

FORM 11-K

FOR ANNUAL REPORTS OF EMPLOYEE STOCK PURCHASE, SAVINGS  
AND SIMILAR PLANS PURSUANT TO SECTION 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

(Mark One)

(X) ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF  
1934 (FEE REQUIRED)

For the fiscal year ended July 31, 1994

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OR

( ) TRANSITION REPORT PURSUANT TO SECTION 15 (d) OF THE SECURITIES  
EXCHANGE ACT OF 1934 (NO FEE REQUIRED)

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number \_\_\_\_\_

A. The Toro Company Matching Stock Plan

B. The Toro Company

8111 Lyndale Avenue South

Minneapolis, MN 55420

REQUIRED INFORMATION

The following financial statements are furnished for the plan:

1. An audited statement of financial condition as of the end of the latest two  
fiscal years of the plan (or such lesser period as the plan has been in  
existence).

2. An audited statement of income and changes in plan equity for each of the  
latest three fiscal years of the plan (or such lesser period as the plan has  
been in existence).

3. The statements required of Items 1 and 2 shall be prepared in accordance  
with the applicable provisions of Article 6A of Regulation S-X.

4. In lieu of the requirements of Items 1-3 above, plans subject to ERISA may  
file financial statements and schedules prepared in accordance with the  
financial reporting requirements of ERISA. To the extent required by ERISA, the  
plan financial statements shall be examined by an independent accountant, except  
that the "limited scope exemption" contained in Section 103(a)(3)(C) of ERISA  
shall not be available.

NOTE: A written consent of the accountant is required with respect to the plan  
annual financial statements which have been incorporated by reference in a  
registration statement on Form S-8 under the Securities Act of 1933. The  
consent should be filed as an exhibit to this annual report. Such consent shall  
be currently dated and manually signed.

SIGNATURES

THE PLAN. Pursuant to the requirements of the Securities Exchange Act of 1934,  
the trustees (or other persons who administer the employee benefit plan) have  
duly caused this annual report to be signed on its behalf by the undersigned  
hereunto duly authorized.

The Toro Company Matching Stock Plan

-----  
(Name of Plan)

Date January 26, 1995

/s/ Gerald T. Knight

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Gerald T. Knight  
Vice President - Finance  
Chief Financial Officer

THE TORO COMPANY  
MATCHING STOCK PLAN  
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS  
July 31, 1994 and 1993

	1994	1993
	----	----
Assets held by trustee:		
Investments:		
First Common Short Term Investment Fund	\$ 12,058	\$ 15,210
Toro Investment Fund A	71,543	13,155
Toro Investment Fund B	16,480	5,302
The Toro Company Common Stock	8,435,935	6,410,554
Other receivables	355	186
	-----	-----
Total assets held by trustee	8,536,371	6,444,407
Employer contributions receivable	309,544	268,383
Employee contributions receivable	77,111	67,491
Forfeitures payable	(30,188)	(36,134)
	-----	-----
Net assets available for benefits	\$ 8,892,838	\$ 6,744,147
	-----	-----

See accompanying notes to financial statements.

THE TORO COMPANY  
MATCHING STOCK PLAN  
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
Years Ended July 31, 1994, 1993 and 1992

	1994	1993	1992
	----	----	----
Investment income related to assets held by trustee:			
Interest	\$ 6,994	\$ 3,829	\$4,500
Dividends	3,122	3,256	117,444
Net appreciation (depreciation) in the fair value of investments	821,586	1,996,750	(714,344)
	-----	-----	-----
Total investment income (loss)	831,702	2,003,835	(592,400)
Employer contributions	587,346	512,458	277,994
Employee contributions	1,188,251	1,043,869	1,109,644
Benefit payments	(428,141)	(400,614)	(392,730)
Cash management fee	(279)	(254)	(243)
Forfeitures	(30,188)	(36,134)	(27,357)
	-----	-----	-----
Increase in net assets available for benefits	2,148,691	3,123,160	374,908
Net assets available for benefits:			
Beginning of year	6,744,147	3,620,987	3,246,079
	-----	-----	-----
End of year	\$8,892,838	\$6,744,147	\$3,620,987
	-----	-----	-----

See accompanying notes to financial statements.

