UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

[X] Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the Fiscal Year Ended July 31, 1995

OR

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from ______________ to ____________

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)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock par value $1.00 per share	New York Stock Exchange
Preferred Share Purchase Rights	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

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 and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

The aggregate market value of the voting stock held by nonaffiliates of the Registrant, based upon the close price of the Common Stock on September 29, 1995 as reported on the New York Stock Exchange, was approximately $329,859,590.

The number of shares of Common Stock outstanding as of September 29, 1995 was 12,160,654.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Annual Report to Stockholders for the fiscal year ended July 31, 1995, are incorporated by reference into Parts I, II and IV.

Portions of the Registrant's Proxy Statement for the next meeting of stockholders which involve the election of directors to be filed pursuant to Regulation 14A are incorporated by reference into Part III.

PART I

ITEM 1. BUSINESS

INTRODUCTION

The company designs, manufactures and markets consumer and commercial lawn and turf maintenance equipment, snow removal products and turf irrigation systems, including products for maintenance of golf courses, parks and other large turf areas. The company produced its first lawn mower for golf course fairways in 1922 and its first lawn mower for home use in 1939 and has continued to enhance its product lines and expand its market ever since.

The company was incorporated in Minnesota in 1935 as a successor to a business founded in 1914. It was reincorporated in Delaware in 1983. The company's executive offices are located at 8111 Lyndale Avenue South, Bloomington, Minnesota 55420-1196, telephone number (612) 888-8801. Unless the context indicates otherwise, the terms "company" and "Toro" refer to The Toro Company and its subsidiaries. The company finances a significant portion of its receivables through Toro Credit Company ("Toro Credit"), its wholly-owned finance subsidiary.

YARD MAINTENANCE EQUIPMENT

The company classifies its operations into one industry segment, yard maintenance equipment. The company has been a leader in transforming advanced technologies into products and services that provide solutions to lawn and turf care maintenance and beautification demands.

MANUFACTURING

The company's consumer spring and summer products are generally manufactured in the winter and spring months and its consumer fall and winter products are generally manufactured in the summer and fall months. The company's irrigation and commercial products are manufactured throughout the year.

In some areas of its business the company is primarily an assembler while in others it is a fully integrated manufacturer. Most of the components for the company's products are commercially available from a number of sources and the company is generally not dependent on any one supplier. The largest component costs are generally engines, transmissions and electric motors. The company purchases most of its engines and motors for consumer and commercial products from several suppliers. In addition, the company manufactures three types of two-cycle engines for its consumer products.

Management continues to seek greater efficiencies and improve work processes throughout the company. Toro's total quality process is focused upon improving product quality, customer response time and reducing overall product cost.

TRADEMARKS AND PATENTS

Products manufactured by the company are nationally advertised and sold at the retail level under the trademarks "Toro", "Wheel Horse" and "Lawn-Boy", all of which are registered in the United States and in the principal foreign countries in which the company markets its products. The company holds patents for many of its products in the United States and foreign countries and applies for patents on new products as they are developed. Although management believes patents have value to the company, patent protection sometimes does not deter competitors from attempting to develop similar products. Management believes that factors such as innovation, quality and its distribution systems are significant in protecting its competitive position. Although patent protection is considered to be very beneficial, the company is not dependent on any one or more of its patents.

SEASONALITY

Sales of the company's consumer products, which accounted for approximately 52% of total sales in fiscal 1995, are seasonal with greater sales of yard maintenance equipment occurring in the spring and snow removal equipment in the fall and winter months. Opposite seasons in some global markets somewhat moderate this seasonality in consumer product sales. Seasonality in irrigation and commercial product sales also exists, but is tempered because the selling season in west coast and southern states continues for a longer portion of the year than in northern states. Overall, worldwide sales levels are highest in the third quarter. Historically, accounts receivable balances increase throughout the winter months as a result of extended payment terms made available to the company's customers. Accounts receivable balances decrease in the late spring when payments are made. The seasonal requirements of the business are financed from operations and with short-term bank lines of credit and off-balance sheet financing.

DISTRIBUTION AND MARKETING

The company markets the majority of its products principally through approximately 44 domestic and 51 foreign distributors and mass merchandisers worldwide. Distributors resell consumer products such as walk power mowers and riders to retail and service dealers throughout the United States. Home appliance and Lawn-Boy products are sold directly to mass merchandisers and "do-it-yourself" home improvement retailers. Distributors sell commercial and irrigation products directly to end users, including irrigation contractors. Irrigation products are also sold through distributors to irrigation dealers and direct to general line distributors, mass merchandisers and "do-it-yourself" home improvement retailers for resale to contractors and end-users. Consumer products are sold to international distributors who resell to retail dealers outside the United States, principally in Canada, Western Europe, and Australia. Additionally, some irrigation and consumer products are sold directly to retail dealers in Canada, Australia and Western Europe.

The company's current marketing strategy is to maintain distinct and separate brands and brand identification for Toro, Toro/Wheel Horse and Lawn-Boy products.

The company's distribution systems for the sale of its products are intended to assure quality of sales and market presence as well as effective after-market service. The company considers its distribution network to be a significant competitive asset in marketing Toro, Toro/Wheel Horse and Lawn-Boy products.

The company advertises its products during appropriate seasons throughout the year on television, radio and in print. Most of the company's advertising emphasizes its brand names. Advertising is directly paid by Toro as well as through cooperative programs with distributors and dealers.

BACKLOG OF ORDERS

The order backlog at July 31, 1995 and 1994 was as follows:

	July 31	
	1995	1994
Consumer	$79,502,000	$107,848,000
Commercial	45,427,000	40,279,000
Irrigation	9,803,000	10,214,000

The decrease in consumer product backlog reflects the sell-out of gas snow products in 1994. This resulted in increased orders of gas snow products at the end of 1994 in anticipation of another hard winter season. This increase did not occur at the end of 1995. The increase for commercial products reflects continued sales growth in most product lines. The existing backlog is expected to be filled in the succeeding fiscal year.

COMPETITION

The principal competitive factors in the company's markets are product innovation, quality, service and pricing. Management believes the company offers high quality products with the latest technology and design innovations. Also, by selling Toro, Toro/Wheel Horse and Lawn-Boy brand products through a network of distributors, dealers and mass merchants who provide service, the company offers competitive service during and after the relevant warranty period.

The company competes in all product lines with numerous manufacturers, many of which have substantially greater financial resources than the company. Management believes that its commitment to product innovation, its distribution systems and its focus on target markets, position it well to compete in these various markets.

CONSUMER

The principal competitors for walk-behind mowers are American Yard Products, Inc. (a subsidiary of Electrolux AB), Deere & Company, Honda Motor Co., Ltd., MTD Products, Inc., Murray Ohio Manufacturing Co., Inc. (a subsidiary of Tompkins Corp.), Sears, Roebuck and Co. and Snapper Power Equipment (a division of ACT). The principal competitors in riding mowers and lawn and garden tractors are Ariens Company, Bolens Corporation (a division of Garden Way, Incorporated), Deere & Company, Honda Motor Co., Ltd., Murray Ohio Manufacturing Co., Inc., MTD Products, Inc., Noma Outdoor Products, Sears, Roebuck and Co., Simplicity Manufacturing Company and Snapper Power Equipment. The principal competitors for snow throwers are Ariens Company, Bolens Corporation, Honda Motor Co., Ltd., Noma Outdoor Products, Sears, Roebuck and Co., Simplicity Manufacturing Company, Snapper Power Equipment and Yamaha Motor Corporation, USA. The principal competitors in home improvement products are Black and Decker Corporation, K & S Industries, Inc., Malibu Lighting (a registered trademark of Intermatic, Inc.) and Poulan/Weed Eater (a division of Electrolux AB).

COMMERCIAL

The company's commercial products compete with products from numerous manufacturers, but the principal competitors across most of the company's commercial product lines are Deere & Company, Jacobsen and Ransomes Sims & Jefferies PLC, based in the United Kingdom.

IRRIGATION

The principal competitors in irrigation products are James Hardie Irrigation, Inc. (a subsidiary of James Hardie Industries Limited, based in Australia), Hunter Industries and Rain Bird Sprinkler Manufacturing Corporation.

INTERNATIONAL

The international market is generally fragmented so that the degree of competition varies among the different countries in which the company markets its consumer, commercial and irrigation products. Most competitors in the irrigation and commercial product lines are based in the United States. Consumer product lines can face more competition where foreign competitors manufacture and market competing products in their countries at a lower cost. In addition, fluctuations in the value of the U.S. dollar may affect the price of the company's products in such markets, thereby affecting their competitiveness.

RESEARCH AND DEVELOPMENT

The company conducts research and development activities in an effort to improve existing products and to develop new products. Amounts expended on such activities aggregated approximately $33.0 million, or 3.6% of sales in 1995, $30.9 million, or 3.9% of sales in 1994 and $25.3 million, or 3.7% of sales in 1993. Management believes that the company's research and development efforts are important to the quality, mix and growth of its businesses and plans to continue its strong commitment to such activities.

GOVERNMENTAL REGULATION

The company's products are subject to various federal statutes designed to protect consumers and are subject to the administrative jurisdiction of the Federal Consumer Product Safety Commission. The company is also subject to certain federal and state environmental, occupational safety and other regulations, none of which has had a material adverse affect on its operations or business. Management believes the company is in substantial compliance with all such regulations. The Environmental Protection Agency (EPA) released Phase I regulations for all gas engines under 25 horsepower in June of 1995. Toro's four-cycle engine suppliers are required to comply with the EPA regulations. Toro has been working with the EPA on the ruling and as a result will be able to continue producing its two-cycle engines at its Oxford, Mississippi plant under the current standard through the year 2001. However, Toro expects its own engines to be able to comply with Phase I regulations beginning in September of 1997.

EMPLOYEES

During 1995 the company employed an average of 3,626 employees. The total number of employees at July 31, 1995 was 2,867, reflecting the company's normal seasonal fluctuation in employment. Approximately one-quarter of the company's employees are covered by four collective bargaining agreements expiring in November 1996, May 1997 and two expiring in September 1997. Management considers its overall relations with its employees to be good.

FINANCIAL INFORMATION ABOUT FOREIGN AND DOMESTIC OPERATIONS

All of Toro's production facilities are located within the United States and Belgium. Except for the sales of the company's foreign subsidiaries which are not significant when compared to total company sales, substantially all financial transactions are made in U.S. dollars. Consequently, the company did not realize any significant impact to earnings due to fluctuations in foreign currencies.

Export sales were $126,560,000, $109,344,000 and $111,263,000 in fiscal 1995, 1994 and 1993, respectively. The identifiable assets attributable to foreign operations are not significant.

ITEM 2. PROPERTIES

The Toro Company utilizes owned manufacturing and office facilities which totaled approximately 2,263,000 square feet of space. The manufacturing facilities operated at about 81% of total capacity in fiscal 1995. The following schedule outlines the owned facilities by location, plant size and function:

Location	Square Feet	Products Manufactured/Use
Plymouth, WI	420,000	Parts distribution center, office
Tomah, WI	274,000	Consumer and Commercial products
Bloomington, MN	300,000	Corporate headquarters
Riverside, CA	217,000	Irrigation products
Sardis, MS (a)	245,000	Consumer products
Windom, MN	305,000	Consumer components and products
South Bend, IN (b)	226,000	Closed facility
Shakopee, MN	146,000	Components for consumer and commercial products
Oxford, MS	67,000	Components for consumer products
Oevel, Belgium	63,000	Consumer products
Total Square Feet	2,263,000	

(a) Reopened in 1995. Facility closed in 1993 due to restructuring.
(b) Facility closed in 1993 due to restructuring. Building held for sale.

In 1995, the company leased the following warehouse space for its finished good distribution centers: 304,000 square feet in Lakeville, Minnesota, and 228,000 square feet in Baraboo, Wisconsin. The company also leased manufacturing space of 162,000 square feet in Mound, Minnesota, 176,000 square feet in Olathe, Kansas, and 178,000 square feet in Evansville, Indiana. Other leased office and warehouse space located in various cities in the United States, Australia, Canada, France, Singapore and United Kingdom totaled approximately 287,000 square feet.

ITEM 3. LEGAL PROCEEDINGS

The company is routinely a party to various litigation in the ordinary course of its business. This ongoing litigation primarily involves claims for damages arising out of the use of the company's products, some of which include claims for punitive as well as compensatory damages. The company is also subject to administrative proceedings in respect of certain claims involving the discharge of hazardous substances into the environment. Certain of these claims assert damages and liability for remedial investigations and clean up costs. Management is of the opinion that the amounts which may be awarded or assessed in connection with these matters will not have a material effect on the company's financial position. Further, the company maintains insurance against product liability losses. Such insurance presently covers claims in excess of $1,000,000 per claim or $2,000,000 in the aggregate during any fiscal year. The company regularly reviews these dollar limits.

ITEM 4. SUBMISSIONS OF MATTERS TO A VOTE OF THE SECURITY HOLDERS

None.

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All information incorporated herein by reference in this Part II is from the Registrant's Annual Report to Stockholders for the fiscal year ended July 31, 1995 ("Annual Report").

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

Toro common stock (including related Preferred Share Purchase Rights) is listed for trading on the New York Stock Exchange. The number of common stockholders of record as of July 31, 1995 was 7,347.

See "Quarterly Financial Data" on page 28 of the Annual Report for dividends paid and range of high and low quotations, which are incorporated herein by reference.

ITEM 6. SELECTED FINANCIAL DATA

See financial data for fiscal years 1995, 1994, 1993, 1992 and 1991 included in "Eleven-Year Selected Financial Data" on pages 12 and 13 of the Annual Report which information for this five-year period is incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

See "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 14 through 18 of the Annual Report which is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements described in Item 14(a)1 of this report are incorporated herein by reference.

See "Quarterly Financial Data" appearing on page 28 of the Annual Report which is incorporated herein by reference.

ITEM 9. DISAGREEMENTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information regarding the directors of The Toro Company and additional information regarding certain executive officers is incorporated by reference to the information to be contained in the Proxy Statement to be filed with respect to the next meeting of stockholders which involves the election of directors or, if such Proxy Statement is not filed within 120 days after the end of the fiscal year covered by this Form 10-K, such information will be filed as part of an amendment to this Form 10-K not later than the end of the 120-day period.

Executive Officers - A complete list of all officers of the company is found on the inside back cover of the Registrant's Annual Report for the year ended July 31, 1995. Those persons deemed "executive officers" are listed below in alphabetical order. The list below includes their age and position with the company as of October 16, 1995, and positions held by them during the last five years. Officers are elected or appointed annually.

Name, Age and Position with the Company	Business Experience During the Last Five Years
Calvin R. Hendrix 44, Vice President and General Manager Irrigation Products	Appointed Vice President, Irrigation Division in September 1993. From 1988 to September 1993, held various management positions with Masco Corporation.
Randy B. James 52, Vice President, Controller	Appointed Vice President, Controller in December 1988. Previously held various management positions within the company.
Gerald T. Knight 48, Vice President-Finance, Chief Financial Officer	Elected Vice President-Finance in April 1992. From December 1990 to April 1992, was Executive Director - Finance and Corporate Controller of NeXT Computer, Inc. Prior to December 1990, held various management positions with The Pillsbury Company (a subsidiary of Grand Metropolitan) and General Electric Company.
Charles B. Lounsbury 52, Vice President, Distribution, Parts and Debris Management	Appointed Vice President, Distribution Parts and Debris Management in November 1993. From May 1991 to November 1993 was President and Chief Operating Officer of Leaseway Transportation Corporation. While Mr. Lounsbury served as President and a director of Leaseway, it filed for protection under Chapter 11 and was, during that period, discharged. From August 1987 to May 1991 was Senior Vice President of Leaseway Transportation Corporation.
J. David McIntosh 52, Vice President and General Manager, Consumer Products	Appointed Vice President, Consumer Division in February 1992. Appointed Vice President and General Manager, Home Improvement Division in May 1986.
J. Lawrence McIntyre 53, Vice President, Secretary and General Counsel	Elected Vice President in July 1993. Elected Secretary and General Counsel in August 1993. Prior to July 1993, was a shareholder with Doherty, Rumble & Butler Professional Association.

Name, Age and Position with the Company	Business Experience During the Last Five Years
Kendrick B. Melrose 55, Chairman of the Board and Chief Executive Officer	Elected Chairman of the Board in December 1987. Elected Chief Executive Officer in December 1983.
Karen M. Meyer 45, Vice President Human Resources/Administrative Services	Elected Vice President, Human Resources/Administrative Services in December 1991. Appointed Vice President, Human Resources/ Administrative Services in December 1988. Previously held various management positions within the company.
David H. Morris 54, President and Chief Operating Officer	Elected President in December 1988. Elected Chief Operating Officer in August 1988.
Richard R. Pollick 56, Vice President and General Manager International Equipment	Appointed Vice President, International Division in March 1990. Previously held various management positions within the company.
John G. Szafranski 60, Vice President and General Manager, Commercial Equipment	Appointed Vice President, Commercial Products in December 1984.
Stephen P. Wolfe 47, Vice President, The Toro Company and President, Toro Credit Company	Appointed Vice President in August 1994. Elected President, Toro Credit Company in July 1990.

ITEM 11. EXECUTIVE COMPENSATION

Information concerning executive compensation is incorporated by reference to the information to be contained in the Proxy Statement to be filed with respect to the next meeting of stockholders which involves the election of directors or, if such Proxy Statement is not filed within 120 days after the end of the fiscal year covered by this Form 10-K, such information will be filed as part of an amendment to this Form 10-K not later than the end of the 120-day period.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information regarding the security ownership of certain beneficial owners and management of The Toro Company is incorporated by reference to the information to be contained in the Proxy Statement to be filed with respect to the next meeting of stockholders which involves the election of directors or, if such Proxy Statement is not filed within 120 days after the end of the fiscal year covered by this Form 10-K, such information will be filed as part of an amendment to this Form 10-K not later than the end of the 120-day period.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

None.

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) 1. Index to Consolidated Financial Statements

(a) 2. Index to Consolidated Financial Statement Schedules

Included in Part IV of this report:

All other schedules are omitted as the required information is inapplicable or the information is presented in the consolidated financial statements or related notes.

