, 1995. The increase reflects the earnings over the period offset by the acquisition of Toro stock.

CASH FLOWS

The seasonal working capital requirements of the business are financed with short-term debt. Management believes that the combination of funds available through its existing financing arrangements, coupled with forecasted cash flows, will provide the capital resources for its anticipated needs.

Net cash used in operating activities was primarily to support the increase in accounts receivable explained above. Partially offsetting these operating cash outflows was cash provided from net earnings and the provision for depreciation and amortization.

Net cash used in investing activities was the result of spending related to consumer tooling, and several new molding machines used in the irrigation facilities and building improvements at the Windom plant. Purchases of property, plant, and equipment are down due to several one-time expenditures on facility expansions in the prior year.

Net cash provided by financing activities was the result of proceeds from short-term borrowing used to fulfill the operating cash flow requirements described above in addition to reducing long-term debt. The cash provided from the change in other long-term liabilities is the cash received from the forward starting interest rate exchange agreement entered into on March 6, 1996. See footnote 3 on page 7. In addition, the company acquired $13.1 million of Toro stock in the nine months ended August 2, 1996.

INFLATION

The company is subject to the effects of changing prices. The company has, however, generally been able to pass along inflationary increases in its costs by increasing the prices of its products.

PART II. OTHER INFORMATION

Item 6 Exhibits and Reports on Form 8-K

(a) Exhibit 11 Computation of Earnings per Common Share

(b) Exhibit 27 Financial Data Schedule

Summarized financial data; electronic filing only.

(c) Reports on Form 8-K

The Company did not file any Form 8-K reports during the third quarter of 1996.

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: September 16, 1996

Exhibit 11

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

	Three Months Ended		Nine Months Ended	
	August 2, 1996	July 31, 1995	August 2, 1996	July 31, 1995
Net earnings	$ 6,465	$ 4,027	$ 31,783	$ 28,365
Primary:				
Shares of common stock and common stock equivalents:				
Weighted average number of common shares outstanding	12,108,554	12,270,005	12,183,841	12,591,164
Dilutive effect of outstanding stock options (1)	398,235	440,202	424,403	499,037
	12,506,789	12,710,207	12,608,244	13,090,201
Net earnings per share of common stock and common stock equivalent	$ 0.52	$ 0.32	$ 2.52	$ 2.17
Fully Diluted:				
Shares of common stock and common stock equivalents:				
Weighted average number of common shares outstanding	12,108,554	12,270,005	12,183,841	12,591,164
Dilutive effect of outstanding stock options (2)	398,235	458,282	424,403	512,895
	12,506,789	12,728,287	12,608,244	13,104,059
Net earnings per share of common stock and common stock equivalent	$ 0.52	$ 0.32	$ 2.52	$ 2.17

1) Outstanding stock options and options exercised in the current period are converted to common stock 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 stock 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.

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONDENSED CONSOLIDATED STATEMENT OF EARNINGS AND RETAINED EARNINGS, THE CONDENSED CONSOLIDATED BALANCE SHEET AND EXHIBIT 11 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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OCT-31-1996
NOV-01-1995
AUG-02-1996
1,151
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143,339
444,632
220,443
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531,930
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(1,489)
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3,755
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4,244
6,465
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0
0
6,465
.52
.52

Total net receivables.
Not included in quarterly financial information.
Total long-term debt.
Does not include additional paid-in-capital.
Other income-net.