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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

OR

[X] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from August 1, 1995 to October 31, 1995

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)

Former fiscal year ended July 31, 1995

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 October 31, 1995 was 12,167,835.

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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	
	October 31, 1995	October 28, 1994
Net sales	$ 192,278	$ 205,704
Cost of sales	120,575	129,639
Gross profit	71,703	76,065
Selling, general and administrative expense	65,048	62,677
Earnings from operations	6,655	13,388
Interest expense	2,532	2,480
Other income, net	(2,483)	(2,929)
Earnings before income taxes	6,606	13,837
Provision for income taxes	2,609	5,535
Net earnings	$ 3,997	$ 8,302
Retained earnings at beginning of period	140,353	109,688
Dividends on common stock of $0.12 per share	(1,459)	(1,508)
Retained earnings at end of period	$ 142,891	$ 116,482
Net earnings per share of common stock and common stock equivalent	$ 0.32	$ 0.64

See accompanying notes to condensed consolidated financial statements.

THE TORO COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

	(Unaudited) October 31, 1995	(Unaudited) October 28, 1994	July 31, 1995
ASSETS			
Cash and cash equivalents	$ 7,702	$ 12,402	$ 11,924
Receivables (net)	198,816	199,910	210,125
Inventories	145,862	132,854	123,720
Other current assets	33,879	28,219	35,841
Total current assets	386,259	373,385	381,610
Property, plant and equipment	211,681	189,672	208,621
Less accumulated depreciation and amortization	141,726	129,735	138,550
	69,955	59,937	70,071
Other assets	16,439	18,243	16,634
Total assets	$ 472,653	$ 451,565	$ 468,315
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current portion of long-term debt	$ 15,334	$ 21,055	$ 16,090
Short-term borrowing	41,575	-	22,535
Accounts payable	51,052	37,473	41,072
Other accrued liabilities	113,212	138,659	132,962
Total current liabilities	221,173	197,187	212,659
Long-term debt, less current portion	53,365	70,399	64,935
Other long-term liabilities	7,223	5,250	5,250
Common stockholders' equity:			
Common stock par value $1.00, authorized 35,000,000 shares; issued and outstanding 12,167,835 shares at October 31, 1995 (net of 674,490 treasury shares), 12,720,343 shares at October 28, 1994 (net of 2,975 treasury shares), and 12,039,776 shares at July 31, 1995 (net of 802,549 treasury shares)	12,168	12,720	12,040
Additional paid-in capital	35,712	52,374	33,145
Retained earnings	142,891	116,482	140,353
Foreign currency translation adjustment	121	(235)	(67)
	190,892	181,341	185,471
Receivable from ESOP	-	(2,612)	-
Total common stockholders' equity	190,892	178,729	185,471
Total liabilities and common stockholders' equity	$ 472,653	$ 451,565	$ 468,315

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	
	October 31, 1995	October 28, 1994
Cash flows from operating activities:		
Net earnings	$ 3,997	$ 8,302
Adjustments to reconcile net earnings to net cash used in operating activities:		
Provision for depreciation and amortization	3,590	3,959
Gain on disposal of property, plant and equipment	(34)	(21)
Deferred income taxes	194	-
Changes in operating assets and liabilities:		
Receivables (net)	13,640	(16,227)
Inventories	(22,142)	(14,090)
Other current assets	1,962	(2,402)
Accounts payable and accrued expenses	(9,770)	8,008
Accrued income taxes	-	(288)
Net cash used in operating activities	(8,563)	(12,759)
Cash flows from investing activities:		
Purchases of property, plant and equipment	(3,302)	(4,721)
Proceeds from asset disposals	43	36
(Increase) decrease in other assets	(180)	1,710
Net cash used in investing activities	(3,439)	(2,975)
Cash flows from financing activities:		
Decrease in sale of receivables	(2,331)	-
Increase in short-term borrowing	19,040	-
Repayments of long-term debt	(12,326)	(9,871)
Change in other long-term liabilities	1,973	-
Proceeds from sale of common stock	3,586	4,203
Purchases of common stock	(891)	(1,090)
Dividends on common stock	(1,459)	(1,508)
Net cash provided by (used in) financing activities	7,592	(8,266)
Foreign currency translation adjustment	188	171
Net decrease in cash and cash equivalents	(4,222)	(23,829)
Cash and cash equivalents at beginning of period	11,924	36,231
Cash and cash equivalents at end of period	$ 7,702	$ 12,402

See accompanying notes to condensed consolidated financial statements.

BASIS OF PRESENTATION

The accompanying consolidated financial statements for the three month transition period ended October 31, 1995 have been prepared by the company without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. In the opinion of the company, these consolidated financial statements contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the consolidated financial position of the company as of October 31, 1995, and the consolidated results of the company's operations and their cash flows for the three month transition period ended October 31, 1995. The company's business is seasonal. Operating results for the three month period ended October 31, 1995 are not necessarily indicative of the results that may be expected for a full fiscal year.

The accompanying consolidated financial statements and notes should be read in conjunction with the company's annual financial statements filed with the Annual Report on Form 10-K. The three months ended October 31, 1995 comprise the three month ("transition period") resulting from a recent change in the company's year end from July 31 to October 31. On November 1, 1995 the company started a new fiscal year and will begin reporting quarterly and annually on that basis.

Certain prior year amounts have been reclassified to conform with the current year presentation.