(a) 3. Exhibits

3(i)(a) and 4(a)	Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit 4.2 to the Registrant's Registration Statement on Form S-3, Registration No. 33-16125).
3(i)(b) and 4(b)	Certificate of Amendment to Certificate of Incorporation of the Registrant dated December 9, 1986 (incorporated by reference to Exhibit 3 to Registrant's Quarterly Report on Form 10-Q for the quarter ended January 30, 1987, Commission file No. 1-8649).
3(i)(c) and 4(c)	Certificate of Amendment to Certificate of Incorporation of the Registrant dated December 8, 1987 (incorporated by reference to Exhibit 3 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended January 29, 1988, Commission File No. 1-8649).
3(ii) and 4(d)	Bylaws of the Registrant (incorporated by reference to Exhibit 3.3 to the Registrant's Annual Report on Form 10-K for the year ended July 31, 1991, Commission file No. 1-8649)

4(e)	Specimen form of Common Stock certificate (incorporated by reference to Exhibit 4(c) to the Registrant's Registration Statement on Form S-8, Registration No. 2-94417).
4(f)	Rights Agreement dated as of June 14, 1988, between the Registrant and Norwest Bank Minnesota, National Association relating to rights to purchase Series B Junior Participating Voting Preferred Stock, as amended (incorporated by reference to Exhibit 1 to Registrant's Registration Statement on Form 8-A dated June 17, 1988, Commission File No. 1-8649, as amended).
4(g)	Indenture dated as of July 15, 1987, between the Registrant and Manufacturers Hanover Trust Company, Trustee, relating to the Registrant's 11% Sinking Fund Debentures Due August 1, 2017 (incorporated by reference to Exhibit 4 to the Registrant's Registration Statement on Form S-3, Registration No. 44-16175).
10(a)	Form of Employment Agreement in effect for certain officers of the Registrant (incorporated by reference to Exhibit 10(a) to the Registrant's Annual Report on Form 10-K for the year ended July 31, 1993).
10(b)	Form of Supplemental Employment Agreement in effect for certain officers of the Registrant.
10(c)	1985 Incentive Stock Option Plan and 1989 Stock Option Plan, both as amended (incorporated by reference Exhibit 10(b) to the Registrant's Annual Report on Form 10-K for the year ended July 31, 1993).
10(d)	The Toro Company Investment and Savings Plan.
10(e)	1993 Stock Option Plan (incorporated by reference to Exhibit A to Registrant's Proxy Statement dated October 29, 1993).
10(f)	Continuous Performance Award Plan (incorporated by reference to Exhibit A to Registrant's Proxy Statement dated October 31, 1991).
11	Computation of Earnings per Share of Common Stock and Common Stock Equivalent (page 15 of this report).
13	Registrant's Fiscal 1995 Annual Report to Stockholders.
21	Subsidiaries of Registrant (page 16 of this report).
23	Independent Auditors' Consent (page 17 of this report).
27	Supplemental Data Schedule; electronic filing only.

(b) Reports on Form 8-K
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None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE TORO COMPANY

(Registrant)

Dated: October 17, 1995

/s/ Gerald T. Knight

Gerald T. Knight
Vice President - Finance
Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Kendrick B. Melrose Kendrick B. Melrose	Chairman, Chief Executive Officer and Director	October 17, 1995
/s/ David H. Morris David H. Morris	President, Chief Operating Officer and Director	October 17, 1995
/s/ Gerald T. Knight Gerald T. Knight	Vice President - Finance, Chief Financial Officer (principal financial officer)	October 17, 1995
/s/ Randy B. James Randy B. James	Vice President, Controller (principal accounting officer)	October 17, 1995
/s/ Janet K. Cooper Janet K. Cooper	Director	October 17, 1995
/s/ William W. George William W. George	Director	October 17, 1995
/s/ Alex A. Meyer Alex A. Meyer	Director	October 17, 1995
/s/ Robert H. Nassau Robert H. Nassau	Director	October 17, 1995
/s/ Dale R. Olseth Dale R. Olseth	Director	October 17, 1995
/s/ Edwin H. Wingate Edwin H. Wingate	Director	October 17, 1995

[KPMG Peat Marwick Letterhead]

Independent Auditors' Report

The Board Of Directors
The Toro Company:

Under date of September 7, 1995, we reported on the consolidated balance sheets of The Toro Company and subsidiaries as of July 31, 1995 and 1994, and the related consolidated statements of earning and cash flows for each of the years in the three-year period ended July 31, 1995, as contained in the 1995 annual report to stockholders. These consolidated financial statements and our report thereon are incorporated by reference in the annual report on Form 10-K for the fiscal year 1995. In connection with our audits of the aforementioned consolidated financial statements, we also have audited the related consolidated financial statement schedule listed in the accompanying index. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement schedule based on our audits.

In our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

KPMG Peat Marwick LLP

Minneapolis, Minnesota
September 7, 1995

THE TORO COMPANY AND SUBSIDIARIES
Valuation and Qualifying Accounts

Description	Balance at beginning of year	Charged to costs and expenses	Other (a)	Deductions (b)	Balance at end of year
Year Ended July 31, 1995					
Allowance for doubtful accounts	$7,702,000	$1,543,000	$ 20,000	$1,922,000	$7,343,000
Year Ended July 31, 1994					
Allowance for doubtful accounts	$5,589,000	$3,032,000	$765,000	$1,684,000	$7,702,000
Year Ended July 31, 1993					
Allowance for doubtful accounts	$6,358,000	$2,500,000	$ -	$3,269,000	$5,589,000

(a) Additions to allowance for doubtful accounts during 1995 and 1994 due to reclassification and acquisitions.

(b) Uncollectible accounts charged off, net of recoveries.

THE TORO COMPANY
EMPLOYMENT AGREEMENT

AGREEMENT by and between The Toro Company, a Delaware Company (the "Company"), and 1- (the "Executive"), dated as of the 18th day of April, 1995.

The Board of Directors of the Company (the "Board"), has determined that it is in the best interests of the Company and its shareholders to assure that the Company will have the continued dedication of the Executive, notwithstanding the possibility, threat or occurrence of a Change of Control (as defined below) of the Company. The Board believes it is imperative to diminish the inevitable distraction of the Executive by virtue of the personal uncertainties and risks created by a pending or threatened Change of Control and to encourage the Executive's full attention and dedication to the Company currently and in the event of any threatened or pending Change of Control, and to provide the Executive with compensation and benefits arrangements upon a Change of Control which ensure that the compensation and benefits expectations of the Executive will be satisfied and which are competitive with those of other corporations. Therefore, in order to accomplish these objectives, the Board has caused the Company to enter into this Agreement.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. CERTAIN DEFINITIONS. (a) The "Effective Date" shall mean the first date during the Change of Control Period (as defined in Section 1(b)) on which a Change of Control (as defined in Section 2) occurs. Anything in this Agreement to the Contrary notwithstanding, if a Change of Control occurs and if the Executive's employment with the Company is terminated prior to the date on which the Change of Control occurs, and if it is reasonably demonstrated by the Executive that such termination of employment (i) was at the request of a third party who has taken steps reasonably calculated to effect a Change of Control or (ii) otherwise arose in connection with or anticipation of a Change of Control, then for all purposes of this Agreement the "Effective Date" shall mean the date immediately prior to the date of such termination of employment.

(b) The "Change of Control Period" shall mean the period commencing on the date hereof and ending on the third anniversary of the date hereof; provided, however, that commencing on the date one year after the date hereof, and on each annual anniversary of such date hereof, and on each annual anniversary of such date (such date and each annual anniversary thereof shall be hereinafter referred to as the "Renewal Date"), unless previously terminated, the Change of Control Period shall be automatically extended so as to terminate three years from such Renewal Date, unless at least 60 days prior to the Renewal Date the Company shall give notice to the Executive that the Change of Control Period shall not be so extended.

2. CHANGE OF CONTROL. For the purpose of this Agreement, a "Change of Control" shall mean:

(a) The acquisition by any individual, entity or group (within the meaning of Section

13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a"Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either (i) the then-outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (ii) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that for purposes of this subsection (a), the following acquisitions shall not constitute a Change of Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or (iv) any acquisition by any corporation pursuant to a transaction which complies with clauses (i), (ii) and (iii) of subsection (c) of this Section 2; or

(b) Individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(c) Consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company (a "Business Combination"), in each case, unless, following such Business Combination, (i) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (ii) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from such Business Combination, or the combined voting power of the then-outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination and (iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent

Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(d) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

3. EMPLOYMENT PERIOD. The Company hereby agrees to continue the Executive in its employ, and the Executive hereby agrees to remain in the employ of the Company subject to the terms and conditions of this Agreement, for the period commencing on the Effective Date and ending on the third anniversary of such date (the "Employment Period").

4. TERMS OF EMPLOYMENT. (a) POSITION AND DUTIES. (i) During the Employment Period, (A) the Executive's position (including status, offices, titles and reporting requirements), authority, duties and responsibilities shall be at least commensurate in all material respects with the most significant of those held, exercised and assigned at any time during the 120-day period immediately preceding the Effective Date and (B) the Executive's services shall be performed at the location where the Executive was employed immediately preceding the Effective Date or any office or location less than 35 miles from such location.

(ii) During the Employment Period, and excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive agrees to devote reasonable attention and time during normal business hours to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities assigned to the Executive hereunder, to use the Executive's reasonable best efforts to perform faithfully and efficiently such responsibilities. During the Employment Period it shall not be a violation of this Agreement for the Executive to (A) serve on corporate, civic or charitable boards or committees, (B) deliver lectures, fulfill speaking engagements or teach at educational institutions, and (C) manage personal investments, so long as such activities do not significantly interfere with the performance of the Executive's responsibilities as an employee of the Company in accordance with this Agreement. It is expressly understood and agreed that to the extent that any such activities have been conducted by the Executive prior to the Effective Date, the continued conduct of such activities (or the conduct of activities similar in nature and scope thereto) subsequent to the Effective Date shall not thereafter be deemed to interfere with the performance of the Executive's responsibilities to the Company.

(b) COMPENSATION. (i) BASE SALARY. During the Employment Period, the Executive shall receive an annual base salary ("Annual Base Salary"), which shall be paid at a monthly rate, at least equal to twelve times the highest monthly base salary paid or payable, including any base salary which has been earned but deferred, to the Executive by the Company and its affiliated companies in respect of the twelve-month period immediately preceding the month in which the Effective Date occurs. During the Employment Period, the Annual Base Salary shall be reviewed no more than twelve months after the last salary increase awarded to the Executive prior to the Effective Date and thereafter at least annually. Any increase in Annual Base Salary shall not serve to limit or reduce any other obligation to the Executive under this Agreement.

Annual Base Salary shall not be reduced after any such increase and the term Annual Base Salary as utilized in this Agreement shall refer to Annual Base Salary as so increased. As used in this Agreement, the term "affiliated companies" shall include any company controlled by, controlling or under common control with the Company.

(ii) ANNUAL BONUS. In addition to Annual Base Salary, the Executive shall be awarded, for each fiscal year ending during the Employment Period, an annual bonus (the "Annual Bonus") in cash at least equal to the Executive's highest bonus under the Company's [Annual Incentive Plans], or any comparable bonus under any predecessor or successor plan, for the last three full fiscal years prior to the Effective Date (annualized in the event that the Executive was not employed by the Company for the whole of such fiscal year) (the "Recent Annual Bonus"). Each such Annual Bonus shall be paid no later than the end of the third month of the fiscal year next following the fiscal year for which the Annual Bonus is awarded, unless the Executive shall elect to defer the receipt of such Annual Bonus.

(iii) INCENTIVE, SAVINGS AND RETIREMENT PLANS. During the Employment Period, the Executive shall be entitled to participate in all incentive, savings and retirement plans, practices, policies and programs applicable generally to other peer executives of the Company and its affiliated companies, but in no event shall such plans, practices, policies and programs provide the Executive with incentive opportunities (measured with respect to both regular and special incentive opportunities, to the extent, if any, that such distinction is applicable), savings opportunities and retirement benefit opportunities, in each case, less favorable, in the aggregate, than the most favorable of those provided by the Company and its affiliated companies for the Executive under such plans, practices, policies and programs as in effect at any time during the 120-day period immediately preceding the Effective Date or if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and its affiliated companies.

(iv) WELFARE BENEFIT PLANS. During the Employment Period, the Executive and/or the Executive's family, as the case may be, shall be eligible for participation in and shall receive all benefits under welfare benefit plans, practices, policies and programs provided by the Company and its affiliated companies (including, without limitation, medical, prescription, dental, disability, employee life, group life, accidental death and travel accident insurance plans and programs) to the extent applicable generally to other peer executives of the Company and its affiliated companies, but in no event shall such plans, practices, policies and programs provide the Executive with benefits which are less favorable, in the aggregate, than the most favorable of such plans, practices, policies and programs in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and its affiliated companies.

(v) EXPENSES. During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by the Executive in accordance with the most favorable policies, practices and procedures of the Company and its affiliated companies in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

(vi) FRINGE BENEFITS. During the Employment Period, the Executive shall be entitled to fringe benefits, including, without limitation, tax and financial planning services, payment of club dues, and, if applicable, use of an automobile and payment of related expenses, in accordance with the most favorable plans, practices, programs and policies of the Company and its affiliated companies in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

(vii) OFFICE AND SUPPORT STAFF. During the Employment Period, the Executive shall be entitled to an office or offices of a size and with furnishings and other appointments, and to exclusive personal secretarial and other assistance, at least equal to the most favorable of the foregoing provided to the Executive by the Company and its affiliated companies at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as provided generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

(viii) VACATION. During the Employment Period, the Executive shall be entitled to paid vacation in accordance with the most favorable plans, policies, programs and practices of the Company and its affiliated companies as in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

5. TERMINATION OF EMPLOYMENT. (a) DEATH OR DISABILITY. The Executive's employment shall terminate automatically upon the Executive's death during the Employment Period. If the Company determines in good faith that the Disability of the Executive has occurred during the Employment Period (pursuant to the definition of Disability set forth below), it may give to the Executive written notice in accordance with Section 12(b) of this Agreement of its intention to terminate the Executive's employment. In such event, the Executive's employment with the Company shall terminate effective on the 30th day after receipt of such notice by the Executive (the "Disability Effective Date"), provided that, within the 30 days after such receipt, the Executive shall not have returned to full-time performance of the Executive's duties. For purposes of this Agreement, "Disability" shall mean the absence of the Executive from the Executive's duties with the Company on a full-time basis for 180 consecutive business days as a result of incapacity due to mental or physical illness which is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to the Executive or the Executive's legal representative.

(b) CAUSE. The Company may terminate the Executive's employment during the

Employment Period for Cause. For purposes of this Agreement, "Cause" shall mean:

(i) the willful and continued failure of the Executive to perform substantially the Executive's duties with the Company or one of its affiliates (other than any such failure resulting from the incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to the Executive by the Board or the Chief Executive Officer of the Company which specifically identifies the manner in which the Board or Chief Executive Officer believes that the Executive has not substantially performed the Executive's duties, or

(ii) the willful engaging by the Executive in illegal conduct or gross misconduct which is materially and demonstrably injurious to the Company.

For purposes of this provision, no act or failure to act, on the part of the Executive, shall be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of the Chief Executive Officer or a senior officer of the Company or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company. The cessation of employment of the Executive shall not be deemed to be for Cause unless and until there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three quarters of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Executive and the Executive is given an opportunity, together with counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, the Executive is guilty of the conduct described in subparagraph (i) or (ii) above, and specifying the particulars thereof in detail.

(c) GOOD REASON. The Executive's employment may be terminated by the Executive for Good Reason. For purposes of this Agreement, "Good Reason" shall mean:

(i) the assignment to the Executive of any duties inconsistent in any respect with the Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section 4(a) of this Agreement, or any other action by the Company which results in a diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive;

(ii) any failure by the Company to comply with any of the provisions of Section 4(b) of this Agreement, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive;

(iii) the Company's requiring the Executive to be based at any office or location other than as provided in Section 4(a)(i)(B) hereof or the Company's requiring the Executive to travel on Company business to a substantially greater extent than required immediately prior to the Effective Date;

(iv) any purported termination by the Company of the Executive's employment otherwise than as expressly permitted by this Agreement; or

(v) any failure by the Company to comply with and satisfy Section 11(c) of this Agreement.

For purposes of this Section 5(c), any good faith determination of "Good Reason" made by the Executive shall be conclusive. Anything in this Agreement to the contrary notwithstanding, a termination by the Executive for any reason during the 30-day period immediately following the first anniversary of the Effective Date shall be deemed to be a termination for Good Reason for all purposes of this Agreement.

(d) NOTICE OF TERMINATION. Any termination by the Company for Cause, or by the Executive for Good Reason, shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 12(b) of this Agreement. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (iii) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the termination date (which date shall be not more than thirty days after the giving of such notice). The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder.

(e) DATE OF TERMINATION. "Date of Termination" means (i) if the Executive's employment is terminated by the Company for Cause, or by the Executive for Good Reason, the date of receipt of the Notice of Termination or any later date specified therein, as the case may be, (ii) if the Executive's employment is terminated by the Company other than for Cause or Disability, the Date of Termination shall be the date on which the Company notifies the Executive of such termination and (iii) if the Executive's employment is terminated by reason of death or Disability, the Date of Termination shall be the date of death of the Executive or the Disability Effective Date, as the case may be.

