SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For the Quarter Ended January 28, 1994 Commission File Number 1-8649

THE TORO COMPANY
(Exact name of registrant as specified in its charter)

DELAWARE	41-0580470
(State of Incorporation)	(I.R.S. Employer Identification Number)

8111 LYNDALE AVENUE SOUTH
BLOOMINGTON, MINNESOTA 55420
TELEPHONE NUMBER: (612) 888-8801

(Address, including zip code, and telephone number, including area code,
of registrant's principal executive offices)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X   No ___

The number of shares of Common Stock outstanding as of January 28, 1994 was 12,466,881.

THE TORO COMPANY
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PART I. FINANCIAL INFORMATION

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

	January 28, 1994	January 29, 1993	July 31, 1993
ASSETS			
Cash	$ 9,141	$ 4,684	$ 61,793
Receivables (net)	215,663	203,965	180,363
Inventories	128,477	119,557	78,708
Prepaid expenses	24,014	25,754	23,266
Total current assets	377,295	353,960	344,130
Property, plant and equipment	177,339	179,527	173,397
Less accumulated depreciation and amortization	120,643	113,542	113,428
	$ 56,696	$ 65,985	$ 59,969
Other assets	17,941	18,543	15,104
Total assets	$ 451,932	$ 438,488	$ 419,203
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current portion of long-term debt	$ 35,645	$ 16,140	$ 15,000
Short-term debt	25,361	15,000	-
Accounts payable	36,066	33,157	28,786
Other accrued liabilities	119,883	96,846	106,474
Total current liabilities	216,955	161,143	150,260
Deferred income taxes	758	2,509	1,372
Long-term debt, less current portion	87,325	147,960	122,970
Stockholders' equity:			
Common stock par value $1.00, authorized 35,000,000 shares; issued and outstanding 12,466,881 shares at January 28, 1994 (net of 110,992 treasury shares), 12,091,295 shares at January 29, 1993 (net of 486,578 treasury shares), and 12,270,404 shares at July 31, 1993 (net of 307,469 treasury shares)	12,467	12,091	12,270
Additional paid-in capital	47,374	42,808	44,898
Retained earnings	93,063	81,019	93,451
Foreign currency translation adjustment	(787)	(1,208)	(795)
	152,117	134,710	149,824
Receivable from ESOP	(5,223)	(7,834)	(5,223)
Total common stockholders' equity	146,894	126,876	144,601
Total liabilities and stockholders' equity	$ 451,932	$ 438,488	$ 419,203

See accompanying notes to condensed consolidated financial statements.

THE TORO COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF
OPERATIONS AND RETAINED EARNINGS (UNAUDITED)
(DOLLARS IN THOUSANDS, EXCEPT PER-SHARE DATA)

	Three Months Ended		Six Months Ended	
	January 28, 1994	January 29, 1993	January 28, 1994	January 29, 1993
Net sales	$ 189,413	$ 153,172	$ 325,174	$ 266,615
Cost of sales	122,826	99,463	209,552	174,018
Gross profit	66,587	53,709	115,622	92,597
Selling, general and administrative expense	56,805	47,727	108,801	90,636
Earnings from operations	9,782	5,982	6,821	1,961
Interest expense	3,210	4,226	6,548	8,410
Other income, net	(889)	(1,173)	(4,030)	(2,707)
Earnings (loss) before income taxes	7,461	2,929	4,303	(3,742)
Provision (benefit) for income taxes	2,984	1,113	1,721	(1,422)
Net earnings (loss)	$ 4,477	$ 1,816	$ 2,582	$ (2,320)
Retained earnings at beginning of period	90,078	80,654	93,451	86,235
Dividends on common stock of $0.12, $0.12, $0.24 and $0.24 per share, respectively	(1,492)	(1,451)	(2,970)	(2,896)
Retained earnings at end of period	$ 93,063	$ 81,019	$ 93,063	$ 81,019
Net earnings (loss) per common and common share equivalent:	$ 0.35	$ 0.15	$ 0.20	$ (0.19)

See accompanying notes to condensed consolidated financial statements.

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

	Six Months Ended	
	January 28, 1994	January 29, 1993
Cash flows from operating activities:		
Net income (loss)	$ 2,582	$ (2,320)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Provision for depreciation and amortization	8,543	9,155
Provision for deferred income tax benefit	(614)	-
Changes in operating assets and liabilities:		
Receivables (net)	(41,890)	732
Inventories	(49,769)	(45,432)
Prepaid expenses	(748)	477
Payables and accruals	21,074	10,301
Accrued income taxes	(385)	(2,385)
Net cash used in operating activities	(61,207)	(29,472)
Cash flows from investing activities:		
Purchases of property, plant and equipment	(4,174)	(4,260)
Proceeds from asset disposals	15	-
Increase in other assets	(3,948)	(630)
Net cash used in investing activities	(8,107)	(4,890)
Cash flows from financing activities:		
Increase in short-term debt	25,361	15,000
Increase in sale of receivables	6,590	1,973
Repayments of long-term debt	(15,000)	-
Proceeds from sale of common stock	3,587	686
Purchases of common stock	(914)	-
Dividends on common stock	(2,970)	(2,896)
Net cash provided by financing activities	16,654	14,763
Foreign currency translation adjustment	8	(1,208)
Net decrease in cash	(52,652)	(20,807)
Cash at beginning of period	61,793	25,491
Cash at end of period	$ 9,141	$ 4,684

See accompanying notes to condensed consolidated financial statements.

