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 February 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 March 1, 1996 was 12,290,353.

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	
	February 2, 1996	February 3, 1995
Net sales	$ 211,501	$ 213,950
Cost of sales	135,172	137,882
Gross profit	76,329	76,068
Selling, general and administrative expense	63,824	63,994
Earnings from operations	12,505	12,074
Interest expense	2,969	2,595
Other income, net	(4,513)	(1,852)
Earnings before income taxes	14,049	11,331
Provision for income taxes	5,551	4,532
Net earnings	$ 8,498	$ 6,799
Retained earnings at beginning of period	142,891	116,482
Dividends on common stock of $0.12 per share	(1,465)	(1,530)
Retained earnings at end of period	$ 149,924	$ 121,751
Net earnings per share of common stock and common stock equivalent	$ 0.67	$ 0.51
Net earnings per share of common stock and common stock equivalent - assuming full dilution	$ 0.67	$ 0.51

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)

	February 2, 1996	February 3, 1995	October 31, 1995
ASSETS			
Cash and cash equivalents	$ 4,322	$ 9,198	$ 7,702
Receivables (net)	262,473	221,924	198,816
Inventories	163,575	165,053	145,862
Other current assets	32,106	31,216	33,879
Total current assets	462,476	427,391	386,259
Property, plant and equipment	213,256	196,816	211,681
Less accumulated depreciation and amortization	145,319	133,752	141,726
	67,937	63,064	69,955
Other assets	17,244	19,150	16,439
Total assets	$ 547,657	$ 509,605	$ 472,653
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current portion of long-term debt	$ 10,331	$ 16,055	$ 15,334
Short-term borrowing	114,909	55,854	41,575
Accounts payable	45,977	41,957	51,052
Other accrued liabilities	116,547	140,147	113,212
Total current liabilities	287,764	254,013	221,173
Long-term debt, less current portion	53,365	65,384	53,365
Other long-term liabilities	7,178	5,250	7,223
Common stockholders' equity:			
Common stock par value $1.00, authorized 35,000,000 shares; issued and outstanding 12,279,360 shares at February 2, 1996 (net of 562,965 treasury shares), 12,770,584 shares at February 3, 1995 (net of 4,467 treasury shares), and 12,167,835 shares at October 31, 1995 (net of 674,490 treasury shares)	12,279	12,771	12,168
Additional paid-in capital	37,766	53,063	35,712
Retained earnings	149,924	121,751	142,891
Foreign currency translation adjustment	(619)	(15)	121
	199,350	187,570	190,892
Receivable from ESOP	-	(2,612)	-
Total common stockholders' equity	199,350	184,958	190,892
Total liabilities and common stockholders' equity	$ 547,657	$ 509,605	$ 472,653

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended	
	February 2, 1996	February 3, 1995
Cash flows from operating activities:		
Net earnings	$ 8,498	$ 6,799
Adjustments to reconcile net earnings to net cash used in operating activities:		
Provision for depreciation and amortization	4,693	4,441
Gain on disposal of property, plant and equipment	(18)	(106)
Deferred income taxes	-	(297)
Changes in operating assets and liabilities:		
Receivables (net)	(63,657)	(27,941)
Inventories	(17,713)	(32,199)
Other current assets	1,773	(2,997)
Accounts payable and accrued expenses	(3,585)	10,805
Accrued income taxes	1,844	(4,833)
Net cash used in operating activities	(68,165)	(46,328)
Cash flows from investing activities:		
Purchases of property, plant and equipment	(2,492)	(7,394)
Proceeds from asset disposals	18	233
Increase in other assets	(987)	(910)
Net cash used in investing activities	(3,461)	(8,071)
Cash flows from financing activities:		
Increase in sale of receivables	-	5,927
Increase in short-term borrowing	73,334	55,854
Repayments of long-term debt	(5,003)	(10,015)
Change in other long-term liabilities	(45)	-
Proceeds from sale of common stock	2,814	931
Purchases of common stock	(649)	(191)
Dividends on common stock	(1,465)	(1,530)
Net cash provided by financing activities	68,986	50,976
Foreign currency translation adjustment	(740)	219
Net decrease in cash and cash equivalents	(3,380)	(3,204)
Cash and cash equivalents at beginning of period	7,702	12,402
Cash and cash equivalents at end of period	$ 4,322	$ 9,198

See accompanying notes to condensed consolidated financial statements.