6. OBLIGATIONS OF THE COMPANY UPON TERMINATION. (a) GOOD REASON; OTHER THAN FOR CAUSE, DEATH OR DISABILITY. If, during the Employment Period, the Company shall terminate the Executive's employment other than for Cause or Disability or the Executive shall terminate

employment for Good Reason:

(i) the Company shall pay to the Executive in a lump sum in cash within 30 days after the Date of Termination the aggregate of the following amounts:

A. the sum of (1) the Executive's Annual Base Salary through the Date of Termination to the extent not theretofore paid, (2) the product of (x) the higher of (I) the Recent Annual Bonus and (II) the Annual Bonus paid or payable, including any bonus or portion thereof which has ben earned but deferred (and annualized for any fiscal year consisting of less than twelve full months or during which the Executive was employed for less than twelve full months), for the most recently completed fiscal year during the Employment Period, if any (such higher amount being referred to as the "Highest Annual Bonus") and (y) a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination, and the denominator of which is 365 and (3) any compensation previously deferred by the Executive (together with any accrued interest or earnings thereon) and any accrued vacation pay, in each case to the extent not theretofore paid (the sum of the amounts described in clauses (1), (2), and (3) shall be hereinafter referred to as the "Accrued Obligations"); and

B. the amount equal to the product of (1) three and (2) the sum of (x) the Executive's Annual Base Salary and (y) the Highest Annual Bonus; and

C. an amount equal to the excess of (1) the actuarial equivalent of the benefit under the Company's qualified defined benefit retirement plan (the "Retirement Plan") (utilizing actuarial assumptions no less favorable to the Executive than those in effect under the Company's Retirement Plan immediately prior to the Effective Date), and any excess or supplemental retirement plan in which the Executive participates (together, the "SERP") which the Executive would receive if the Executive's employment continued for three years after the Date of Termination assuming for this purpose that all accrued benefits are fully vested, and, assuming that the Executive's compensation in each of the three years is that required by Section 4(b)(i) and Section 4(b)(ii), over (2) the actuarial equivalent of the Executive's actual benefit (paid or payable), if any, under the Retirement Plan and the SERP as of the Date of Termination;

(ii) for three years after the Executive's Date of Termination, or such longer period as may be provided by the terms of the appropriate plan, program, practice or policy, the Company shall continue benefits to the Executive and/or the Executive's family at least equal to those which would have been provided to them in accordance with the plans, programs, practices and policies described in Section 4(b)(iv) of this Agreement if the Executive's employment had not been terminated or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies and their families, provided, however, that if the Executive becomes reemployed with another employer and is eligible to receive medical or other welfare benefits under another employer-provided plan, the medical and other welfare benefits described herein shall be secondary to those provided under such other plan during such applicable period of eligibility. For purposes of determining eligibility (but not the time of commencement of benefits) of the Executive for retiree benefits pursuant to such plans, practices, programs and policies, the Executive shall be considered to have remained employed until three years after the Date of Termination and to have retired on the last day of such period;

(iii) the Company shall, at its sole expense as incurred, provide the Executive with outplacement services the scope and provider of which shall be selected by the Executive in his sole discretion; and

(iv) to the extent not theretofore paid or provided, the Company shall timely pay or provide to the Executive any other amounts or benefits required to be paid or provided or which the Executive is eligible to receive under any plan, program, policy or practice or contract or agreement of the Company and its affiliated companies (such other amounts and benefits shall be hereinafter referred to as the "Other Benefits").

(b) DEATH. If the Executive's employment is terminated by reason of the Executive's death during the Employment Period, this Agreement shall terminate without further obligations to the Executive's legal representatives under this Agreement, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations shall be paid to the Executive's estate or beneficiary, as applicable, in a lump sum in cash within 30 days of the Date of Termination. With respect to the provision of Other Benefits, the term Other Benefits as utilized in this Section 6(b) shall include, without limitation, and the Executive's estate and/or beneficiaries shall be entitled to receive, benefits at least equal to the most favorable benefits provided by the Company and affiliated companies to the estates and beneficiaries of peer executives of the Company and such affiliated companies under such plans, programs, practices and policies relating to death benefits, if any, as in effect with respect to other peer executives and their beneficiaries at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive's estate and/or the Executive's beneficiaries, as in effect on the date of the Executive's death with respect to other peer executives of the Company and its affiliated companies and their beneficiaries.

(c) DISABILITY. If the Executive's employment is terminated by reason of the Executive's Disability during the Employment Period, this Agreement shall terminate without further obligations to the Executive, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations shall be paid to the Executive in a lump sum in cash within 30 days of the Date of Termination. With respect to the provision of Other Benefits, the term "Other Benefits" as utilized in this Section 6(c) shall include, and the Executive shall be entitled after the Disability Effective Date to receive, disability and other benefits at least equal to the most favorable of those generally provided by the Company and its affiliated companies to disabled executives and/or their families in accordance with such plans, programs, practices and policies relating to disability, if any, as in effect generally with respect to other peer executives and their families at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive and/or the Executive's family, as in effect at any time thereafter generally with respect to other peer executives of the Company and its affiliated companies and their families.

(d) CAUSE; OTHER THAN FOR GOOD REASON. If the Executive's employment shall be terminated for Cause during the Employment Period, this Agreement shall terminate without further obligations to the Executive other than the obligation to pay to the Executive (x) his Annual Base Salary through the Date of Termination, (y) the amount of any compensation previously deferred by the Executive, and (z) Other Benefits, in each case to the extent theretofore unpaid. If the Executive voluntarily terminates employment during the Employment Period, excluding a termination for Good Reason, this Agreement shall terminate without further obligations to the Executive, other than for Accrued Obligations and the timely payment or provision of Other Benefits. In such case, all Accrued Obligations shall be paid to the Executive in a lump sum in cash within 30 days of the Date of Termination.

7. NONEXCLUSIVITY OF RIGHTS. Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its affiliated companies and for which the Executive may qualify, nor, subject to Section 12(f), shall anything herein limit or otherwise affect such rights as the Executive may have under any contract or agreement with the Company or any of its affiliated companies. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company or any of its affiliated companies at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

8. FULL SETTLEMENT. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and such amounts shall not be reduced whether or not the Executive obtains other employment. The Company agrees to pay as incurred, to the full extent permitted by law, all legal fees and expenses which the Executive may reasonably incur as a result of any contest (regardless of the outcome thereof) by the Company, the Executive or others of the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by the Executive about the amount of any payment pursuant to this Agreement), plus in each case interest on any delayed payment at the applicable Federal rate provided for in Section 7872(f)(2)(A) of the Internal Revenue Code of 1986, as amended (the "Code").

9. CERTAIN ADDITIONAL PAYMENTS BY THE COMPANY. (a) Anything in this Agreement

to the contrary notwithstanding and except as set forth below, in the event it shall be determined that any payment or distribution by the Company to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 9) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments. Notwithstanding the foregoing provisions of this Section 9(a), if it shall be determined that the Executive is entitled to a Gross-Up Payment, but that the Executive, after taking into account the Payments and the Gross-Up Payment, would not receive a net after-tax benefit of at least $10,000 (taking into account both income taxes and any Excise Tax) as compared to the net after-tax proceeds to the Executive resulting from an elimination of the Gross-Up Payment and a reduction of the Payments, in the aggregate, to an amount (the "Reduced Amount") such that the receipt of Payments would not give rise to any Excise Tax, then no Gross-Up Payment shall be made to the Executive and the Payments, in the aggregate, shall be reduced to the Reduced Amount.

(b) Subject to the provisions of Section 9(c), all determinations required to be made under this Section 9, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by KPMG Peat Marwick LLP or such other certified public accounting firm as may be designated by the Executive (the "Accounting Firm") which shall provide detailed supporting calculations both to the Company and the Executive within 15 business days of the receipt of notice from the Executive that there has been a Payment, or such earlier time as is requested by the Company. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting the Change of Control, the Executive shall appoint another nationally recognized accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any Gross-Up Payment, as determined pursuant to this Section 9, shall be paid by the Company to the Executive within five days of the receipt of the Accounting Firm's determination. Any determination by the Accounting Firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Company exhausts it remedies pursuant to Section 9(c) and the Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive.

(c) The Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payment. Such notification shall be given as soon as practicable but no later than ten business days after the Executive is informed in writing of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is required to be paid. The Executive shall not pay such claim prior to the expiration of the 30-day period following the date on which it gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall:

(i) give the Company any information reasonably requested by the Company relating to such claim,

(ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,

(iii) cooperate with the Company in good faith in order effectively to contest such claim, and

(iv) permit the Company to participate in any proceedings relating to such claim;

provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 9(c), the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Executive to pay the tax claimed and sue for a refund or to contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that if the Company directs the Executive to pay such claim and sue for a refund, the Company shall advance the amount of such payment to the Executive, on an interest-free basis and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(d) If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 9(c), the Executive becomes entitled to receive any refund with respect to such claim, the Executive shall (subject to the Company's complying with the requirements of Section 9(c)) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 9(c), a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Company does not notify the Executive in writing of its intent to contest such denial of refund prior to the expiration of 30 days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

10. CONFIDENTIAL INFORMATION. The Executive shall hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge or data relating to the Company or any of its affiliated companies, and their respective businesses, which shall have been obtained by the Executive during the Executive's employment by the Company or any of its affiliated companies and which shall not be or become public knowledge (other than by acts by the Executive or representatives of the Executive in violation of this Agreement). After termination of the Executive's employment with the Company, the Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate or divulge any such information, knowledge or data to anyone other than the Company and those designated by it. In no event shall an asserted violation of the provisions of this Section 10 constitute a basis for deferring or withholding any amounts otherwise payable to the Executive under this Agreement.

11. SUCCESSORS. (a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

12. MISCELLANEOUS. (a) This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(b) All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

IF TO THE EXECUTIVE: 2-

IF TO THE COMPANY: The Toro Company
8111 Lyndale Avenue South
Bloomington, Minnesota 55420
Attention Mr. J. Lawrence McIntyre, General Counsel

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communication shall be effective when actually received by the addressee.

(c) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) The Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason pursuant to Section 5(c)(i)-(v) of this Agreement, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(f) The Executive and the Company acknowledge that, except as may otherwise be provided under any other written agreement between the Executive and the Company, the employment of the Executive by the Company is "at will" and, subject to Section 1(a) hereof, prior to the Effective Date, the Executive's employment and/or this Agreement may be terminated by either the Executive or the Company at any time prior to the Effective Date, in which case the Executive shall have no further rights under this Agreement. From and after the Effective Date this Agreement shall supersede any other agreement between the parties with respect to the subject matter hereof.

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and, pursuant to the authorization from its Board of Directors, the Company has caused these presents to be executed in its name on its behalf, all as of the day and year first above written.

1-

THE TORO COMPANY

By--
Kendrick B. Melrose
Its Chief Executive Officer

PROSPECTUS

500,000 Shares

THE TORO COMPANY

Common Stock

(Par value $1.00 per share)

Offered pursuant to

THE TORO COMPANY

Investment and Savings Plan

This Prospectus covers offers and sales from time to time of employee participation interests in The Toro Company Common Stock Fund of The Toro Company Investment and Savings Plan (the "Plan") and offers and sales of up to 500,000 shares of the Common Stock, par value $1.00 per share (and Preferred Share Purchase Rights attached thereto) (the "Common Stock"), of The Toro Company ("Toro") through payroll deductions and employer contributions pursuant to the Plan.

The date of this Prospectus is August 25, 1995.

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

The following documents filed with the Securities and Exchange Commission by Toro are incorporated by reference into this Prospectus:

1. Its Annual Report on Form 10-K for the fiscal year ended July 31, 1994.

2. Its Quarterly Reports on Form 10-Q for the quarters ended October 28, 1994, February 3, 1995 and April 28, 1995.

3. The description of its Common Stock and Preferred Share Purchase Rights contained in its Registration Statements filed under Section 12 of the Securities Exchange Act of 1934, including any amendment or report filed for the purpose of updating such description.

4. The Annual Report on Form 11-K for the fiscal year ended July 31, 1994 of The Toro Company Matching Stock Plan.

All reports and other documents subsequently filed by Toro and the Plan pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 after the date of this Prospectus and prior to the filing of a post-effective amendment which indicates all securities offered have been sold or which deregisters all securities remaining unsold, shall be deemed to be incorporated herein by reference and to be a part hereof from the date of the filing of such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or replaced for purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference in the Registration Statement modifies or replaces such statement. Any such statement so modified or replaced shall not be deemed, except as so modified or replaced, to constitute a part of this Prospectus.

Toro will provide without charge to each person to whom a copy of this Prospectus is delivered, upon the written or oral request of such person, a copy of any and all of the foregoing documents (other than exhibits to such documents). Written or telephone requests should be directed to The Toro Company, 8111 Lyndale Avenue South, Bloomington, Minnesota 55420, telephone (612) 888-8801, Attention: Investor Relations.

HIGHLIGHTS

The purpose of the Plan is to provide certain eligible employees of Toro and its participating subsidiaries (referred to together as the "Company") with an opportunity to save part of their income on a pre-tax basis (and, if an employee so elects, on an after-tax basis) and to have those savings accumulate in a tax-deferred investment account which may be invested, at the direction of the participant, in one or more investment alternatives offered under the Plan, including the Common Stock of Toro, to be distributed after termination of active employment.

The Plan was authorized by the Board of Directors of Toro on February 21, 1995, to become effective as of August 1, 1995 as the successor plan to and restatement of The Toro Company Profit-Sharing Plan and Trust Agreement for Office Employees, The Toro Company Profit-Sharing Plan and Trust Agreement for Hourly Employees, The Toro Company Profit-Sharing Plan and Trust Agreement for Windom Factory Employees, The Toro Company Profit-Sharing Plan and Trust Agreement for Minneapolis Factory Employees, The Toro Company Profit-Sharing Plan and Trust Agreement for Plymouth Union Employees and The Toro Company Matching Stock Plan and Trust Agreement. These plans are referred to in this Prospectus as "Predecessor Plans". The Plan removes language regarding the trust agreement elements of the Predecessor Plans, and a separate trust agreement for those plans became effective as of August 1, 1995.

The Plan is intended to qualify as a profit sharing plan pursuant to the provisions of Section 401(a) of the Internal Revenue Code of 1986, as amended from time to time (the "Code"). See "Federal Income Tax Information" for information on the tax effects which may accrue to participants in the Plan.

The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA") which relate to defined contribution plans. As such, it is generally subject to Titles I and II of ERISA, including reporting, disclosure, participation and vesting, fiduciary responsibility, adminis-tration and enforcement provisions. As an "individual account plan" under ERISA, the Plan is not subject to the funding requirements of Title I nor are the Plan benefits guaranteed by the Federal Government Pension Benefit Guaranty Corporation under Title IV of ERISA. A participant's interest in the Plan is measured by the balance in the participant's individual account and not by a definitely determinable retirement benefit.

Participating employees will receive reports reflecting the status of their individual account, including information as to contributions, interest and other earnings, withdrawals and transfers, in accordance with the requirements of ERISA. They will also receive a Summary Plan Description as required by ERISA. In addition, participants will be furnished with a Summary Annual Report containing additional financial information regarding the Plan as required by ERISA.

The Plan is administered by Toro unless the Chief Executive Officer of Toro designated another person or persons to be the administrator (the "Plan Administrator"). See "Administration of the Plan".

This Prospectus should be read in conjunction with the current Appendix and certain other information relating to the Plan. The current Appendix should be considered a part of this Prospectus.

The description of the Plan contained in this Prospectus is intended to give only a general summary of the principal provisions of the Plan. It does not purport to be complete and is qualified in its entirety by reference to the full text of the Plan itself. Copies of the Plan are available upon request from the Plan Administrator identified in the current Appendix.

Toro is a Delaware corporation with its principal place of business in Minnesota. Its mailing address is 8111 Lyndale Avenue South, Bloomington, Minnesota 55420. The telephone number is (612) 888-8801.

THE PLAN

ELIGIBLE EMPLOYEES

Participation in the Plan is optional, except that certain contributions made by the Company ("Toro Investment Fund Contributions") are automatic with respect to employees who meet the requirements of the Plan ("Qualified Employees"). See "Contributions - Toro Investment Fund Contributions" below. In general, any employee of the Company, including any officer or director who is an employee, is eligible to participate in the Plan as of the first day of the calendar quarter following the completion of twelve consecutive months of service (provided the employee completes at least 1,000 hours of service during that twelve month period), except that an employee does not become a Qualified Employee eligible to receive a Toro Investment Fund Contribution until the completion of two years of service. Any employee who is covered by a collective bargaining agreement which does not provide that employees in the bargaining unit will be covered by the Plan will not be eligible to participate in the Plan if there is evidence that retirement benefits were the subject of good faith bargaining between the representatives of such unit and the Company. Certain employees of Toro's foreign subsidiaries may not be eligible to participate in the Plan. In general, any employee of the Company who was a participant in a Predecessor Plan immediately before August 1, 1995 will also be a participant in the Plan.

An employee who incurs a termination of employment with the Company will cease to be eligible to participate in the Plan, unless the employee is reemployed by the Company and otherwise meets the requirements for participation.

An eligible employee may enroll in the Plan. See "Participation" below. Once an employee meets the eligibility requirements, that employee will continue to be eligible to participate in the Plan for as long as he or she continues to be employed by the Company.

Subsidiaries of Toro which have adopted the Plan are listed in the Appendix.

PARTICIPATION

An eligible employee may become a participant in the Plan by signing and filing with the Plan Administrator such application forms and furnishing such information as the Plan Administrator may require to authorize payroll deductions. An employee becomes a contributing participant as of the beginning of the first payroll period which is at least 30 days after the date of such application, or a lesser number of days after the application, as provided in the application form. Payroll deductions continue until the participant ceases to meet the eligibility requirements, terminates employment, dies or withdraws from making contributions. See "Pre-Tax Contributions" and "After-Tax Contributions" below. A participant may withdraw from making contributions for a payroll period by meeting certain requirements established by the Administrator.

The Plan year will be a calendar year, but there will be a short Plan year beginning on August 1, 1995 and ending on December 31, 1995.

CONTRIBUTIONS

GENERAL. There are four ways in which contributions may be made for a participant's benefit under the Plan. "Pre-Tax Contributions" are contributions to the Plan made out of a contributing participant's compensation, which is reduced by the designated amount of the contributions. For federal income tax purposes, the contribution is treated as being made by the participant's participating employer. "After-Tax Contributions" are contributions made by the Company on behalf of participants who have agreed to have a percentage of their net compensation after payment of taxes paid into the Plan. Such contributions do not reduce compensation subject to tax withholding. "Company Matching Contributions" are contributions made by the Company (either Toro or its participating subsidiary) on behalf of participants who make either Pre-Tax or After-Tax Contributions to the Plan. Toro Investment Fund Contributions are contributions made by the Company, whether or not the employee makes Pre-Tax or After-Tax Contributions.

The amounts that can be contributed for a participant's benefit under the Plan are based on a percentage of the participant's compensation. For purposes of the Plan, a participant's "compensation" means all remuneration of an employee from an employer which is subject to federal income tax withholding, subject to certain adjustments and limitations as set forth in the Plan and relating to benefits such as stock options and cafeteria plan benefits.

Each election by a participant to contribute under the Plan or to terminate contributions must be in writing on a form furnished by the Plan Administrator and filed with the Plan Administrator in accordance with rules established by the Plan Administrator.