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 October 31, 1995, and 1994, respectively. Under the FIFO method, work-in-process inventories were $86,285,000 and $71,958,000 and finished goods inventories were $84,418,000 and $80,100,000 at October 31, 1995, and 1994, 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			
	OCTOBER 31, 1995	October 28, 1994	$ Change	% Change
Consumer products.	$ 105,932	$ 126,756	$ (20,824)	(16.4)%
Commercial products.	54,125	48,656	5,469	11.2
Irrigation products.	32,221	30,292	1,929	6.4
Total *.	$ 192,278	$ 205,704	$ (13,426)	(6.5)
* Includes international sales of. . .	$ 20,935	$ 23,740	$ (2,805)	(11.8)%

Worldwide net sales for the three months ended October 31, 1995, of $192.3 million decreased by $13.4 million from the prior year primarily as a result of decreased sales of snow removal equipment. Sales of snow removal equipment for the quarter ended October 31, 1994 were extraordinary because of the exceptional sales in the prior year. The decline in the quarter was offset partially by an increase in commercial and irrigation product sales. The increase in commercial product sales was the result of new product introductions, golf course openings, increased sales of equipment to landscape contractors and increased sales in the municipal markets. Irrigation sales increased because of new product introductions and increased demand for do-it-yourself products. International sales included in the table above declined from the prior year because of a temporary business interruption in the irrigation product line as a result of distribution changes as well as decreased sales of snow removal equipment.

Gross profit of $71.7 million decreased $4.4 million from the prior year because of the decline in sales. As a percent of sales, gross profit for the period ended October 31, 1995 was 37.3% compared with 37.0% for the period ended October 28, 1994 because of increased sales of commercial and irrigation products which was offset by reduced sales of snow removal equipment.

Selling General and Administrative Expense

S G & A	OCT 31, 1995	% OF NET SALES	Oct 28, 1994	% of Net Sales
Administrative	$ 24.0	12.5 %	$ 20.8	10.1%
Sales and Marketing	20.6	10.7	23.8	11.6
Warranty	6.6	3.4	5.7	2.8
Distributor/Dealer Financing	2.1	1.1	2.0	1.0
Research and Development	6.9	3.6	6.0	2.9
Warehousing	3.2	1.7	2.9	1.4
Service/Quality Assurance	1.6	0.8	1.5	0.7
Total	$ 65.0	33.8 %	$ 62.7	30.5%

Selling, General and Administrative Expense (S G & A) increased $2.3 million from the prior year and as a percent of sales increased to 33.8%. Administrative expense increased from the prior year as the company continues its implementation of a company-wide information system as well as an overall increase in spending. Warranty increased from the prior year as a result of a change in the sales mix of products. Research and development expenditures are 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.

LIQUIDITY AND CAPITAL RESOURCES

The company's business is seasonal. 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. The company's peak borrowing usually occurs in late winter/early spring. 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 options, coupled with forecasted cash flows, will provide the capital resources for its anticipated needs.

Total assets as of October 31, 1995 were $472.7 million, up $21.1 million from October 28, 1994. The primary increases occurred in inventory and property, plant and equipment. Inventory increased from the prior year because of an extended manufacturing cycle and seasonal preparation for production of commercial and irrigation products. 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.

Short-term borrowing is $41.6 million at October 31, 1995, reflecting the company's cash management strategy of utilizing short-term borrowing as a means of reducing long-term debt instruments with higher interest rates as well as funding for the company's working capital needs.

Equity increased $12.1 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 in Toro stock in 1995 to take advantage of market conditions. The stock will be used for a variety of company purposes.

CAPITAL STRUCTURE

[GRAPH] TOTAL DEBT (IN MILLIONS)		[GRAPH] TOTAL DEBT TO TOTAL CAPITAL (PERCENT)	
28-Oct-94	31-Oct-95	28-Oct-94	31-Oct-95
91.5	110.3	33.8	36.6

CASH FLOWS

Cash used in operating activities was primarily to support an increase in inventory from year end and payments of accounts payable and accrued expenses. This was offset by increased collection of account receivables.

Net cash used in investment activities was the result of spending related to company improvement projects.

Net cash provided by financing activities was the result of proceeds from short-term borrowing used for a variety of purposes, including reduction of long-term debt.

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 filed Form 8-K on November 14, 1995. On November 2, 1995, following receipt of approval from the Internal Revenue Service, The Toro Company decided to change its fiscal year end from July 31 to October 31.

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: December 15, 1995

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

	Three Months Ended	
	October 31, 1995	October 28, 1994
Net earnings	$ 3,997	$ 8,302
Primary:		
Shares of common stock and common stock equivalents:		
Weighted average number of common shares outstanding	12,117,815	12,585,681
Dilutive effect of outstanding stock options (1)	424,225	453,494
	12,542,040	13,039,175
Net earnings per share of common stock and common stock equivalent	$ 0.32	$ 0.64
Fully Diluted:		
Shares of common stock and common stock equivalents:		
Weighted average number of common shares outstanding	12,117,815	12,585,681
Dilutive effect of outstanding stock options (2)	424,225	556,272
	12,542,040	13,141,953
Net earnings per share of common stock and common stock equivalent	$ 0.32	$ 0.63

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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3-MOS
JUL-31-1995
AUG-01-1995
OCT-31-1995
7,702
0
198,816
0
145,862
386,259
211,681
141,726
472,653
221,173
68,699
12,168
0
0
178,724
472,653
192,278
192,278
120,575
65,048
(2,483)
0
2,532
6,606
2,609
3,997
0
0
0
3,997
0.32
0.32

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