THE TORO COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FEBRUARY 2, 1996

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 three months ended February 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.

INVENTORIES

The majority of all 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 $19,204,000 higher than reported at February 2, 1996, and February 3, 1995, respectively. Under the FIFO method, work-in-process inventories were $85,691,000 and $78,851,000 and finished goods inventories were $102,725,000 and $105,406,000 at February 2, 1996, and February 3, 1995, respectively.

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

RESULTS OF OPERATIONS

The following table sets forth sales by product line.

	Three Months Ended			
	February 2, 1996	February 3, 1995	$ Change	% Change
Consumer products.	$ 102,641	$ 111,979	$ (9,338)	(8.3)%
Commercial products.	78,333	73,842	4,491	6.1
Irrigation products.	30,527	28,129	2,398	8.5
Total *.	$ 211,501	$ 213,950	$ (2,449)	(1.1)
* Includes international sales of.	$ 39,419	$ 34,782	$ 4,637	13.3%

Worldwide net sales for the three months ended February 2, 1996, of $211.5 million decreased by $2.4 million from the prior year primarily as a result of decreased consumer sales of snow removal equipment. Sales of snow removal equipment for the quarter ended February 3, 1995 were exceptional, and although snow sales for the quarter ended February 2, 1996 were strong they did not meet prior year levels. The decline in consumer product sales for the quarter was offset partially by an increase in commercial and irrigation product sales. Commercial product sales showed increases from golf courses and landscape contractors. The commercial vehicle line continued to gain momentum and two new fairway mowers were introduced. Irrigation sales of do-it-yourself (DIY) irrigation products to mass merchants continued strong with the Toro line now available in all 50 states. Irrigation golf sales also increased primarily from the overall growth of the market. International sales, reported within the consumer, commercial and irrigation numbers above, increased from the prior year led by strong consumer sales of riding products to the Australian market, and strong commercial sales in Europe and Canada.

Gross profit of $76.3 million increased $0.3 million from the prior year. As a percent of sales, gross profit for the period ended February 2, 1996 was 36.1% compared with 35.6% for the period ended February 3, 1995 due primarily to favorable product costs resulting from a change in product mix. Manufacturing variances were relatively flat as compared to last year.

Selling General and Administrative Expense

S G & A	Feb 2, 1996	% of Net Sales	Feb 3, 1995	% of Net Sales
Administrative	$ 22.2	10.5%	$ 20.0	9.3%
Sales and Marketing	20.4	9.6	22.1	10.3
Warranty	6.4	3.0	7.6	3.6
Distributor/Dealer Financing	2.4	1.1	1.9	0.9
Research and Development	7.1	3.4	7.0	3.3
Warehousing	3.4	1.6	3.5	1.6
Service/Quality Assurance	1.9	0.9	1.8	0.8
Total	$ 63.8	30.1%	$ 63.9	29.8%

Selling, General and Administrative Expense (S G & A) decreased $0.1 million from the prior year and as a percent of sales increased to 30.1%. Administrative expense increased from the prior year as the company continues its implementation of a enterprise wide information system in addition to an overall increase in spending. Warranty decreased from the prior year as a result of a change in the sales mix of products. Distributor/Dealer financing was up slightly due to the flow of snow product to retail during the quarter as compared to the extraordinary flow to retail last year. Research and development expenditures were above the prior year reflecting the company's continued commitment to product innovation. These increases were offset partially by a decrease in sales and marketing expense primarily because of reduced sales and the company's efforts to reduce marketing costs.

Other income increased during the quarter due primarily to the favorable settlement of a patent infringement lawsuit.

FINANCIAL POSITION AS OF FEBRUARY 2, 1996

FEBRUARY 2, 1996 COMPARED TO FEBRUARY 3, 1995

Total assets as of February 2, 1996 were $547.7 million, up $38.1 million from February 3, 1995. The primary increases occurred in accounts receivable and property, plant and equipment. Property, plant and equipment increased compared with the prior year because of spending on a variety of projects such as increased tooling and an addition to the Windom, Minnesota manufacturing facility, offset by the normal accumulation of depreciation.