PRE-TAX CONTRIBUTIONS. A participant may agree to have his or her salary reduced by any whole percentage from 1% to 10%, through an automatic payroll deduction each payroll period, provided that such reductions may not exceed 10% of the participant's compensation for any payroll period and may not exceed annual dollar limits set by the Secretary of the Treasury ($9,240 for 1995). The Company will contribute to the Plan the amount by which the participant's salary has been reduced. The amount of the salary reduction contributed to the Plan on a participant's behalf is not subject to federal income tax until the participant receives it from the Plan as a withdrawal or distribution. These Pre-Tax Contributions are, however, subject to social security taxes each payroll period.

Pre-Tax Contributions may not be distributed to a participant until his or her employment with the Company terminates, except that distribution of contributions must commence, whether or not the participant is employed by the Company, by the April 1 following the date the participant reaches age 701/2. See "Payment Upon Termination of Employment" below.

Salary reductions made to fund Pre-Tax Contributions to the Plan will not affect other benefits available to participants, such as life insurance, disability income, retirement and similar benefit programs. Any benefits payable under these programs will continue to be calculated without regard to reductions for Pre-Tax Contributions to the Plan.

A contribution agreement will apply to each payroll period during which the agreement is on file with the Company.

CHANGING OR SUSPENDING PRE-TAX CONTRIBUTIONS. A participant's Pre-Tax Contributions may be modified as of dates permitted by the Plan Administrator. Initially and until the Plan Administrator determines otherwise, a contributing participant may make three modifications of the rate (not including withdrawal from participation as a contributing participant) during a calendar quarter and a change will be effective as of the first payday in the subsequent calendar quarter. A modification in the rate of Pre-Tax Contributions is to be made by providing the Plan Administrator a new Pre-Tax Contribution agreement, in accordance with the Plan Administrator's requirements, at least 30 days (or a shorter period permitted by the Plan Administrator) before the payday as to which it is to be effective.

AFTER-TAX CONTRIBUTIONS. A participant may also elect to make After-Tax Contributions in addition to or in lieu of Pre-Tax Contributions. After-Tax Contributions may be withdrawn from the Plan prior to termination of employment. See "Withdrawals During Employment" below. A participant may agree to contribute to the Plan an amount equal to any whole percentage of his or her compensation per payroll period not to exceed 4% of such compensation, and not to exceed the maximum amount which may be contributed under the Code. See "Additional Limitations on Participant Contributions". Contributions under the Plan may be made in a combination of Pre-Tax Contributions and After-Tax Contributions so long as the total contribution does not exceed an amount equal to 10% of compensation described above.

CHANGING OR SUSPENDING AFTER-TAX CONTRIBUTIONS. A participant may cease, resume or modify the amount or the rate of his or her After-Tax Contribution at the same time and in accordance with the same rules provided for Pre-Tax Contributions. A participant who elects to withdraw all or any part of such After-Tax Contributions may not again make After-Tax Contributions except in accordance with the Plan (see "Withdrawals During Employment" below).

ADDITIONAL LIMITATIONS ON PARTICIPANT CONTRIBUTIONS. Current law and Internal Revenue Service ("IRS") regulations limit the total amount that an employee may contribute before taxes to all employer-sponsored savings or retirement plans in any calendar year. This limit will be adjusted periodically for increases in the cost of living in accordance with federal regulations. For 1995 the limit is $9,240. This limit may apply to a participant who (i) makes pre-tax contributions to this Plan and also to other qualified Company plans or (ii) makes pre-tax contributions during a single calendar year to Company plans and also to any savings or retirement plan sponsored by another employer. A participant for whom this limit may be applicable should contact the Plan Administrator for additional information.

Under IRS rules applicable to the Plan, the average amount that can be contributed in the form of Pre-Tax Contributions and After-Tax Contributions by participants who are "highly compensated employees" (as defined in the Plan and in Section 414(q) of the Code) cannot exceed certain limits relating to amounts contributed by other participants. If the amounts that highly compensated employees have contributed or have indicated they wish to contribute as Pre-Tax or After-Tax Contributions would cause the Plan to violate this standard, the Company and the Plan Administrator would take one or more of the following actions to restore the required balance: the level of Pre-Tax Contributions permitted highly compensated employees could be reduced below the Plan maximum or the Company could return to highly compensated employees a portion of the Pre-Tax or After-Tax Contributions made by such employees. If Pre-Tax or After-Tax Contributions are returned, any Company Matching Contributions made with respect to such returned Pre-Tax or After-Tax Contributions would be forfeited by the participant. Such forfeited amounts would be applied by the Company to reduce subsequent matching contributions.

Neither the Company nor the Plan is able to predict whether any of the adjustments described above will be necessary. It is possible that the maximum contribution level for highly compensated employees may be decreased or that other actions may be taken to maintain the appropriate balance of contributions required by the IRS. If additional actions must be taken to maintain the required balance of contributions, affected participants will be notified.

COMPANY MATCHING CONTRIBUTIONS. Each participating employer will make contributions to the Plan on behalf of each of its participants who makes Pre-Tax or After-Tax Contributions to the Plan. The matching contribution will be equal to 50% of the sum of the amounts contributed by a participant to the Plan as Pre-Tax and After-Tax Contributions for the Plan year (excluding contributions which have been withdrawn during the Plan year), up to a maximum of 2% of the participant's compensation. Matching contributions may be made in cash or in Common Stock.

TORO INVESTMENT FUND CONTRIBUTIONS. Each participating employer will make Toro Investment Fund Contributions to the Plan on behalf of its Qualified Employees in amounts equal to 5.5% of compensation plus 5.5% of compensation above the Social Security taxable wage base. A Qualified Employee must meet the eligibility requirements described in "Eligible Employees" above, and must be actively employed on the last working day of the applicable Plan year to be eligible for a Toro Investment Fund Contribution. Compensation is measured from the first of the month following completion of the service requirement.

ROLLOVER CONTRIBUTIONS. If a participant received a lump sum distribution from an account under a qualified retirement plan with his or her previous employer, or if a participant previously received such a distribution and placed it in an individual retirement account, the Plan Administrator may permit a participant to roll the distribution over to an account under this Plan, subject to such terms and conditions as may be established by the Administrator and subject to the Code and regulations thereunder. There are detailed rules that must be followed for such Rollover Contributions and any questions should be directed to the Plan Administrator. There will be no Company Matching Contributions for a transfer to a rollover account.

PARTICIPANT ACCOUNTS AND VESTING

An individual account will be established for each participant. Each account will have subaccounts as follows:

TORO INVESTMENT FUND CONTRIBUTIONS ACCOUNT, which shows the amount of the participant's interest derived from Toro Investment Fund Contributions under the Plan, and attributable to similar contributions made under any Predecessor Plan prior to August 1, 1995.

PRE-TAX CONTRIBUTIONS ACCOUNT, which shows the amount of the participant's interest derived from Pre-Tax Contributions made by the participant from August 1, 1995, and attributable to similar contributions made under any Predecessor Plan prior to that date.

AFTER-TAX CONTRIBUTIONS ACCOUNT, which shows the amount of the participant's interest derived from After-Tax Contributions made by the participant form August 1, 1995, and attributable to similar contributions made under any Predecessor Plan prior to that date.

MATCHING CONTRIBUTIONS ACCOUNT, which shows the amount of the participant's interest derived from Matching Contributions made by the participant from August 1, 1995, and attributable to similar contributions made under The Toro Company Matching Stock Plan prior to that date.

ROLLOVER CONTRIBUTIONS ACCOUNT, which shows the amount of the participant's interest derived from Rollover Contributions.

In addition, a small number of participants may also have a VOLUNTARY CONTRIBUTIONS ACCOUNT, which shows the amount of the participant's interest derived from voluntary after tax contributions made by the participant prior to 1986, before changes in tax laws motivated Toro to eliminate the opportunity to make such contributions.

Participants' accounts will be valued daily.

Amounts contributed to the Toro Investment Fund Account, the Pre-Tax and After-Tax Accounts and any Rollover Account, together with income attributable thereto, will be 100% vested and nonforfeitable at all times. The vested portion of a participant's account is the portion of the assets which the participant is entitled to receive as a distribution if employment with the Company terminates.

Amounts credited to the Matching Contributions Account together with income attributable thereto and amounts contributed under The Toro Company Matching Stock Plan as it existed prior to August 1, 1995 together with income attributable thereto will vest in accordance with the following schedule:

On completion of one year of vesting service:	20%
On completion of two years of vesting service:	40%
On completion of three years of vesting service:	60%
On completion of four years of vesting service:	80%
On completion of five years of vesting service:	100%

"Vesting service" means an employee's period of service with the Company measured in full years, subject to certain adjustments set forth in the Plan to accommodate the transition to the Plan and change in the Plan year. A participant's account will be 100% vested when the participant reaches age 65, dies prior to termination of employment with the Company or incurs a termination of employment with the Company on account of disability.

If a participant terminates employment, any portion of the account which has not vested and to which the participant is not entitled will be held in a suspense account until his or her return as an employee of a participating employer or the occurrence of five consecutive one year breaks in service or the distribution of the entire Vested Share (as defined in the Plan) of the participant (a "forfeiture event"). If the participant returns as an employee of a participating employer before a forfeiture event, there will be no forfeiture and the suspense account will be restored. If the participant experiences a forfeiture before being rehired by a participating employer, all amounts held in the suspense account will be forfeited and will be applied towards future Matching Contributions of Toro or a participating employer or account restorations. If the participant has not received a distribution of his or her entire vested account, the suspense account will not be forfeited until the occurrence of five consecutive one year breaks in service. A participant's forfeited amounts may be restored if he or she is reemployed before incurring a total of five consecutive one year breaks in service. Restoration occurs if the participant had received a distribution which resulted in a forfeiture, but makes repayment of the full amount distributed within certain time periods.

INVESTMENT OF CONTRIBUTIONS

INVESTMENT OPTIONS. All contributions under the Plan and all of its assets will be held in trust by a trustee (the "Trustee") until disbursed in accordance with the terms of the Plan. Assets held under the Plan may be invested by a participant at the participant's direction in any one or more investment funds, except that all Company Matching Contributions and assets attributable to similar contributions under The Toro Company Matching Stock Plan, as it existed immediately prior to August 1, 1995, will be invested only in Toro Common Stock, subject to the right to diversify upon reaching the age of 55. See "Diversification Upon Reaching 55" below. The Chief Executive Officer of Toro may specify that Rollover Contributions or Pre-Tax Contributions may not be invested in the Common Stock.

PUTNAM MUTUAL FUNDS. Investment options available to participants through Putnam Fiduciary Trust Company are listed from time to time in an Appendix to this Prospectus, and are described in prospectuses prepared by managers of each investment company and made available to participants in the Plan by the Trustee. A table set forth in the Appendix presents financial data for the past three years showing materials trends in the performance of the alternative investment options, including The Toro Company Common Stock Fund described below.

THE TORO COMPANY COMMON STOCK FUND. Except as described below, the assets of The Toro Company Common Stock Fund will be invested exclusively in the Common Stock of Toro. The Trustee will purchase the Common Stock on the open market at market prices, or may acquire Common Stock by contribution or acquisition from Toro.

The Trustee may temporarily invest cash received under the Plan prior to acquiring the Common Stock. The Trustee may also maintain sufficient cash to distribute cash in lieu of fractional shares.

DIVERSIFICATION UPON REACHING 55. A participant who has attained the age of 55 and has completed ten years of vesting service with the Company may elect to segregate a portion of the vested portion of his or her Matching Contribution Account in The Toro Company Common Stock Fund and direct the investment of such amount. Investment of the following amounts of a participant's vested account may be directed, beginning with the first Plan quarter in which a participant meets the necessary age and service requirements:

Attained Age	Percentage
55	25
56	50
57	75
58	100

A participant who has attained the age of 62, but has not yet completed 10 years of vesting service, will nonetheless be permitted to direct the investment of 100% of the value of the vested portion of the participant's Matching Contribution Account.

METHOD OF ELECTION TO DIVERSIFY. Each election to diversify investments in the Plan must be made in writing on a form provided by the Plan Administrator, signed by the participant and delivered to the Plan Administrator in time to permit transmittal to the Trustee within 15 days before the first day of the Plan quarter with respect to which it is to become effective. Any change in such election must be effected in the same manner as an original election. Once an election to diversify has been made, a participant may not transfer that account share back into shares of the Common Stock.

VOTING AND OTHER RIGHTS

VOTING RIGHTS. A participant is entitled to direct the exercise of voting or other rights with respect to shares of Common Stock allocated to the participant's account, including those not yet vested. Toro will provide each participant with information pertaining to exercise of voting and tender offer rights distributed to stockholders at the time of such distribution. The Trustee will vote shares for which voting directions have not been received and shares not yet allocated to participants' accounts in the same ratio for the election of directors and for and against each other issue as the applicable vote directed by participants with respect to shares of stock allocated to their accounts to the extent permitted by ERISA.

TENDER OR EXCHANGE OFFER. In the event that a tender offer or exchange offer is made for the Common Stock, a participant will have the right to direct the Trustee whether or not to tender or exchange any shares of the Common Stock allocated to the participant's Plan account. The Trustee will provide the participant with necessary information to make a decision. Information regarding a participant's decision will be kept confidential within the meaning of Section 203 of the Delaware General Corporation Law. The Trustee will tender or exchange shares for which direction is not received and for shares not yet allocated to participants' accounts in the same ratio as the positive and negative responses to those offers actually received from participants who give directions, in a manner consistent with the Plan and ERISA.

Under the Plan, the completion of a tender offer or other acquisition of the Company will not necessarily lead to a distribution of a participant's account. See "Payment Upon Termination of Employment" below. Cash or an asset other than the Common Stock could remain in a participant's account for the full term otherwise required under the Plan.

DIVIDENDS. Dividends on shares of Common Stock will be allocated to a participant's account.

INVESTMENT RISK

Participation in the Plan involves investment risk because the amount a participant will receive when his or her account is distributed under the terms of the Plan will depend upon the investment results of Toro Common Stock. The Common Stock is purchased at market value and the value may increase or decrease as a result of various factors. In addition, the investment options the participant may choose upon reaching age 55 will affect the amount distributed.

A participant's contributions may not be withdrawn during a participant's employment except under very limited circumstances (described below under "Withdrawals During Employment"). As a result, employees contemplating participation in the Plan should view the Plan as a long-term retirement savings program.

Participants should be aware of Section 10 of the Securities Exchange Act of 1934, and Rule 10b-5 thereunder, which prohibit trading in Company securities on the basis of material, non-public information. For information on certain restrictions on affiliate resales of the Common Stock, see "Restrictions on Resale" below.

WITHDRAWALS DURING EMPLOYMENT

Pre-Tax Contributions made by a participant may not be withdrawn or distributed under any circumstances until the participant's employment terminates or until the participant reaches age 701/2. See "Payment Upon Termination of Employment" below.

A participant who has completed five years of vesting service may withdraw After-Tax Contributions, but will not again be able to make such contributions for a period of at least six months subsequent to the effective date of the withdrawal and may not make additional such withdrawals for a period of three years.

A participant who has not terminated service may make withdrawals from the participant's Voluntary Contributions Account, if there is one, subject to certain rules. Only one such withdrawal may be made during each Plan year.

PAYMENT UPON TERMINATION OF EMPLOYMENT

The full value of a participant's vested account (the "Vested Share") will be paid if the participant's employment with the Company ends, as defined in the Plan. Payment may be in a lump sum; by a series of installments; by purchase and distribution of an annuity contract providing an income for a certain term; or by a purchase and distribution of an annuity contract payable in a qualified joint and survivor annuity form. Certain eligible rollover distributions may be directly rolled over into another qualified plan or an individual retirement account (IRA). Distribution methods and requirements are complicated and may require spousal consent. The Plan Administrator should be contacted for further information. Any contributions invested in the Company's Common Stock will be paid in whole shares of the Common Stock. Cash will be paid for fractional shares. If the amount to which the participant is entitled does not exceed $3,500, the entire amount will be distributed in a lump sum payment, subject to certain conditions.

For Plan purposes, employment is considered to end only if the participant actually stops working and ceases to be employed by the Company. The Vested Share does not become payable if a participant goes on short-term disability, medical or other leave (except for total disability) or is employed by the purchaser of all or part of the business of the participant's employer (subject to certain exceptions). If a participant is laid off, that person's Vested Share will not be paid until he or she has been on that status for two years or until employment actually ends.

Distribution will normally be made in the Plan year quarter following termination of employment with the Company. Plan year quarters will begin on January 1, April 1, July 1 and October 1 in each year. A participant may defer receipt of the lump sum payment. The Plan Administrator may be contacted to obtain information on deferrals and distributions. A distribution from the Plan must be made no later than April 1 of the year following the calendar year in which the participant reaches age 701/2, even if the participant remains employed.

If a participant dies, the participant's designated beneficiary or beneficiaries (see "Death Benefit and Designation of a Beneficiary" below) become entitled to receive the participant's Vested Share in the same manner as described above, with special requirements relating to pre-retirement survivor annuity contracts. Distribution methods and requirements are complicated and may require spousal consent. The Plan Administrator should be contacted for further information. If the value of the death benefit payable does not exceed $3,500, the entire value of the participant's accounts will generally be distributed in a lump sum payment.

DEATH BENEFIT AND DESIGNATION OF A BENEFICIARY

If a participant dies during employment, the participant's beneficiary will become entitled to the participant's Vested Share. Each participant is to designate a beneficiary or beneficiaries to receive a designated portion of the Vested Share upon the participant's death. A participant may change the beneficiary designation at any time by filing a new form with the Plan Administrator.

If a participant is married, the participant's spouse will be the beneficiary unless the participant designates a different beneficiary and the spouse consents to such election. A new election may be required after the first day of the calendar year in which the participant reaches age 35, if the beneficiary named in an earlier election is a person other than the participant's spouse.

If a participant fails to name a beneficiary or if all the named beneficiaries die before the participant, the balance of the participant's Plan account will be distributed in the following order:

1. To the participant's spouse;

2. To the participant's children or their descendants;

3. To the participant's parents;

4. To the participant's brothers and sisters;

5. To the participant's estate.

RESTRICTIONS ON RESALE

Employees other than "affiliates" of Toro who receive shares of the Common Stock under the Plan during the effectiveness of the Registration Statement of which this Prospectus is a part will not be subject to state or federal securities law restrictions on the resale of such shares. Such shares generally may be resold by nonaffiliate employees through a stockbroker in the customary manner or to third persons without the use of a stockbroker.