THE TORO COMPANY MATCHING STOCK PLAN  
NOTES TO FINANCIAL STATEMENTS  
July 31, 1994 and 1993

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
BASIS OF STATEMENT PRESENTATION

The accompanying financial statements of The Toro Company Matching Stock Plan (the Plan) are presented in accordance with generally accepted accounting principles.

INVESTMENTS

The investment in 372,859 and 324,585 shares of The Toro Company common stock is stated at quoted market price at July 31, 1994 and 1993, respectively. The cost of the investment at July 31, 1994 and 1993 was \$7,084,969 and \$5,727,104, respectively and is determined on an average cost basis.

The First Common Short Term Investment Fund is limited to bonds, notes, certificates of deposit, variable rate notes and other evidences of indebtedness that are payable on demand or that have a maturity rate not exceeding 91 days from the date of purchase. The First Common Short Term Investment Fund is stated at cost which approximates market value.

The Toro Company has established a master trust consisting of three investment funds with First National Trust Association (the Trustee) for seven plans: 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 Matching Stock Plan, The Toro Company Employee Stock Ownership Plan and The Lawn-Boy Inc. Profit-Sharing Plan and Trust Agreement for Plymouth Union Employees. The purpose of this combination is to pool investment transactions and achieve uniform rates of return on comparable funds under all plans. The plans have deposited funds in certain of the investment funds of the Trust Fund and each owns an undivided interest in net assets of the investment funds based on its equity in the investment funds. The investment securities of the investment funds are stated at market value based upon published quotations or, in the absence of available quotations, on fair values determined by the Trustee. Guaranteed investment contracts are stated at contract value (cost plus accrued interest). Gains and losses on the sales of investment securities are recorded on the date of the trade. The Plan's share of net investment income from the investment funds is determined by the Trustee based on the ratio of the fair value of the Plan's equity in the investment funds to the total net assets of the Trust at the beginning of the plan year. Financial information on the investment funds is presented in note 6.

(Continued)

## TORO COMPANY MATCHING STOCK PLAN

## (1) INVESTMENTS (Continued)

Toro Investment Fund A is invested in a fixed income fund that provides a guaranteed income. The fund is comprised primarily of insurance contracts. All investments in Fund A are AAA graded by Standard and Poors at the time of purchase.

Toro Investment Fund B is composed of selected medium to large sized common stocks which are chosen to represent the U.S. stock market.

## (2) DESCRIPTION OF PLAN

The Plan became effective as of August 1, 1988, and has approximately 1,400 active participants. The purpose of the Plan is to provide certain eligible employees of The Toro Company and its participating subsidiaries (referred to together as the "Company") with an opportunity to save part of their compensation 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 is invested in the common stock of the Company and distributed after termination of active employment. The Company, as administrator of the Plan, absorbs the major portion of the administrative costs and trustee fees of the Plan.

A participant may agree to have his or her salary reduced on a pre-tax basis, after-tax basis or a combination thereof at rates ranging up to 4% of annual compensation through an automatic payroll deduction each payroll period, provided that such deductions may not exceed \$2,400 in any Plan year.

The Company will make contributions to the Plan on behalf of each participant who makes pre-tax or after-tax contributions to the Plan. These Company matching contributions consist of basic matching contributions and performance-based matching contributions, as described below.

The Company's basic matching contribution will be equal to 25% of the sum of the amounts contributed by a participant to the Plan.

If the Company meets certain financial goals as defined by its Board of Directors, the Company may make performance based matching contributions to the Plan. If the specified financial goals are achieved, the performance-based matching contribution may be equal to an additional 25% of a participant's compensation which is contributed to the Plan.

(Continued)

## TORO COMPANY MATCHING STOCK PLAN

## (2) DESCRIPTION OF PLAN (Continued)

A participant is eligible to receive a performance-based matching contribution only if he or she is enrolled in the Plan on the last day of the Plan year.

Company matching contributions and performance-based matching contributions together with income attributable thereto will vest at the rate of 20% after two years of vesting service, with an additional 20% being accumulated annually thereafter until the employee is 100% vested. Plan earnings are allocated to participants based on individual account balances. Forfeitures are applied towards future Company contributions.

Contributions and benefit payments are made under control of the plan administrator.

## (3) FUNDING POLICY

The Company's funding policy is to make monthly basic contributions and annual performance-based matching contributions to the Plan up to amounts allowed by the Internal Revenue Service. The performance-based contribution is determined by the Board of Directors of The Toro Company and is based on the specified financial goals.