Historically, accounts receivable balances increase throughout the winter months as a result of extended payment terms made available to the company's customers and decrease in late spring when payments become due. Accounts receivable showed an increase of $40.5 million over the prior year. Of this increase, approximately $10.1 million occurred due to increases in the Commercial, Irrigation and International divisions as a result of their increased sales of 6.1%, 8.5% and 13.3%, respectively. Approximately, $10.0 million occurred due to a change in the timing of payments, with customers having paid earlier due to better retail flow in the prior year. $7.4 million occurred due to an expansion of the dealer financing customer base. $5.9 million can be attributed to the company's sale of accounts receivable in the prior year. No receivables were sold in the current year.

Total current liabilities of $287.8 million at February 2, 1996 increased $33.8 million compared with current liabilities at February 3, 1995. The majority of this increase occurred in short-term borrowing, which was up $59.1 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 $26.2 million of Toro stock in 1995. 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 other accrued liabilities which reflects reductions in marketing programs due to a combination of the consumer sales decline and the company's efforts to reduce marketing costs.

FEBRUARY 2, 1996 COMPARED TO OCTOBER 31, 1995

Total assets as of February 2, 1996 were $547.7 million, up $75.0 million from October 31, 1995. The primary increases were in accounts receivable and inventory. The increase in accounts receivable is primarily attributable to the following: sales increases in the Commercial, Irrigation and International divisions of 6.1%, 8.5% and 13.3%, respectively, a change in the timing of payments, with customers having paid earlier due to better retail flow in the prior year, an expansion of the dealer financing customer base, and the company's sale of accounts receivable in the prior year.

Total current liabilities of $287.8 million at February 2, 1996 increased $66.6 million compared with current liabilities at October 31, 1995. The majority of this increase was the result of additional short-term borrowing of $73.3 million offset by reductions in long-term debt and accounts payable. 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 $26.2 million of Toro stock in 1995.

LIQUIDITY AND CAPITAL RESOURCES

EQUITY

Equity increased $14.4 million compared with the prior year. Retained earnings increased because of earnings growth. This was offset by a decrease in additional paid in capital because of the purchase of the company's stock. The company acquired $26.2 million of Toro stock in 1995. The purchased stock will be used primarily to fulfill the company's obligations under a variety of benefit plans.

Equity as of February 2, 1996 increased $8.5 million compared to October 31, 1995. The increase reflects the earnings over the period.

CASH FLOWS

The seasonal working capital requirements of the business are financed primarily 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.

Cash used in operating activities was primarily to support the increase in accounts receivable and inventory primarily as a result of normal seasonal increases, offset slightly by payments of accounts payable and accrued expenses. Partially offsetting these operating cash outflows were positive cash flows from net earnings.

Net cash used in investment activities was the result of spending related to company improvement projects of property, plant, and equipment as described above.

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.

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 first quarter of fiscal 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: March 18, 1996

Exhibit 11

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

	Three Months Ended	
	February 2, 1996	February 3, 1995
Net earnings	$ 8,498	$ 6,799
Primary:		
Shares of common stock and common stock equivalents:		
Weighted average number of common shares outstanding	12,219,360	12,748,891
Dilutive effect of outstanding stock options (1)	442,857	505,812
	12,662,217	13,254,703
Net earnings per share of common stock and common stock equivalent	$ 0.67	$ 0.51
Fully Diluted:		
Shares of common stock and common stock equivalents:		
Weighted average number of common shares outstanding	12,219,360	12,748,891
Dilutive effect of outstanding stock options (2)	497,522	519,207
	12,716,882	3,268,098
Net earnings per share of common stock and common stock equivalent	$ 0.67	$ 0.51

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.

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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-31-1995
NOV-01-1995
FEB-02-1996
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262,473
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163,575
462,476
213,256
145,319
547,657
287,764
63,696
0
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12,279
187,071
547,657
211,501
211,501
135,172
63,824
(4,513)
0
2,969
14,049
5,551
8,498
0
0
0
8,498
.67
.67

TOTAL LONG-TERM DEBT
DOES NOT INCLUDE ADDITIONAL PAID-IN-CAPITAL
OTHER INCOME - NET
NOT INCLUDED IN QUARTERLY FINANCIAL INFORMATION
TOTAL NET RECEIVABLES