Employees who are "affiliates" within the meaning of the rules and regulations under the Securities Act of 1933 will be subject to certain restrictions on resale of shares of the Common Stock. For these purposes, an "affiliate" of Toro is any person who directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, Toro. Although the determination as to which persons will be "affiliates" is ultimately an issue of fact depending upon all the applicable facts and circumstances, in most cases, an employee will not be an affiliate of Toro if he or she (i) is neither an executive officer nor a director of the Company, (ii) does not own or exercise voting control over 10% or more of the Common Stock, (iii) is not a relative of any person holding such a position or meeting such ownership test or (iv) is not closely associated or strongly influenced either by employment, business or personal relationships with any person or entity which is an affiliate.

Employees who are affiliates may effect resales of the Common Stock in accordance with the requirements of Rule 144 under the Securities Act of 1933, except that the two year ownership requirement under such rule is not applicable. Such employees may also effect resales of the Common Stock pursuant to another available exemption from the registration requirements of such act or pursuant to an effective registration statement under the Securities Act of 1933.

EXECUTIVE OFFICERS SUBJECT TO SECTION 16

Section 16(b) of the Securities Exchange Act of 1934 provides that any gain on a sale and purchase or on a purchase and sale of the Common Stock by an executive officer of the Company within any period of less than six months may be claimed by Toro. The rules under Section 16 exempt certain transactions in the Common Stock engaged in under the Plan from Section 16(b). The receipt of a distribution in Common Stock from the Plan by an executive officer may be a transaction which is a "purchase" within the meaning of Section 16(b). Executive officers of the Company should consider the applicability of Section 16(b) before electing to receive a Common Stock distribution from the Plan.

AMENDMENT AND TERMINATION

The Plan may be amended, altered or wholly revised, prospectively or retrospectively, or terminated at any time by action of the Board of Directors of Toro, and execution by an authorized officer of Toro. Any participating subsidiary of Toro may discontinue its participation in the Plan at the end of any Plan year. If the Plan terminates, no further contributions will be made by or on behalf of any participant, and the Trustee will proceed to liquidate the trust fund, distributing benefits to participants or their beneficiaries, unless benefits are transferred to a successor Plan.

ASSIGNMENT OF BENEFITS

Except in limited circumstances involving divorce or separation proceedings, the value of a participant's account may not be transferred, encumbered, assigned or sold to anyone else. A participant's account cannot be used as collateral for loans or pledged in payment of debts, contracts or any other liabilities.

PLAN ADMINISTRATION

General responsibility for Plan administration rests with Toro, unless a different person or persons are appointed as Plan Administrator by the Chief Executive Officer of Toro. An individual Plan Administrator, who may be a participant in the Plan, receives no compensation for his or her services in such capacity and may be removed by the Chief Executive Officer at any time. The name of the present Plan Administrator is set forth in the current Appendix. To obtain additional information about the Plan and its administrators, a participant may contact the Plan Administrator.

The Plan Administrator has the duty and power to interpret the provisions of the Plan, maintain records, determine eligibility to participate in the Plan and rights to receive benefits and to handle other matters that may arise under the Plan. Decisions of the Plan Administrator in matters such as eligibility and payment of benefits are final. If a participant or beneficiary believes that an amount of benefits is in error, an appeal procedure is available under the Plan.

Subject to direction by the Plan Administrator, the Chief Executive Officer of Toro or an investment manager, the Trustee has the exclusive authority to manage and control assets held by the Plan. The Plan's Trustee is identified in the Appendix. The Trustee, which is not affiliated with the Plan or the Company, is appointed by and serves at the pleasure of the Chief Executive Officer of Toro. The Trustee holds and administers the Plan's trust fund and makes benefit payments from the fund at the Plan Administrator's direction.

FEDERAL INCOME TAX INFORMATION

The Plan is designated as a "qualified plan" under Section 401(a) of the Code. Toro has applied for and expects to receive a determination from the IRS and an opinion of counsel that the Plan meets the requirements of that section of the Code. The Plan is also subject to special tax deferral treatment under Section 401(k) of the Code. This section summarizes some of the more significant federal income tax consequences under the Plan. The tax consequences described are based on statutes and regulations in effect as of the date of this Prospectus and are subject to change if those statutes and regulations are changed. This summary should not be regarded as tax advice and participants are urged to consult with their tax advisors regarding participation in the Plan. The following summary does not describe any federal estate tax or state or local tax consequences.

CONTRIBUTIONS

Pre-Tax Contributions made to the Plan through payroll deductions are not included in the participant's taxable compensation and are not subject to federal income tax when made. In most states, the same is true for purposes of state income tax. Pre-Tax Contributions are, however, subject to social security taxes when made. Employer Matching Contributions and Toro Investment Fund Contributions are not taxable for federal income tax purposes to a participant when made or when credited to a participant's account. Earnings and gains from the investments made with any contributions to the Plan are not taxable when credited to a participant's account.

For federal tax purposes, the Company is entitled to deduct, as contributions to the Plan, all Pre-Tax Contributions, Company Matching Contributions and Toro Investment Fund Contributions.

DISTRIBUTIONS FROM THE PLAN

In general, a participant or his or her beneficiary is subject to income tax on all amounts received as distributions from the Plan. Federal income tax treatment of a distribution from the Plan may vary for a number of reasons, including the reason for the distribution and whether or not it is made in shares of Common Stock. The most significant rules are described here, but recipients should consult their own tax advisors with respect to the particular circumstances of their distributions.

Distributions made in a single calendar year consisting of a participant's entire interest in the Plan and made on account of the participant's total disability, death or other termination of employment or made after reaching age 591/2, are referred to as "lump sum distributions". To the extent that a lump sum distribution is made in the form of shares of Common Stock, the recipient is taxed only on that portion of the value of the shares which represents the actual cost of the shares when originally acquired by the Plan. The value of all assets other than Common Stock distributed as part of a lump sum distribution is also currently taxable to the recipient. However, the recipient may elect to take advantage of special tax averaging rules applicable to lump sum distributions.

If a participant is over age 591/2 and has participated in the Plan for at least five years prior to the calendar year in which a lump sum distribution is made, the distribution is eligible for a special five-year forward income-averaging treatment. If this income-averaging treatment is elected, the tax is determined, in general, as if the reported income were received evenly over five years and without regard to the taxpayer's other income. The tax is computed at the single taxpayer's rate and the full amount of the tax is payable as a single sum in the taxable year of receipt. In addition, a participant who attained age 50 before January 1, 1986 may make a one-time election to use either ten-year or five-year forward income averaging without having to attain age 591/2. If ten-year forward income averaging is elected, however, the tax will be determined by using tax rates in effect for 1986.

Generally, a distribution to or withdrawal by a participant who has not attained age 591/2 will be subject to a special early distribution tax in addition to the regular income tax. This special tax will be 10% of the amount of the distribution or withdrawal that is includable in a participant's income. The special 10% tax will not be imposed if the distribution is made on account of a participant becoming totally disabled, if the amount distributed is not more than the amount of the medical expense deduction allowable to the participant for federal income tax purposes for the year of distribution or in certain other specified circumstances. In addition, the special tax will not be imposed on distributions made on account of termination of employment of a participant age 55 or over. Deductions or withdrawals that are rolled over will not be subject to the special tax since they are not includable in the participant's income.

When a partial distribution is made because of a withdrawal during employment, the entire amount so distributed is taxable as ordinary income to the recipient. Tax treatment of shares of Common Stock received in such a distribution should be reviewed with a participant's tax advisor.

Distributions from the Plan which are "eligible rollover distributions" are subject to withholding of federal income tax (at a rate of 20% of the distribution amount). Generally, eligible rollover distributions include any distribution of all or any portion of the balance to the credit of the Plan participant in the Plan except certain distributions paid over the participant's life expectancy (or joint life expectancy of the participant and a beneficiary) or over a period of ten years or more and certain required minimum distributions.

A Plan participant who is entitled to an eligible rollover distribution may avoid the 20% withholding and current income tax by electing to make a direct rollover to another qualified plan or individual retirement arrangement (IRA).

SALE OF DISTRIBUTED COMMON STOCK

When a participant sells shares of Common Stock received as part of a distribution from the Plan, the participant's "basis" for determining capital gain or loss is the amount which was subject to current tax upon distribution of the shares from the Plan. On a subsequent sale of Common Stock received in a lump sum distribution, the portion of the gain represented by the appreciation in value which was nontaxable at the time of the distribution will be taxed as long-term capital gain, regardless of when the sale was made. Any appreciation in the value of the Common Stock subsequent to withdrawal or distribution will be taxable as additional long-term or short-term capital gain when the stock is sold, depending upon the holding period of the stock in the hands of the recipient. Capital gains may be offset by capital losses or capital loss carryover if any are available to the participant.

EXPERTS

The financial statements and schedules incorporated herein and in the registration statement by reference to the 1994 Annual Report on Form 10-K of Toro have been audited by KPMG Peat Marwick LLP, independent certified public accountants, and have been so incorporated in reliance on the reports of KPMG Peat Marwick LLP and upon the authority of said firm as experts in accounting and auditing. To the extent that KPMG Peat Marwick LLP audits and reports on future financial statements and schedules of Toro and consents to the use of their reports thereon, such financial statements and schedules will also be incorporated by reference in the registration statement in reliance upon their reports and said authority.

APPENDIX
Dated August 25, 1995
to
PROSPECTUS
Dated August 25, 1995

500,000 Shares
THE TORO COMPANY
COMMON STOCK
(Par value $1.00 per share)

Offered pursuant to
THE TORO COMPANY
Investment and Savings Plan

Subsidiaries participating in The Toro Company Investment and Savings Plan:	Toro Credit Company Toro Sales Company
Plan Administrator:	The Toro Company 8111 Lyndale Avenue South Bloomington, Minnesota 55420 (612) 887-8969
Trustee under The Toro Company Investment and Savings Plan:	Putnam Fiduciary Trust Company One Post Office Square Boston, Massachusetts 02109 (617) 292-1000

INVESTMENT ALTERNATIVES OFFERED UNDER THE PLAN

The following list of investment alternatives is only a list and does not provide full disclosure on the investments listed. An investment decision should be made only after obtaining and reading a copy of the current prospectus for the fund. The prospectus to which this Appendix relates constitutes the prospectus for The Toro Company Common Stock Fund.

GROWTH FUNDS

Growth funds entail higher risk and may experience greater volatility than other investment alternatives.

The Toro Company Common Stock Fund	Invests solely in the Common Stock of Toro. An investment in a single stock fund creates an additional degree of risk due to the lack of diversification.
Putnam Overseas Growth Fund	Invests primarily in equity securities of companies located outside North America. Aggressively seeks capital appreciation. Foreign investments are subject to additional risks such as currency fluctuations, political and economic instability and different standards of financial reporting and taxation that are not present with domestic investments.
Putnam Voyager Fund	Invests in a combination of smaller companies expected to grow over time, as well as in larger, more established companies. Aggressively seeks capital appreciation.

GROWTH AND INCOME FUNDS

Growth and income funds seek earnings growth and current income. They are intended to entail less risk than growth funds but to offer the opportunity for more modest growth.

The Putnam Fund for Growth and Income	Invests mainly in stocks of companies that offer long-term growth potential and also provide current income.

PUTNAM LIFESTAGESM FUNDS

Putnam LifestageSM Funds are asset allocation funds. Asset allocation funds are portfolios of other Putnam funds. Those other funds invest principally in either equity securities or bonds, and may also invest in money market instruments. The allocation of those other funds in a particular portfolio varies based on the overall degree of risk associated with the portfolio. Investment in an asset allocation fund is intended to offer an investor a mix of investments in equity securities and bonds for the investor's preferred level of risk, age or career stage and financial goals. The Putnam Lifestage Funds are designed to offer three such levels of risk and are intended to minimize the necessity for the investor to determine investment allocations. A Plan participant should consult his or her financial advisor to determine whether one of the Lifestage Fund asset allocation portfolios is an appropriate investment to accommodate investment objectives and tolerance for risk. The three portfolio choices offered are:

Putnam Asset Allocation: Growth Portfolio	Invests aggressively in different types of stocks, with some investment in bonds and money market investments. For more aggressive investors who will accept more risk in exchange for a potential of higher growth.
Putnam Asset Allocation: Balanced Portfolio	Invests in stocks and bonds. Risk is intended to be reduced because of the balance between the relative stability of bonds and the fluctuation of stocks. For investors who want moderate risk and a potential for moderate growth.
Putnam Asset Allocation: Conservative Portfolio	Invests principally in investment-grade bonds, with a portion of the portfolio in stocks. For investors who want less risk and are willing to assume a reduced potential for growth.

CAPITAL PRESERVATION FUNDS

Toro Stable Value Fund	Invests in a diversified portfolio of primarily high-quality investment contracts and seeks a stable rate of return with greater safety of principal and liquidity. The fund is not insured or guaranteed by the U.S. government and there can be no assurance that the fund will be able to maintain a stable net asset value of $1.00 per share.

Financial Data on Investment Funds

The following table shows trends in performance of investment alternatives offered under the Plan for each of the past three years and the other applicable periods.

TOTAL RETURN PERFORMANCE BASED ON NET ASSET VALUE
(IN PERCENT, NET OF ALL FEES AND EXPENSES,
WITH ALL DISTRIBUTIONS REINVESTED)
(FOR THE PERIOD ENDING JUNE 30, 1995)

	2nd Qtr.	Year to	1 YEAR	3 YEARS		5 YEARS		10 YEARS/LIFE	
FUND		Date	Total Return	Cumulative	Annualized	Cumulative	Annualized	Cumulative	Annualized
Toro Stable Value Fund*	+1.36	+3.69	+5.43	+19.27	+6.05	+39.73	+6.92		
Putnam Asset Allocation Fund: Conservative Portfolio (2/7/94)*	+6.31	+10.91	+12.70	-	-	-	-	+7.92	+5.60
Putnam Asset Allocation Fund: Balanced Portfolio (2/7/94)**	+6.84	+11.59	+14.99	-	-	-	-	+9.57	+6.75
Putnam Asset Allocation Fund: Growth Portfolio (2/7/94)**	+7.13	+12.02	+16.71	-	-	-	-	+10.67	+7.51
The Putnam Fund For Growth and Income	+8.24	+18.65	+21.13	+43.22	+12.73	+78.46	+12.28	+282.20	+14.35
Putnam Voyager Fund	+8.27	+17.10	+29.86	+64.56	+18.08	+117.27	+16.79		
Putnam Overseas Growth Fund	+5.13	+ 2.98	+ 3.76	+41.79	+12.35	-	-	+400.65	+17.48
								+47.19	+ 9.33
The Toro Common Stock Fund (dividends reinvested)***	-1.81	-1.84	+19.81	+116.26	+29.32	+28.08	+ 5.07	+256.37	+13.55

* Amounts presented in the table for the Toro Stable Value Fund are not actual performance figures, but are estimates of performance based on the Ryan Labs 3 year GIC (guaranteed Investment contract) GIC Master Index, less 25 basis points on an annual basis. The actual performance for the fund for the one year eriod ended March 31, 1995 is 6.76%. The performance of the Ryan Labs 5 year GIC Master Index for the same periods ended June 30, 1995, as shown in the table, respectively, are 1.71% (2nd Q.), 4.67% (YTD), 7.12% (1 YEAR), 24.68% and 7.63% (3 YEARS, cumulative and annualized) and 47.21% and 8.04% (5 YEARS, cumulative and annualized).

** Date of inception

*** Data provided is for performance of Common Stock as traded on the New York Stock Exchange. No fund existed prior to August 1, 1995.

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NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS, OTHER THAN THOSE CONTAINED OR INCORPORATED BY REFERENCE IN THIS PROSPECTUS, IN CONNECTION WITH THE OFFER CONTAINED IN THIS PROSPECTUS, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE TORO COMPANY. THIS PROSPECTUS IS NOT AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, IN ANY STATE IN WHICH IT IS UNLAWFUL TO MAKE SUCH AN OFFER OR SOLICITATION. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE TORO COMPANY SINCE THE DATE HEREOF.

Exhibit 11

THE TORO COMPANY AND SUBSIDIARIES
Computation of Earnings per Share of Common Stock and Common Stock Equivalent
(Not Covered by Independent Auditors' Report)

	Year Ended July 31,		
	1995	1994	1993
Net earnings	$36,667,000	$22,230,000	$13,040,000
Primary:			
Shares of common stock and common stock equivalents:			
Weighted average number of common shares outstanding	12,566,039	12,472,828	12,135,399
Dilutive effect of outstanding stock options (1)	476,374	509,538	248,672
	13,032,413	12,982,366	12,384,071
Net earnings per share of common stock and common stock equivalent	$ 2.81	$ 1.71	$ 1.05
Fully Diluted:			
Shares of common stock and common stock equivalents:			
Weighted average number of common shares outstanding	12,556,039	12,472,828	12,135,399
Dilutive effect of outstanding stock options (2)	511,133	509,538	395,274
	13,067,172	12,982,366	12,530,673
Net earnings per share of common stock and common stock equivalent	$ 2.81	$ 1.71	$ 1.04

(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 year-end market price of the company's shares during each period.

FINANCIAL HIGHLIGHTS

(Dollars in thousands, except per share data) Years ended July 31	1995	1994	% Change
Net sales	$932,853	$794,341	17.4%
Net earnings	36,667	22,230	64.9
Percent of net sales	3.9%	2.8%	
Net earnings per share of common stock and common stock equivalent	$2.81	$1.71	64.3
Dividends paid per share of common stock outstanding	0.48	0.48	
Return on:			
Beginning common stockholders' equity	21.7%	15.4%	
Average common stockholders' equity	20.7	14.2	
Average invested capital	15.4	10.8	
AT YEAR END			
Working capital	$168,951	$175,783	(3.9)
Total assets	468,315	443,639	5.6
Total debt	103,560	101,325	2.2
Common stockholders' equity	185,471	168,652	10.0
Book value per common share	15.40	13.43	14.7
Number of common stockholders	7,347	7,541	(2.6)
Average number of employees	3,626	3,434	5.6

See accompanying notes to consolidated financial statements.