The employee contributions consist of salary reduction elections under a 401(k) plan, as well as after-tax contributions.

## (4) PARTY-IN-INTEREST TRANSACTIONS

The First Trust National Association (trustee) is a party-in-interest with respect to the Plan. In the opinion of the Plan's legal counsel, transactions between the Plan, the trustee and The Toro Company are exempt from being considered as "prohibited transactions" under the Employee Retirement Income Security Act of 1974 (ERISA) Section 408(b).

## (5) PLAN TERMINATION

The Toro Company has voluntarily agreed to make contributions to the Plan. Although the Company has not expressed any intent to terminate the Plan, it may do so at any time. Upon the termination of the plan, the interest of the participants in the Trust Fund shall fully vest. The trustee shall liquidate the Trust Fund, distributing benefits to the Participants or their beneficiaries. The Trustee shall reserve amounts as may be required to pay any expenses of termination, liquidation and distribution and shall then segregate each Participant's Trust Fund Share in a special account.

(Continued)

## THE TORO COMPANY MATCHING STOCK PLAN

## (6) MASTER TRUST

Under the terms of the Trust Agreement, the Trustee manages Trust Funds on behalf of the Plan. In accordance with the Trust Agreement, certain assets of the Plan are held together with assets of other plans sponsored by the Company in the Master Trust. The Trustee has been granted discretionary authority concerning the purchases and sales of the investments of the Trust Funds.

The net assets available for plan benefits of the Master Trust at July 31, 1994 were as follows:

	Toro Investment Fund A -----	Toro Investment Fund B -----	Toro Investment Fund C -----
Investments:			
Short term investment funds	\$ 2,113,024	4,692	18,267
Guaranteed investment contracts	65,342,674	-	-
IAI Stable Income Fund	2,944,590	-	-
Common stocks	-	5,670,892	3,810,789
	-----	-----	-----
Total Investments	70,400,288	5,675,584	3,829,056
Accrued investment income	1,524,052	33	40
	-----	-----	-----
Total assets available for benefits	\$ 71,924,340	5,675,617	3,829,096
	-----	-----	-----

The net assets available for plan benefits of the Master Trust at July 31, 1993 were as follows:

	Toro Investment Fund A -----	Toro Investment Fund B -----	Toro Investment Fund C -----
Investments:			
Short term investment funds	\$ 1,692,328	32,065	7,479
Guaranteed investment contracts	62,847,694	-	-
Common stocks	-	4,735,545	3,217,709
	-----	-----	-----
Total Investments	64,540,022	4,767,610	3,225,188
Accrued investment income	1,501,368	21	16
	-----	-----	-----
Total assets available for benefits	\$ 66,041,390	4,767,631	3,225,204
	-----	-----	-----

(Continued)

## THE TORO COMPANY MATCHING STOCK PLAN

## (6) MASTER TRUST (CONTINUED)

The changes in net assets available for plan benefits of the Master Trust for the year ended July 31, 1994 were as follows:

	Toro Investment Fund A -----	Toro Investment Fund B -----	Toro Investment Fund C -----
Investment income:			
Interest and dividends	\$ 4,686,208	928	1,273
Net appreciation (depreciation) in the fair value of investments	(9,782)	224,011	198,125
Gain on sales of investments	158,380	47,336	61,490
	-----	-----	-----
Total investment income	4,834,806	272,275	260,888
Commissions, fees and expenses	43,382	7,940	13,892
	-----	-----	-----
Net investment income	4,791,424	264,335	246,996
Deposits by participating plans	2,835,846	643,651	769,205
Withdrawals by participating plans	(1,744,320)	-	(412,309)
	-----	-----	-----
Increase in net assets	5,882,950	907,986	603,892
Net assets available for pension benefits:			
Beginning of period	66,041,390	4,767,631	3,225,204
	-----	-----	-----
End of period	\$ 71,924,340	5,675,617	3,829,096
	-----	-----	-----

(Continued)

## THE TORO COMPANY MATCHING STOCK PLAN

## (6) MASTER TRUST (CONTINUED)

The changes in net assets available for plan benefits of the Master Trust for the year ended July 31, 1993 were as follows:

	Toro Investment Fund A -----	Toro Investment Fund B -----	Toro Investment Fund C -----
Investment income:			
Interest and dividends	\$ 4,640,295	1,448	938
Net appreciation in the fair value of investments	25,185	357,559	230,806
Gain (loss) on sales of investments	(71,375)	21,909	810
	-----	-----	-----
Total investment income	4,594,105	380,916	232,554
Commissions, fees and expenses	50,892	16,497	21,002
	-----	-----	-----
Net investment income	4,543,213	364,419	211,552
Deposits by participating plans	-	502,566	166,971
Withdrawals by participating plans	(1,724,286)	-	-
	-----	-----	-----
Increase in net assets	2,818,927	866,985	378,523
Net assets available for pension benefits:			
Beginning of period	63,222,463	3,900,646	2,846,681
	-----	-----	-----
End of period	\$ 66,041,390	4,767,631	3,225,204
	-----	-----	-----

The plans proportionate share of net investment income from the Master Trust is based upon the percentage of the fair value of the Plan's investment in each Toro Investment Fund assets to the total Toro Investment Fund assets.

The plan's percentage interest in the net assets of the Master Trust are as follows:

	July 31, 1994 -----	July 31, 1993 -----
Toro Investment Fund A	0.010%	0.002%
Toro Investment Fund B	0.300%	0.001%
Toro Investment Fund C	0.000%	0.000%

The data presented above have been derived from information certified as complete and accurate by the Trustee.

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## THE TORO COMPANY MATCHING STOCK PLAN

## (7) FEDERAL INCOME TAXES

The plan administrator anticipates filing for a determination letter from the Internal Revenue Service stating that the Plan and all amendments to the Plan are qualified under Section 401 (a) of the Internal Revenue Code and that the trust created under the Plan is exempt from federal income taxes under Section 501(a) of the Code. The plan administrator believes the Plan and all amendments to the Plan will qualify under the provisions of Sections 401(a) and 501(a) of the Code and be exempt from Federal income taxes.

## (8) INVESTMENTS

The following investments represent 5% or more of the Plan's net assets available for plan benefits at July 31, 1994 and 1993:

	Market Value	
	1994	1993
Toro Company Common Stock	8,435,135	6,410,554

SCHEDULE 1

THE TORO COMPANY  
 MATCHING STOCK PLAN  
 Item 27a - Schedule of Assets Held For Investment Purposes  
 July 31, 1994

Description - - - - -	Face Amount or shares - - - - -	Cost - - - - -	Market value - - - - -
*First Common Short Term Investment Fund	12,058	\$ 12,058	\$ 12,058
Toro Investment Fund A	1,359	71,556	71,543
Toro Investment Fund B	231	16,153	16,480
*The Toro Company Common Stock	372,859	7,084,969	8,435,935
		-----	-----
Total Investments		\$7,184,736	\$8,536,016
		-----	-----
		-----	-----

\*Party-in-interest

See accompanying independent auditors' report.

THE TORO COMPANY  
MATCHING STOCK PLAN  
Item 27d - Schedule of Reportable Transactions  
Year Ended July 31, 1994

Series of transactions involving a single security which, in the aggregate, involves an amount more than 5% of beginning of year Plan assets at current value.

Security issue -----	Number of		Total dollar amount		Net gain (loss) -----
	Purchases -----	Sales -----	Purchases -----	Sales -----	
*First Common Short Term Investment Fund	56	34	\$2,036,717	\$2,039,868	\$ -
*The Toro Company Common Stock	13	-	1,687,977	-	-

\*Party-in-interest

See accompanying independent auditors' report.

## INDEPENDENT AUDITORS' REPORT

The Plan Administrator  
The Toro Company Matching Stock Plan:

We have audited the accompanying statements of net assets available for benefits of The Toro Company Matching Stock Plan (the Plan) as of July 31, 1994 and 1993, and the related statements of changes in net assets available for benefits for each of the years in the three-year period ended July 31, 1994. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these 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 financial statements referred to above present fairly, in all material respects, the net assets available for benefits as of July 31, 1994 and 1993, and the changes in net assets available for benefits for each of the years in the three-year period ended July 31, 1994 in conformity with generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of assets held for investment purposes and reportable transactions are presented for purpose of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the Department of Labor Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

KPMG Peat Marwick LLP

December 29, 1994