EDGAR REPRESENTATION OF NET SALES GRAPH

In Millions	
95	$932.9
94	794.3
93	684.3

EDGAR REPRESENTATION OF NET EARNINGS GRAPH

In Millions	
95	$36.7
94	22.2
93	13.0

EDGAR REPRESENTATION OF BOOK VALUE PER SHARE GRAPH

In Dollars	
95	$15.40
94	13.43
93	11.78

ELEVEN-YEAR SELECTED FINANCIAL DATA * THE TORO COMPANY

(Dollars in thousands, except per share data) Years ended July 31	1995	1994	1993	1992*
OPERATING DATA:				
Net sales	$932,853	$794,341	$684,324	$643,748
EARNINGS:				
Net earnings (loss)	36,667	22,230	13,040	(23,753)
Percent of sales	3.9%	2.8%	1.9%	(3.7)%
Per share of common stock and common stock equivalent	$ 2.81	$ 1.71	$ 1.05	$ (1.98)
DIVIDENDS:				
On common stock outstanding	6,002	5,993	5,824	5,753
Per share of common stock outstanding	0.48	0.48	0.48	0.48
RETURN ON:				
Beginning common stockholders' equity	21.7%	15.4%	9.8%	(14.8)%
Average common stockholders' equity	20.7%	14.2%	9.4%	(16.2)%
SUMMARY OF FINANCIAL POSITION:				
Current assets	$381,610	$364,495	$344,130	$332,517
Current liabilities	212,659	188,712	150,260	122,087
Working capital	168,951	175,783	193,870	210,430
Non-current assets	86,705	79,144	75,073	88,793
Total assets	468,315	443,639	419,203	421,310
Non-current liabilities, excluding long-term debt	5,250	5,250	1,372	2,509
CAPITALIZATION:				
Long-term debt, less current portion	64,935	81,025	122,970	164,100
Redeemable preferred stock	--	--	--	--
Common stockholders' equity	185,471	168,652	144,601	132,614
Total capitalization	250,406	249,677	267,571	296,714
Book value per common share	15.40	13.43	11.78	11.01
STOCK DATA:				
Number of shares of common stock outstanding (in thousands)	12,040	12,561	12,270	12,042
Number of common stockholders	7,347	7,541	7,968	8,386
Low price	$ 21 5/8	$ 19 3/4	$ 11 3/8	$ 12 1/8
High price	30 3/8	30 1/2	21 7/8	17 1/2
Close price	28 5/8	22 5/8	19 3/4	13

*Includes restructuring costs of $24.9 million, or $1.41 per share.
**The company's consolidated financial statements include results of operations of Lawn-Boy Inc. from November 7, 1989, the date of acquisition.
***The company's consolidated financial statements include results of operations of Wheel Horse Products, Inc. from December 19, 1986, the date of acquisition.

(Dollars in thousands, except per share data) Years ended July 31	1991	1990	1989	1988	1987***	1986	1985
OPERATING DATA:							
Net sales	$718,105	$750,931	$643,566	$609,205	$521,123	$406,664	$336,813
EARNINGS:							
Net earnings (loss)	9,700	16,558	22,096	20,048	17,032	15,491	13,224
Percent of sales	1.4%	2.2%	3.4%	3.3%	3.3%	3.8%	3.9%
Per share of common stock and common stock equivalent	$ 0.81	$ 1.55	$ 2.10	$ 1.84	$ 1.52	$ 1.34	$ 1.11
DIVIDENDS:							
On common stock outstanding	5,700	4,797	4,793	4,410	3,599	2,942	2,034
Per share of common stock outstanding	0.48	0.48	0.48	0.43	0.35	0.28	0.20
RETURN ON:							
Beginning common stockholders' equity	6.4%	16.4%	25.8%	26.3%	25.1%	20.4%	19.3%
Average common stockholders' equity	6.4%	14.4%	23.8%	24.4%	24.0%	23.1%	17.4%
SUMMARY OF FINANCIAL POSITION:							
Current assets	$318,753	$320,204	$266,176	262,638	$245,574	$195,635	$186,678
Current liabilities	107,981	130,452	123,377	126,796	102,913	89,382	69,713
Working capital	210,772	189,752	142,799	135,842	142,661	106,253	116,965
Non-current assets	96,551	103,347	59,807	57,430	53,970	32,930	29,452
Total assets	415,304	423,551	325,983	320,068	299,544	228,565	216,130
Non-current liabilities, excluding long-term debt	1,469	6,112	2,329	2,887	3,273	2,432	3,922
CAPITALIZATION:							
Long-term debt, less current portion	145,295	134,400	96,730	99,347	110,903	63,198	61,935
Redeemable preferred stock	--	--	6,000	9,000	10,500	10,500	10,500
Common stockholders' equity	160,559	152,587	97,547	82,038	71,957	63,053	70,060
Total capitalization	305,854	286,987	200,277	190,385	193,360	136,751	142,495
Book value per common share	13.48	12.92	9.85	8.16	7.01	6.06	6.84
STOCK DATA:							
Number of shares of common stock outstanding (in thousands)	11,913	11,814	9,902	10,049	10,272	10,401	10,245
Number of common stockholders	8,503	7,706	7,527	6,802	5,587	3,821	4,288
Low price	$ 11	$ 20 1/2	$ 17	$ 11 1/8	$ 14	$ 10 3/8	$ 6 5/8
High price	24 1/4	30	22 7/8	24 7/8	22 1/4	19 1/2	11 3/8
Close price	15 3/4	24 1/4	21 1/2	19 1/4	19 5/8	18 3/4	10 1/2

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS * THE TORO COMPANY

RESULTS OF OPERATIONS

The company continued to execute operational strategies in 1995 resulting in increased net sales and earnings. Worldwide net sales rose to $932.9 million, a 17.4% increase from $794.3 million in 1994. Net earnings for 1995 were $36.7 million compared with $22.2 million in 1994.

The table below summarizes operating results included in the Consolidated Statements of Earnings for 1995, 1994, and 1993.

SUMMARY

(Dollars in millions except per share data) Years ended July 31	1995	% CHANGE	1994	% Change	1993
Net sales	$932.9	17.4%	$794.3	16.1%	$684.3
Cost of sales	598.3	18.1	506.8	13.8	445.5
Gross profit	334.6	16.4	287.5	20.4	238.8
Selling, general and administrative expense	269.8	10.2	244.9	20.4	203.4
Earnings from operations	64.8	52.1	42.6	20.3	35.4
Interest expense	11.9	(12.5)	13.6	(20.9)	17.2
Other income, net	(8.2)	2.5	(8.0)	158.1	(3.1)
Earnings before income taxes	61.1	65.1	37.0	73.7	21.3
Provision for income taxes	24.4	64.9	14.8	78.3	8.3
Net earnings	$36.7	64.9%	$22.2	70.8%	$13.0
Net earnings per share of common stock and common stock equivalent	$2.81	64.3%	$1.71	62.9%	$1.05

SALES

Net Sales (Dollars in millions Years ended July 31	1995	% CHANGE	1994	% Change	1993
Consumer	$488.1	14.6%	$425.8	26.0%	$338.0
Commercial	305.3	20.6	253.2	8.0	234.5
Irrigation	139.5	21.0	115.3	3.1	111.8
Total*	$932.9	17.4%	$794.3	16.1%	$684.3
*Includes international sales of	$152.4	17.1%	$130.1	0.5%	$129.4

FISCAL 1995 COMPARED WITH FISCAL 1994

Worldwide sales increased $138.6 million to $932.9 million with increases in all product lines.

- - - CONSUMER

Worldwide consumer product sales rose 14.6% to $488.1 million in 1995. Consumer product sales represented 52.3% and 53.6% of consolidated net sales for 1995 and 1994, respectively. International sales included in consumer product sales increased $5.6 million from the prior year.

Exceptional sales of snow removal equipment as well as increased sales of riding products and Toro brand walk power mowers contributed to the increase over the prior year. This increase was offset partially by a decline in Lawn-Boy-Registration Mark walk power mower sales as a result of reduced shipments in response to a delayed spring season as well as actions to reduce excess retail inventory.

- - - COMMERCIAL

Worldwide commercial product sales increased $52.1 million over the prior year. International sales included in commercial product sales increased $9.0 million from the prior year.

Sales were strong in both the golf and municipal markets because of new golf course openings and increased spending in the municipal market. Sales of equipment to landscape contractors as well as increased sales of recycling equipment products in 1995 also contributed to the increase.

- - - IRRIGATION

Worldwide irrigation product sales increased 21.0% to $139.5 million in 1995. International sales included in irrigation product sales increased $6.0 million.

Increased sales of irrigation products in the golf industry as well as an improved market share for do-it-yourself products contributed to the sales increase. The company's change to direct distribution to irrigation product wholesale dealers in the California and Texas markets, made in 1994 to better respond to customer needs, has been favorably received in the marketplace. Improved international economies and weather conditions have also resulted in increased sales.

- - - INTERNATIONAL MARKETS

International sales are included in the preceding net sales table. International sales increased 17.1% to $152.4 million in 1995. Sales in Canada have improved over the prior year because of the strengthened economy. The drought in Australia has curtailed sales slightly, but was offset by increased sales in Europe because of the weak U.S. Dollar.

FISCAL 1994 COMPARED WITH FISCAL 1993

Worldwide sales increased $110.0 million to $794.3 million with increases in all product lines.

- - - CONSUMER

Worldwide consumer product sales rose 26.0% to $425.8 million in 1994. Consumer product sales represented 53.6% and 49.4% of consolidated sales for 1994 and 1993, respectively. International sales included in consumer product sales increased $4.4 million from the previous year.

There were strong performances in all consumer products. The new lawn and garden tractor lines were well accepted and all snow products sold out. Lawn-Boy-Registration Mark walk power mowers were successful because of new product offerings and lower retail price points. Increased sales of electric appliance products including blowers, trimmers, and low-voltage lighting were primarily the result of product improvements and retail pricing strategies.

- - - COMMERCIAL

Worldwide commercial product sales increased $18.7 million over the prior year. Domestic sales rose 11.8%, while international sales declined 1.5%. The domestic increase was attributed to strong golf and commercial turf markets. The improved economy had a positive impact on municipalities and other tax-supported customers as these entities continued to purchase more efficient, labor-saving equipment. Golf sales continued to be strong because of new course openings as well as existing courses updating their maintenance equipment. ProLine sales strengthened compared with the prior year as a result of the improved economy combined with increased market share. Sluggish economies in Europe and Japan had a slightly negative impact on international sales.

- - - IRRIGATION

Worldwide irrigation product sales rose 3.1% to $115.3 million in 1994. Domestic irrigation sales increased $3.6 million over 1993 while international irrigation sales decreased $0.1 million. During 1994, the company reorganized irrigation distribution to better respond to customer needs.

- - - INTERNATIONAL MARKETS

International sales are included in the preceding net sales table. International sales increased 0.5% to $130.1 million in 1994. The majority of the international sales increase was because of the change from a two-step distribution system to a direct distribution system in Canada which resulted in volume increases. Increases in the Pacific Rim were related to the expansion of the golf market. These increases were offset by a decline in European sales because of the weak economy.

COST TRENDS AND PROFIT MARGINS

Margins (Percent of net sales) Years ended July 31	1995	1994	1993
Gross profit	35.9%	36.2%	34.9%
Operating profit	6.9	5.4	5.2
Pretax earnings	6.5	4.7	3.1
Net earnings	3.9	2.8	1.9

FISCAL 1995 COMPARED WITH FISCAL 1994

Gross profit of $334.6 million increased 16.4% over the $287.5 million in 1994. As a percent of net sales, gross profit decreased slightly to 35.9% for 1995 compared with 36.2% in 1994. The percentage decrease resulted from the mix of product sales and increased costs of raw materials. Gross profit increased $47.1 million to $334.6 million. This was the result of the increased sales volume which was offset by the items mentioned above.

Operating profit has improved from the prior year by $22.2 million because of improved operating leverage as a result of increased sales.

FISCAL 1994 COMPARED WITH FISCAL 1993

Gross profit for 1994 increased 20.4% to $287.5 million over the 1993 amount of $238.8 million because of a combination of increased sales, improved plant utilization, and improved inventory controls.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSE (SG&A)

SG&A Expense (Dollars in millions) Years ended July 31	1995	% OF NET SALES	1994	% of Net Sales	1993	% of Net Sales
Administrative	$ 89.5	9.6%	$ 80.3	10.0%	$ 73.0	10.7%
Sales and marketing	106.6	11.4	96.1	12.1	71.2	10.4
Warranty	31.0	3.3	29.0	3.7	26.3	3.8
Distributor/dealer financing	9.7	1.0	8.6	1.1	7.6	1.1
Research and development	33.0	3.6	30.9	3.9	25.3	3.7
Total	$269.8	28.9%	$244.9	30.8%	$203.4	29.7%

FISCAL 1995 COMPARED WITH FISCAL 1994

SG&A expense was up $24.9 million from 1994 and was 28.9% of net sales in 1995 compared with 30.8% in 1994. The decline as a percent of sales was the result of improved leverage and solid expense control.

The increase in administrative expense of $9.2 million occurred principally as a result of a company-wide initiative to replace existing information systems, increased payouts in various employee incentive and profit sharing plans, the addition of a joint venture with a distributor, the addition of dealer direct financing through Toro Credit Company, and distribution support.

Sales and marketing expense was up $10.5 million from the prior year. As a percent of net sales, sales and marketing was 11.4%, a decrease from 12.1% in 1994. The dollar increase reflected the company's increased sales volume as well as an increase in brand advertising.

Warranty expense increased by $2.0 million and as a percent of net sales was 3.3% in 1995 compared with 3.7% in 1994. The $2.0 million increase was primarily the result of increased sales volume, and new product introductions.

Distributor/dealer financing expense represents the cost incurred by the company to contract with a third party financing source to finance dealer inventory purchases. The $9.7 million charge reflected in SG&A represents credit facility origination costs and interest charges for a pre-established length of time. Interest is charged at market rates based on prime plus a negotiated mark-up. These financing arrangements are used by the company as a marketing tool to enable customers to buy inventory. This expense increased $1.1 million in 1995 because of the increased sales volume and was offset partially by the reduction of third party financing expense which was taken on through the addition of dealer direct financing through Toro Credit Company.

Research and development expense was up $2.1 million primarily as the result of continued investment in product innovation.

FISCAL 1994 COMPARED WITH FISCAL 1993

SG&A expense was up $41.5 million from 1993 and as a percent of sales, SG&A expense was 30.8% for 1994 compared with 29.7% for 1993.

The increase in administrative expense of $7.3 million consisted of the start up cost of the company's recycling equipment product area, increased investment in information systems technology, the cost associated with the realignment of the irrigation manufacturing operations in Riverside, California, and distributor marketing support for the company's product lines. These increases were offset by a reduction in employee performance based incentives, product liability, and group health insurance costs.

Sales and marketing expense was up $24.9 million from the prior year. As a percent of net sales, sales and marketing expense was 12.1%, up from 10.4% in 1993. This increase reflected the company's increased sales volume, additional marketing personnel, and an increase in brand advertising and market research.

Warranty expense increased by $2.7 million and as a percent of sales was 3.7% as compared with 3.8% in 1993. The $2.7 million increase related to increased sales volume and charges for a lawn tractor component modification, a walk power mower gas tank issue, and a walk power mower brake issue.

Distributor/dealer financing expense represents the cost incurred by the company to share the costs of financing dealer and distributor inventory. This expense was up $1.0 million in 1994 because of the sales increase, which was offset partially by lower field inventory levels held by dealers.

Research and development expense was up $5.6 million from 1993 primarily because of the addition of personnel to support new product development and enhancements to existing products.

INTEREST EXPENSE

FISCAL 1995 COMPARED WITH FISCAL 1994

Interest expense for 1995 decreased to $11.9 million from the $13.6 million reported in 1994 as the result of the company's continued reduction in long-term debt and utilization of short-term borrowing at lower interest rates.

FISCAL 1994 COMPARED WITH FISCAL 1993

Interest expense for 1994 was down $3.6 million from the $17.2 million reported for 1993. This decline was primarily the result of calling $24.9 million of outstanding debt in July 1993 and a lower interest rate on short-term borrowing.

OTHER INCOME, NET

FISCAL 1995 COMPARED WITH FISCAL 1994

Other income, net was $0.2 million greater than the $8.0 million reported in 1994. Excluding the effect of two lawsuit settlements and the sale of the portable heater business in the prior year, other income increased because of gains on fixed asset disposals versus losses in the prior year, favorable foreign currency activity, and income resulting from joint venture activity.

FISCAL 1994 COMPARED WITH FISCAL 1993

Other income, net was $4.9 million greater than the $3.1 million reported in 1993. This increase was principally the result of the settlement of a patent infringement lawsuit and a lawsuit relating to the purchase of Lawn-Boy, Inc. The majority of the other income, net was finance revenue from dealers and distributors of $4.2 million which was earned by the Toro Credit Company (TCC), a consolidated finance subsidiary of The Toro Company (see footnote 13 regarding TCC).

PROVISION FOR TAXES

FISCAL 1995 COMPARED WITH FISCAL 1994

The effective tax rate remained at 40% of pretax earnings in 1995. In accordance with Financial Accounting Standards No. 109, the company has determined that it is not necessary to establish a valuation reserve for the deferred income tax benefit because it is more likely than not that the net deferred income tax benefit of $30.9 million will be principally realized through carry back to taxable income in prior years, and future reversals of existing taxable temporary differences, and, to a lesser extent, future taxable income.

FISCAL 1994 COMPARED WITH FISCAL 1993

The effective tax rate increased to 40.0% of pretax earnings in 1994 from 38.9% of pretax earnings in 1993. The increase was the result of an increase in the effective tax rate on reversing timing differences and the effect of state income taxes. Effective August 1, 1992, the company adopted Financial Accounting Standards No.109 and has reflected a deferred tax asset/liability on the accompanying balance sheets. The net deferred tax asset was $26.0 million which was principally the result of timing differences on warranty reserves, the provision for bad debts and distributor reserves (see footnote 4) accrued for financial statement purposes which are not deductible for tax purposes.

NET EARNINGS

FISCAL 1995 COMPARED WITH FISCAL 1994

Net earnings for 1995 was $36.7 million or $2.81 per share, as compared with net earnings of $22.2 million or $1.71 per share in 1994. The increase in earnings was primarily the result of increased sales, improved operating leverage, and cost control measures such as lower borrowing costs.

FISCAL 1994 COMPARED WITH FISCAL 1993

Net earnings for 1994 was $22.2 million or $1.71 per share, as compared with net earnings of $13.0 million or $1.05 per share in 1993. The improved earnings was principally the result of increased sales and improved gross margin which were partially offset by investments in new products, manufacturing, and distri-bution enhancements.

LIQUIDITY AND CAPITAL RESOURCES

The company continued to strengthen its balance sheet in 1995 by focusing on cash management strategies such as the continued reduction of long-term debt and the utilization of short-term borrowing instruments that offer lower interest rates.

CASH FLOW

CASH PROVIDED BY OPERATING ACTIVITIES:

The majority of cash provided by operating activities was the result of changes in accounts payable and accrued expenses and increased accounts receivable attributed to sales growth and the initiation of dealer direct financing through Toro Credit Company. This was partially offset by a slower rate of inventory growth and the increase in earnings.

CASH USED IN INVESTING ACTIVITIES:

Purchases of property plant and equipment reflect the initial purchase of tooling components used to manufacture new products, an addition to the Windom, Minnesota manufacturing plant, costs to re-open the Sardis, Mississippi manufacturing plant, the acquisition of a majority-owned subsidiary, and a variety of expenditures to improve and modernize the manufacturing plants.

CASH USED IN FINANCING ACTIVITIES:

The majority of the cash used in financing activities was used for the purchase of the company's stock and repayment of long-term debt. The company purchased the stock to take advantage of market conditions and will utilize the shares in the future for employee incentive and option plans. The significant cash source was the increase in short-term borrowing which was used for the items described above.

ASSETS

Total assets as of July 31, 1995, were $468.3 million, up $24.7 million from 1994. The majority of the increase was from accounts receivable because of the increase in sales and the addition of dealer direct financing as well as an increase in property, plant and equipment. These increases were offset by a decrease in cash and cash equivalents because of the repayment of $20.3 million in long-term debt and continued effective cash management.

WORKING CAPITAL

Working capital at July 31, 1995 was $169.0 million, a decrease of $6.8 million from the $175.8 million reported in 1994. The current ratio for 1995 was 1.8 compared with 1.9 in 1994. Working capital as a percent of net sales was 18.1% in 1995 versus 22.1% in 1994.

The changes listed above result from current assets increasing $17.1 million while current liabilities increased $23.9 million. The majority of the increase in current liabilities was short-term borrowing of $22.5 million as the result of the company's acquisition of its common stock.

The Company acquired $26.2 million in Toro stock in 1995 to take advantage of market conditions. The stock acquired will be used for a variety of company purposes.

CAPITAL STRUCTURE

Long-term debt includes:
- - - $50.0 million of 11% sinking fund debentures, due August 2017 with sinking fund payments after 1998:
- - - $2.3 million of variable rate industrial revenue bonds, due annually August 1995 through August 2009:
- - - $3.7 million variable rate industrial revenue bond, due annually June 1996 through June 2004:
- - - $25.0 million of subordinated and senior notes, due August 1995 through August 1996 bearing interest rates of 7.38% to 9.57%.

Total long-term debt at July 31, 1995, was $81.0 million, down $20.3 million from $101.3 million at July 31, 1994. Of this balance $16.1 million is current. The amount of total long-term debt attributable to Toro Credit Company, the company's consolidated finance subsidiary, was $25.0 million at July 31, 1995, compared to $45.0 million at July 31, 1994.

EDGAR REPRESENTATION OF TOTAL DEBT GRAPH

In Millions	
95	$103.6
94	101.3
93	138.0
92	164.1
91	155.3
90	154.5

Total debt at July 31, 1995, was $103.6 million, up $2.3 million from $101.3 million at July 31, 1994. The total debt to total capital ratio decreased from 37.5% in 1994 to 35.8% in 1995 as the result of increased short-term borrowing offset by an increase in current year earnings and the payment of the company's Employee Stock Ownership Plan (ESOP) receivable.

Total capitalization at July 31, 1995, consisted of $64.9 million of long-term debt and $185.5 million of stockholders' equity.

CREDIT LINES AND OTHER CAPITAL RESOURCES

The company's seasonal working capital requirements are funded with $103.5 million of unsecured bank credit lines. Average borrowings under these lines were $31.5 million in 1995 and $12.9 million in 1994. The company had $22.5 million outstanding at July 31, 1995, and no outstanding borrowings under these lines at July 31, 1994. The increase in average borrowing was the result of the reduction in long-term debt, the addition of dealer direct financing through Toro Credit Company, and the investment in the company's stock.

Additionally, the company's resources included two bankers' acceptance financing agreements totaling $40.0 million. The company had $2.3 million and no amount outstanding under these agreements at July 31, 1995, and 1994, respectively.

SUMMARY

Continued growth in sales and successful cash management strategies contributed to the increase in net earnings in 1995. Sales increased as the result of product introductions and modifications, improved economies and weather conditions, continued product line expansion, and market growth. Net earnings increased because of the growth in sales and effective cost controls by management. Strategic cash management and the continued reduction of long-term debt strengthened the balance sheet in 1995.

EDGAR REPRESENTATION OF CAPITALIZATION GRAPH

- - ------------------------------
In Millions
- - ------------------------------

95	$250.4
94	249.7
93	267.6
92	296.7
91	305.9
90	287.0

INDEPENDENT AUDITORS' REPORT * THE TORO COMPANY

The Stockholders and Board of Directors
The Toro Company:

We have audited the accompanying consolidated balance sheets of The Toro Company and subsidiaries as of July 31, 1995 and 1994, and the related consolidated statements of earnings and cash flows for each of the years in the three-year period ended July 31, 1995. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Toro Company and subsidiaries as of July 31, 1995 and 1994, and the results of their operations and their cash flows for each of the years in the three-year period ended July 31, 1995 in conformity with generally accepted accounting principles.

KPMG Peat Marwick LLP

Minneapolis, Minnesota
September 7, 1995

CONSOLIDATED STATEMENTS OF EARNINGS * THE TORO COMPANY

(Dollars in thousands, except per share data) Years ended July 31	1995	1994	1993
Net sales	$932,853	$794,341	$684,324
Cost of sales	598,275	506,816	445,495
Gross profit	334,578	287,525	238,829
Selling, general and administrative expense	269,757	244,943	203,377
Earnings from operations	64,821	42,582	35,452
Interest expense	11,902	13,562	17,150
Other income, net	(8,193)	(8,030)	(3,053)
Earnings before income taxes	61,112	37,050	21,355
Provision for income taxes	24,445	14,820	8,315
Net earnings	$ 36,667	$ 22,230	$ 13,040
Net earnings per share of common stock and common stock equivalent	$ 2.81	$ 1.71	$ 1.05

The financial statements should be read in conjunction with the Notes to Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEETS * THE TORO COMPANY

(Dollars in thousands, except per share data) July 31	1995	1994
ASSETS		
Current assets:		
Cash and cash equivalents	$ 11,924	$36,231
Receivables:		
Customers	210,090	185,620
Other	7,378	5,765
Subtotal	217,468	191,385
Less allowance for doubtful accounts	7,343	7,702
Total receivables	210,125	183,683
Inventories	123,720	118,764
Prepaid expenses	7,527	1,111
Deferred income tax benefits	28,314	24,706
Total current assets	381,610	364,495
Property, plant and equipment:		
Land and land improvements	6,143	5,516
Buildings and leasehold improvements	45,447	42,359
Equipment	157,031	137,603
Subtotal	208,621	185,478
Less accumulated depreciation and amortization	138,550	126,635
Total property, plant and equipment	70,071	58,843
Deferred income taxes	2,578	1,296
Other assets	14,056	19,005
Total assets	$468,315	$443,639
LIABILITIES AND COMMON STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 16,090	$ 20,300
Short-term borrowing	22,535	--
Accounts payable	41,072	37,035
Accrued warranty	37,493	32,476
Accrued marketing programs	26,145	29,290
Other accrued liabilities	69,324	69,611
Total current liabilities	212,659	188,712
Long-term debt, less current portion	64,935	81,025
Deferred income	5,250	5,250
Common stockholders' equity:		
Common stock, par value $1.00, authorized 35,000,000 shares; issued and outstanding 12,039,776 shares in 1995 (net of 802,549 treasury shares) and 12,561,204 shares in 1994 (net of 76,153 treasury shares)	12,040	12,561
Additional paid-in capital	33,145	49,420
Retained earnings	140,353	109,688
Foreign currency translation adjustment	(67)	(405)
Subtotal	185,471	171,264
Receivable from ESOP	--	(2,612)
Total common stockholders' equity	185,471	168,652
Total liabilities and common stockholders' equity	$468,315	$443,639

The financial statements should be read in conjunction with the Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS * THE TORO COMPANY

(Dollars in thousands) Years ended July 31	1995	1994	1993
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net earnings	$36,667	$22,230	$ 13,040
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Provision for depreciation and amortization	17,240	18,839	19,245
(Gain) loss on disposal of property, plant and equipment	(135)	1,265	1,230
Deferred income taxes	(1,282)	(2,668)	(1,547)
Tax benefits related to employee stock option transactions	1,178	953	--
Changes in operating assets and liabilities:			
Net receivables	(28,773)	(3,320)	28,199
Inventories	(4,956)	(40,056)	(4,583)
Prepaid expenses and deferred income tax benefits	(10,024)	(2,551)	3,396
Accounts payable and accrued expenses	5,622	33,152	13,152
Net cash provided by operating activities	15,537	27,844	72,132
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	(28,162)	(18,173)	(11,397)
Proceeds from asset disposals	843	267	2,323
(Increase) decrease in other assets	3,935	(4,973)	2,319
Net cash used in investing activities	(23,384)	(22,879)	(6,755)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase (decrease) in sale of receivables	2,331	--	(1,892)
Increase in short-term borrowing	22,535	--	--
Proceeds from issuance of long-term debt	--	4,000	--
Repayments of long-term debt	(20,300)	(40,645)	(26,130)
Proceeds from deferred income	--	5,250	--
Proceeds from exercise of stock options	8,251	6,144	3,771
Purchases of common stock	(26,225)	(2,284)	(816)
Dividends on common stock	(6,002)	(5,993)	(5,824)
Repayments from ESOP	2,612	2,611	2,611
Net cash used in financing activities	(16,798)	(30,917)	(28,280)
Foreign currency translation adjustment	338	390	(795)
Net increase (decrease) in cash and cash equivalents	(24,307)	(25,562)	36,302
Cash and cash equivalents at beginning of year	36,231	61,793	25,491
Cash and cash equivalents at end of year	$ 11,924	$ 36,231	$ 61,793
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest	$ 9,567	$ 14,092	$ 17,138
Income taxes	34,936	19,498	8,148

The financial statements should be read in conjunction with the Notes to Consolidated Financial Statements.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RELATED DATA

- - - BASIS OF CONSOLIDATION

The accompanying consolidated financial statements include the accounts of The Toro Company and all wholly-owned and majority-owned domestic and foreign subsidiaries (the company). Investments in 50% or less owned companies are accounted for by the equity method. The accounts of foreign subsidiaries, which are not material, have been adjusted to conform to U.S. accounting principles and practices and have been translated to appropriate U.S. dollar equivalents. All material intercompany accounts and transactions have been eliminated from the consolidated financial statements.

- - - CASH AND CASH EQUIVALENTS

The company considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

- - - ALLOWANCE FOR DOUBTFUL ACCOUNTS

The provision for doubtful accounts included in selling, general and administrative expense was $1,543,000 in 1995, $3,032,000 in 1994, and $2,500,000 in 1993.

- - - 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 $24,730,000 and $19,204,000 higher than reported at July 31, 1995, and 1994, respectively. Under the FIFO method, work-in-process inventories were $68,683,000 and $63,473,000 and finished goods inventories were $79,767,000 and $74,495,000 at July 31, 1995, and 1994, respectively.

- - - PROPERTY AND DEPRECIATION

Property, plant and equipment are carried at cost. The company provides for depreciation of plant and equipment utilizing the straight-line method over the estimated useful lives of the assets. Buildings, including leasehold improvements, are generally depreciated over 10 to 45 years, and equipment over 3 to 7 years. Tooling costs are generally amortized using the units of production method. Expenditures for major renewals and betterments which substantially increase the useful lives of existing assets are capitalized, and maintenance and repairs are charged to operating expenses as incurred. Software is expensed at the time of purchase. The cost and related accumulated depreciation of all plant and equipment disposed of are removed from the accounts, and any gain or loss from such disposal is included in current period earnings.

- - - ACCRUED WARRANTY

The company provides an accrual for estimated future warranty costs based upon the historical relationship of warranty costs to sales.

- - - DEFERRED INCOME

An interest rate exchange agreement was entered into primarily as a hedge against interest costs on long-term debt. The net interest differential to be received or paid and the $5,250,000 deferred income will be recognized, commencing August 1, 1997, over the term of the agreement as an adjustment to interest expense.

- - - FOREIGN CURRENCY TRANSLATION

The functional currency of the company's foreign operations is the applicable local currency. The functional currency is translated into U.S. dollars in accordance with Statement of Financial Accounting Standards No. 52, "Foreign Currency Translation" which is performed for balance sheet accounts using current exchange rates in effect at the balance sheet date and for revenue and expense accounts using a weighted average exchange rate during the period. The gains or losses resulting from such translations are included in stockholders' equity. Gains or losses resulting from foreign currency transactions are included in other income, net.

- - - ACCOUNTING FOR REVENUES

Revenue is recognized at the time products are shipped to distributors, dealers or mass merchandisers.

- - - COST OF FINANCING DISTRIBUTOR/DEALER INVENTORY

Included in selling, general and administrative expense are costs associated with various programs in which the company shares costs of financing distributor and dealer inventories. These costs of $9,675,000 in 1995, $8,587,000 in 1994, and $7,606,000 in 1993 are charged against operations as incurred.

- - - RESEARCH AND DEVELOPMENT

Expenditures for research and development, including engineering, of

$33,022,000 in 1995, $30,864,000 in 1994, and $25,293,000 in 1993 are charged against operations as incurred.

- - - DISTRIBUTION

Included in selling, general and administrative expense are costs associated with changes to the company's distribution channels. These costs were $3,400,000 in 1995, $4,300,000 in 1994, and $4,500,000 in 1993. Those costs associated with business changes are accrued on the basis of historical experience, while costs related to specific changes to the company's distribution system are recorded when authorized.

- - - INCOME TAXES

In compliance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes," (FAS 109), deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The company has reflected the necessary deferred tax asset/liability in the accompanying balance sheets. Management believes the future tax deductions will be realized in periods in which the company will generate sufficient taxable income to realize the benefit of the tax deductions.

- - - NET EARNINGS PER SHARE OF COMMON STOCK AND COMMON STOCK EQUIVALENT

Net earnings per share of common stock and common stock equiv-alent are computed by dividing net earnings by the weighted average number of common shares and common stock equivalents outstanding during the respective periods. Common stock equivalents include potentially dilutive stock options. These shares are included under the treasury stock method using the average market price of the company's stock during each period. The effect of full dilution using the year-end price of the company's stock is immaterial.

- - - RECLASSIFICATIONS

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

2 SHORT-TERM CAPITAL RESOURCES

At July 31, 1995, the company had available unsecured lines of credit with six banks in the aggregate of $103,500,000. Most of these agreements require the company to pay a fee of 1/4 percent per year on the available lines of credit. This fee is recorded by the company as interest expense. The company had $22,535,000 outstanding at July 31, 1995, and no amount outstanding at July 31, 1994. The weighted average interest rate on short-term borrowing for 1995 was 7.7% (6.5% in 1994 and 8.1% in 1993). Interest expense was $2,498,000 in 1995 ($822,000 in 1994 and $920,000 in 1993), including facility fees. The weighted average short-term borrowing was $32,335,000 in 1995 ($12,755,000 in 1994 and $11,384,000 in 1993).

In addition, the company's capital resources include two $20,000,000 bankers' acceptance financing agreements in 1995 and 1994. The company had $2,331,000 outstanding under these agreements at July 31, 1995, and no amount outstanding at July 31, 1994.

3 LONG-TERM DEBT

A summary of long-term debt is as follows:

(Dollars in thousands) July 31	1995	1994
11% Sinking Fund Debentures due annually August 1998-2017	$50,000	$ 50,000
Industrial Revenue Bonds due annually August 1995-2009 with various interest rates	2,325	2,325
Industrial Revenue Bond due annually June 1996-2004 with various interest rates	3,700	4,000
9.4% senior notes due September 1994	--	10,000
9.45% senior note due February 1995	--	10,000
7.38% senior note due August 1995	10,000	10,000
9.57% senior note due January 1996	5,000	5,000
9.53% senior note due August 1996	10,000	10,000
	81,025	101,325
Less current portion	16,090	20,300
Long-term debt, less current portion	$64,935	$ 81,025

The weighted average interest rate on long-term debt for 1995 was 9.9 percent (9.8 percent in 1994 and 1993). Interest expense was $8,673,000 in 1995 ($12,236,000 in 1994 and $16,118,000 in 1993), including commitment and facility fees. The weighted average long-term debt outstanding was $87,330,000 in 1995 ($125,388,000 in 1994 and $164,107,000 in 1993).

During 1994 the company entered into an interest rate exchange agreement with a bank to preserve the value of the call option included in the $50,000,000, 11%, long-term sinking fund debentures due August 1, 1998-2017, and to benefit from favorable current interest rates. As a result of this agreement the company received $5,250,000 which is recorded as deferred income on the consolidated balance sheets and will be amortized to interest expense over the term of the interest rate exchange agreement. In return, the company is obligated to pay 10.25% on a notational amount of $50,000,000 from August 1, 1997 through July 31, 2002 and the company will receive payments based on a floating rate equal to the London Interbank Offered Rate (LIBOR) on the notational amount of $50,000,000 for the same period.

Under the terms of the long-term debt agreements and the interest rate exchange agreement, the company is subject to certain covenants. At July 31, 1995, the company was in compliance with all such covenants.

The terms of certain agreements of Toro Credit Company restrict the payment of dividends and loans or advances to the parent company. Of the Toro Credit Company retained earnings of $52,932,000, $28,769,000 were available for distribution to its parent at July 31, 1995.

Principal payments required on long-term debt in each of the next five years ending July 31 are as follows: 1996, $16,090,000; 1997, $10,460,000; 1998, $485,000; 1999, $515,000; 2000, $545,000; and after 2000, $52,930,000.

4 INCOME TAXES

A reconciliation of the statutory federal income tax rate to the company's consolidated effective tax rate is summarized as follows:

Years ended July 31	1995	1994	1993
Statutory federal income tax rate	35.0%	35.0%	34.0%
Increase (reduction) in income taxes resulting from:			
Benefits from foreign sales corporation	(0.8)	(1.6)	(1.7)
State and local income taxes, net of federal income tax benefit	2.4	2.4	1.9
Effect of foreign source income	0.5	1.3	0.5
Other, net	2.9	2.9	4.2
Consolidated effective tax rate	40.0%	40.0%	38.9%

Components of the provision for income taxes are as follows:

(Dollars in thousands) Years ended July 31	1995	1994	1993
Current:			
Federal	$24,878	$18,487	$8,986
State	2,942	2,610	876
Current provision	27,820	21,097	9,862
Deferred:			
Federal	(2,689)	(5,059)	(1,288)
State	(686)	(1,218)	(259)
Deferred provision	(3,375)	(6,277)	(1,547)
Total provision for income taxes	$24,445	$14,820	$8,315

The tax effects of temporary differences that give rise to the net deferred tax assets at July 31, 1995, and 1994 are presented below.

(Dollars in thousands) Years ended July 31	1995	1994
Allowance for doubtful accounts	$ 3,971	$ 3,256
Inventory reserves	103	(902)
Uniform capitalization	2,251	2,310
Depreciation	2,578	1,296
Warranty reserves	13,694	12,688
Marketing programs	2,486	1,249
Distributor reserves	2,275	2,858
Restructuring reserves	1,430	1,965
Accrued retirement	1,961	1,820
Other	143	(538)
Consolidated deferred income tax assets	$30,892	$26,002

During the year ended July 31, 1995, and 1994, respectively, $1,178,000 and $953,000 were added to additional paid-in capital in accordance with "Accounting Principal Board" opinion 25 reflecting the permanent book to tax difference in accounting for tax benefits related to employee stock option transactions.

5 COMMON STOCKHOLDERS' EQUITY

Changes in the components of common stockholders' equity during fiscal years ended July 31, 1995, 1994, and 1993 were as follows:

(Dollars in thousands)	Common Stock	Additional Paid-in Capital	Retained Earnings	Receivable from ESOP	Foreign Currency Translation Adjustment
Balance at July 31, 1992	$12,042	$42,171	$86,235	$(7,834)	$ --
Common dividends paid ($0.48 per share)	--	--	(5,824)	--	--
Issuance of 272,149 shares under stock option plans	272	3,499	--	--	--
Purchase of 43,242 common shares	(44)	(772)	--	--	--
Payment received from ESOP	--	--	--	2,611	--
Foreign currency translation adjustment	--	--	--	--	(795)
Net earnings	--	--	13,040	--	--
Balance at July 31, 1993	12,270	44,898	93,451	(5,223)	(795)
Common dividends paid ($0.48 per share)	--	--	(5,993)	--	--
Issuance of 388,558 shares under stock option plans	388	5,756	--	--	--
Purchase of 97,758 common shares	(97)	(2,187)	--	--	--
Payment received from ESOP	--	--	--	2,611	--
Foreign currency translation adjustment	--	--	--	--	390
Tax benefits related to employee stock option transactions	--	953	--	--	--
Net earnings	--	--	22,230	--	--
Balance at July 31, 1994	12,561	49,420	109,688	(2,612)	(405)
Common dividends paid ($0.48 per share)	--	--	(6,002)	--	--
Issuance of 444,783 shares under stock option plans	445	7,806	--	--	--
Purchase of 965,757 common shares	(966)	(25,259)	--	--	--
Payment received from ESOP	--	--	--	2,612	--
Foreign currency translation adjustment	--	--	--	--	338
Tax benefits related to employee stock option transactions	--	1,178	--	--	--
Net earnings	--	--	36,667	--	--
Balance at July 31, 1995	$12,040	$ 33,145	$140,353	$ 0	$ (67)

Under the terms of a Preferred Stock Rights Agreement established June 14, 1988, each share of the company's common stock entitles its holder to one preferred share purchase right. Each right entitles the registered holder to purchase from the company one one-hundredth of a share of Series B Junior Participating Voting Preferred Stock, $1.00 par value at a price of $85 per one one-hundredth of a Preferred Share. The rights become exercisable and tradable 10 days after a person or a group acquires 20% or more, or makes an offer to acquire 20% or more, of the company's outstanding common stock. At no time do the rights have any voting power. The rights may be redeemed by the company for $0.01 per right at any time prior to the time that a person or group has acquired beneficial ownership of 20% or more of the common shares.

6 STOCK OPTION PLANS

Incentive stock options and non-qualified options may be granted under the terms of the 1985 Incentive Stock Option Plan, the 1989 Stock Option Plan and the 1993 Stock Option Plan (the "Plans"). Each incentive stock option is granted at an exercise price equal to 100% of the fair market value of the common stock on the date of the grant. The exercise price of a non-qualified stock option may be determined by the Compensation Committee of the Board of Directors, but may not be less than 50% of the fair market value of the common stock on the date of grant. Stock options granted under the Plans may be exercised in whole or in part from time to time, not later than 10 years from the date of grant or other period, as specified in the option agreement. Most stock options are subject to cancellation upon termination of the optionee's employment. However, some non-qualified options granted under the Plans can be exercised for up to four years after retirement, at or after age 60, but not beyond the date the option originally expires. During 1992, the stockholders voted to increase the shares reserved for future stock option grants under the 1989 plan by 500,000 shares. During 1994, the stockholders approved the 1993 Stock Option Plan authorizing a reserve of 1,000,000 shares for future stock option grants. Stock option transactions are summarized as follows:

Years ended July 31	1995	1994	1993
Outstanding at beginning of year	1,259,509	1,421,923	1,329,069
Granted	323,474	264,217	418,200
Exercised or cancelled	(416,404)	(426,631)	(325,346)
Outstanding at end of year	1,166,579	1,259,509	1,421,923
Price range of granted options	$23.625-29.50	$18.75-25.50	$10.90-19.75
Shares reserved for granting future stock options:			
July 31,	621,738	923,240	136,642
Options exercisable at end of year	780,169	765,510	941,090
Price range of exercisable options	$10.70-29.50	$10.70-25.875	$10.70-22.50

The options outstanding at July 31, 1995, were granted in 1991, (31,502 shares); 1992, (413,920 shares); 1993, (166,668 shares); 1994, (275,351 shares); and 1995, (279,138 shares).

7 EMPLOYEE BENEFIT PROGRAMS

The company has an Employee Stock Ownership Plan (ESOP) which covers substantially all employees. Funding of the ESOP was completed on July 31, 1995. The Plan was a leveraged ESOP which means funds were borrowed to purchase the shares. The company's contributions to the Plan, net of dividends, were $2,762,000 in 1995, $2,929,000 in 1994, and $3,085,000 in 1993. Principal payments of ESOP debt were $2,612,000 in 1995, $2,611,000 in 1994, and $2,611,000 in 1993. Interest incurred on ESOP debt and interest received by the company was $258,000 in 1995, $512,000 in 1994, and $774,000 in 1993. Dividends on the ESOP shares used for debt service by the ESOP were $107,000 in 1995, $195,000 in 1994, and $300,000 in 1993. The expenses recognized related to the ESOP were $2,504,000 in 1995, $2,417,000 in 1994, and $2,311,000 in 1993. At July 31, 1995, the ESOP indebtedness to the company was paid in full.

Contributions to employees' profit sharing plans which cover substantially all employees of the company and its subsidiaries were $4,100,000 in 1995, $4,150,000 in 1994, and $4,254,000 in 1993. Such amounts are based upon annual earnings before income taxes and minimum contributions required under the plans.

Under the company's matching stock plan, shares of common stock may be acquired by employees through payroll deductions and employer matching contributions pursuant to the plan. Contributions were $660,000 in 1995, $485,000 in 1994, and $510,000 in 1993.

In addition, the company and its subsidiaries have supplemental and other retirement plans covering certain employees. Pension expense under these plans in 1995, 1994, and 1993 was not significant.

Effective August 1, 1995, the company has adopted a new employee benefit program which replaces the ESOP, profit sharing, and matching stock plans.

The program includes: The Employee Stock Ownership Plan and The Toro Investment Fund under which eligible employees receive a pre-established percentage of salary in either stock or cash. In addition, the company has established the Toro 401(k) Employee Savings and Toro Matching Plan which provides eligible employees the opportunity to contribute to various mutual funds with a pre-determined company match up to a maximum of two percent of annual salary.

8 SEGMENT DATA

The company classifies its operations into one industry segment, yard maintenance equipment. International sales were $152,409,000, $130,053,000, and $129,422,000 for 1995, 1994, and 1993, respectively. Of these amounts, export sales were $126,560,000, $109,344,000, and $111,263,000 for 1995, 1994, and 1993, respectively. Export sales by geographic area are as follows:

(Dollars in thousands) Years ended July 31	1995	1994	1993
Europe	$ 60,239	$ 48,976	$ 53,992
Canada	31,921	28,039	26,573
Pacific Rim	28,979	27,535	26,208
Other	5,421	4,794	4,490
Total export sales	$126,560	$109,344	$111,263

Sales to any particular customer were not significant.

9 LEASE COMMITMENTS

Minimum lease commitments in future years under noncancelable operating leases are as follows: 1996, $5,423,000; 1997, $4,262,000; 1998, $2,624,000; 1999, $1,910,000; 2000, $1,117,000; and after 2000, $2,621,000.

Total lease expense was as follows:

(Dollars in thousands) Years ended July 31	1995	1994	1993
Warehouse and office space	$3,360	$2,198	$1,800
Trucks and autos	1,890	2,039	1,024
Equipment	3,721	3,044	3,154
Total	$8,971	$7,281	$5,978

10 COMMITMENTS AND CONTINGENT LIABILITIES

Certain receivables are sold to financial institutions. Under these arrangements, the company acts as agent for collections and was contingently liable to repurchase receivables of $1,429,000 at July 31, 1995, and $659,000 at July 31, 1994. The company was also contingently liable to repurchase $5,220,000 at July 31, 1995 and $5,222,000 at July 31, 1994, of inventory relating to receivables under dealer financing arrangements. Additionally, debts incurred by certain distributors, aggregating $1,268,000 at July 31, 1995, and $1,486,000 at July 31, 1994, have been guaranteed by the company.

In the ordinary course of business, the company may become liable with respect to pending and threatened litigation, taxes, environmental, and other matters. While the ultimate results of investigations, lawsuits, and claims involving the company cannot be determined, management does not expect that these matters will have a material adverse effect on the consolidated financial position of the company.

11 FINANCIAL INSTRUMENTS

- - - OFF-BALANCE SHEET RISK

Letters of credit are issued by the company during the ordinary course of business, as required by certain vendor contracts, through major domestic banks. As of July 31, 1995, and 1994, the company had $24,212,000 and $16,872,000, respectively, in outstanding letters of credit.

- - - CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject the company to concentrations of credit risk consist principally of accounts receivable which are concentrated in the company's business segment, yard maintenance equipment. The credit risk associated with this segment is limited because of the large number of customers in the company's customer base and their geographic dispersion.

- - - FOREIGN CURRENCY INVESTMENTS

A portion of the company's cash flow is derived from sales and purchases denominated in foreign currencies. To reduce the uncertainty of foreign currency exchange rate movements on these sales and purchase commitments, the company enters into forward exchange and range forward option contracts. These contracts are designed to hedge firm anticipated foreign currency transactions.

At July 31, 1995, the company had contracts maturing at various dates to purchase $11,209,000 in foreign currencies and to sell $20,817,000 in foreign currencies at the spot rate. In addition, the company had range forward options of $3,246,000 at July 31, 1995.

Changes in the market value of the foreign currency instruments are recognized in the financial statements upon settlement of the hedged transaction.

- - - FAIR VALUE

The following disclosure of the estimated fair value of financial instruments is made in accordance with the requirements of FAS Statement 107 "Disclosures about Fair Value of Financial Instruments." Estimated fair value amounts have been determined using available information and appropriate valuation methodologies. Because considerable judgement is required in developing the estimates of fair value, these estimates are not necessarily indicative of the amounts that could be realized in a current market exchange.

The carrying and estimated fair values of the company's financial instruments at July 31, 1995, are as follows:

(Dollars in millions)	Carrying Value	Estimated Fair Value
Long-term debt	$81,025	$90,295
Deferred income (interest rate exchange agreement)	5,250	6,543

For cash and cash equivalents, receivables, and accounts payable, carrying value is a reasonable estimate of fair value.

For long-term debt with fixed interest rates, fair value is estimated by discounting the projected cash flows using the rate at which similar amounts could currently be borrowed.

The fair value of the 11% sinking fund debentures represents the amount the company would pay to redeem the notes based on the terms of the debenture.

The estimated fair value of the deferred income represents the cost to terminate the interest rate exchange agreement, had management elected to do so, which would have resulted in a loss of approximately $1,300,000.

12 CONSOLIDATED FINANCE SUBSIDIARY --
TORO CREDIT COMPANY

Toro Credit Company is a consolidated finance subsidiary of the company and operates primarily in the finance industry with wholesale financing of distributor and dealer inventories under various financing arrangements and other programs.

(Dollars in thousands) Years ended July 31	1995	1994	1993
SUMMARY OF EARNINGS			
Finance revenues	$21,259	$17,436	$17,060
Expenses:			
Operating	3,428	2,068	1,841
Interest	4,902	4,737	5,879
Foreign currency exchange net (gains) losses	(37)	96	31
Total expenses	8,293	6,901	7,751
Earnings before income taxes	12,966	10,535	9,309
Provision for income taxes	4,744	3,669	3,310
Net earnings	$ 8,222	$ 6,866	$ 5,999

(Dollars in thousands) Years ended July 31	1994	1993
SUMMARY BALANCE SHEETS		
ASSETS		
Cash and cash equivalents	$ 3,048	$ 4,394
Receivables-net	119,204	99,932
Other receivables and assets	1,915	1,377
Total assets	$124,167	$105,703
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current portion of long-term debt	$ 15,000	$ 20,000
Other liabilities	38,235	7,994
Long-term debt, less current portion	10,000	25,000
Shareholders' equity	60,932	52,709
Total liabilities and shareholders' equity	$124,167	$105,703

Of the finance revenues presented previously, $17,114,000 in 1995, $13,272,000 in 1994, and $12,659,000 in 1993 represent transactions with Toro Credit Company's parent company, The Toro Company, which are eliminated in consolidation. The remaining finance revenues of $4,145,000 in 1995, $4,164,000 in 1994, and $4,401,000 in 1993 are included in other income, in The Toro Company's Consolidated Statements of Earnings. The expenses and balance sheet items (net of eliminations) are included in the Consolidated Statements of Earnings and Consolidated Balance Sheets under the corresponding classifications.

13 QUARTERLY FINANCIAL DATA (unaudited)

Summarized quarterly financial data for 1995 and 1994 is as follows:

(Dollars in thousands except per share data) Quarter	First	Second	Third	Fourth
1995				
Net sales	$205,704	$213,950	$310,613	$202,586
Gross profit	76,065	76,068	107,342	75,103
Net earnings	8,302	6,799	17,539	4,027
Net earnings per share of common stock and common stock equivalent	0.64	0.51	1.32	0.32

Dividends per common share	0.12	0.12	0.12	0.12
Market price of common stock				
High bid	29 7/8	29 3/8	30 3/8	29 7/8
Low bid	21 5/8	26	27 1/2	25 5/8
1994				
Net sales	$135,761	$189,413	$276,476	$192,691
Gross profit	49,035	66,587	97,689	74,214
Net earnings	(1,895)	4,477	15,637	4,011
Net earnings per share of common stock and common stock equivalent	(0.15)	0.35	1.19	0.31
Dividends per common share	0.12	0.12	0.12	0.12
Market price of common stock				
High bid	26 3/4	28	30 1/2	26 3/4
Low bid	19 3/4	23 5/8	25	20 7/8

Exhibit 21

THE TORO COMPANY
SUBSIDIARIES OF REGISTRANT

All the following subsidiaries are included in the consolidated financial statements of The Toro Company as of July 31, 1995.

Name	State or Other Jurisdiction of Incorporation	Percentage of Voting Securities Owned by Immediate Parent
Toro Australia Pty. Limited	Australia	100%
Toro Credit Company	Minnesota	100%
Toro Europe	Belgium	100%
Toro Foreign Sales Corporation	Barbados	100%
Lawn-Boy Inc.	Delaware	100%
Toro Probiotic Products, Inc.	Minnesota	100%
Toro Sales Company	Minnesota	100%
Toro Southwest, Inc.	California	100%
Toro International Company	Minnesota	100%
Hahn Equipment Co.	Minnesota	100%

[Peat Marwick LLP Letterhead]

Independent Auditors' Consent

The Board of Directors
The Toro Company:

We consent to incorporation by reference in the Registration Statements (Nos. 33-26268, 33-31586, 33-38308, 33-44668, 33-51563, 33-55550, 33-67748, 33-59563, and 33-62748) on Forms S-3 and S-8 of The Toro Company of our reports dated September 7, 1995, relating to the consolidated balance sheets of The Toro Company and subsidiaries as of July 31, 1995 and 1994, and the related consolidated statements of earnings and cash flows and related financial statement schedules for each of the years in the three-year period ended July 31, 1995, which reports are included in or incorporated by reference in the annual report on Form 10-K of The Toro Company.

KPMG Peat Marwick LLP

Minneapolis, Minnesota
October 27, 1995

5

This schedule contains summary financial information extracted from the Consolidated Statement of Earnings, the Balance Sheet and 10-K Schedule II and Exhibit 11 and is qualified in its entirety by reference to such financial statements.

1,000

YEAR
JUL-31-1995
AUG-01-1994
JUL-31-1995
11,924
0
210,090
7,343
123,720
381,610
208,621
138,550
468,315
212,659
81,025
12,040
0
0
173,431
468,315
932,853
932,853
598,275
269,757
(8,193)
1,543
11,902
61,112
24,445
36,667
0
0
0
36,667
2.81
2.81

Total Long-Term Debt
Does not include Additional Paid in Capital
Other income-net