1. BACKGROUND

The information furnished reflects all adjustments which, in the opinion of management, are necessary for a fair presentation of the interim periods. The Toro Company's business is seasonal. Operating results for the three months and six months ended January 28, 1994 are not necessarily indicative of the results that may be expected for the fiscal year ending July 31, 1994.

These statements should be read in conjunction with the financial statements and footnotes included in the Company's Annual Report for the year ended July 31, 1993. The policies described in that report are used in preparing quarterly reports.

2. INVENTORIES

Substantially all inventories are valued at the lower of cost or net realizable value with cost determined by the last-in, first-out (LIFO) method. If the first-in, first-out (FIFO) method of cost determination had been used, inventories would have been $17,221,000 and $13,364,000 higher than the levels reported as of the end of the first six months of fiscal years 1994 and 1993, respectively. Using the FIFO method, inventories would have been $65,489,000 and $61,775,000 of work-in-process and $80,209,000 and $71,146,000 of finished goods in fiscal years 1994 and 1993, respectively.

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

LIQUIDITY AND CAPITAL RESOURCES

Total assets for the Company as of January 28, 1994 were $451.9 million, an increase of $13.4 million, or 3.1%, from the $438.5 million reported at the end of the second quarter last year. The increase resulted primarily from increases in trade receivables and inventory. The increase in trade receivables is directly related to increased sales volume. Inventory increased as a result of building product to meet increased demand coupled with production changes implemented to accommodate previous consolidation of manufacturing plants.

Total debt as of January 28, 1994 was $148.3 million, or $30.8 million less than the $179.1 million reported at the end of the second quarter last year. The ratio of total debt to total debt plus equity of 50.2% has improved from the 58.5% reported as of January 29, 1993. The lower debt ratio resulted from the reduced debt levels combined with an increase in equity as a result of fiscal 1993 earnings.

Our business is seasonal. Historically, accounts receivable balances increase throughout the winter months as a result of extended payment terms made available to our customers and decrease in the late spring when payments become due. Our peak borrowing usually occurs in the third quarter. The seasonal working capital requirements of the business are financed primarily with short-term debt. We believe that the combination of funds available through existing financing options, coupled with forecasted cash flows, will provide the capital resources necessary to meet the Company's working capital requirements.

RESULTS OF OPERATIONS

The following table sets forth sales by product line.

	Three Months Ended			
(Dollars in thousands)	January 28, 1994	January 29, 1993	$ Change	% Change
Consumer products.	$ 108,662	$ 82,188	$ 26,474	32.2%
Commercial products.	55,060	48,766	6,294	12.9
Irrigation products.	25,691	22,218	3,473	15.6
Total *.	$ 189,413	$ 153,172	$ 36,241	23.7%
* Includes International sales of:	$ 30,529	$ 26,321	$ 4,208	16.0%

	Six Months Ended			
(Dollars in thousands)	January 28, 1994	January 29, 1993	$ Change	% Change
Consumer products.	$ 189,052	$ 141,361	$ 47,691	33.7%
Commercial products.	90,613	78,762	11,851	15.1
Irrigation products.	45,509	46,492	(983)	(2.1)
Total *.	$ 325,174	$ 266,615	$ 58,559	22.0%
* Includes International sales of:	$ 43,627	$ 42,660	$ 967	2.3%

Changes in net sales for the second quarter and year to date were attributed to the following factors. Consumer product sales reflect increased sales of walk power mower products, electric products and the continued acceptance of the new lower-priced lawn tractor introduced last spring. These increases were attributed to heavy ordering by distributors and mass merchandisers in anticipation of a much better retail selling season than last year and strong acceptance of new products. The commercial product sales increase was attributable to a strong domestic golf market and the continued acceptance of the new Workman-TM- vehicle. The irrigation product sales increase reflected improving domestic economic conditions and changes in our distribution network implemented in the first quarter of this fiscal year. The slight decline in irrigation sales year to date reflected the impact of reduced international sales because of the continued weak economies in major European and Asian markets. This decline was offset by the improving domestic market. The international sales increase reflected increases in commercial and consumer product sales, particularly the new Workman-TM- vehicle which was not in the market last year. These increases were offset by the decline in international irrigation sales as discussed above.

Gross profit of $66.6 million was $12.9 million (24%) higher than the $53.7 million reported for the second quarter of fiscal 1993. As a percent of sales, gross profit increased slightly to 35.2% for the second quarter of fiscal 1994 compared to 35.1% for the second quarter last year. Year to date gross profit was $115.6 million, $23.0 million (24.8%) higher than the $92.6 million reported last year. The dollar increase is attributed to increased sales volume and improved plant efficiencies which were offset somewhat by a lower-margin product mix.

Selling, general and administrative (S G & A) expenses increased $9.1 million, or 19.1%, to $56.8 million from the $47.7 million for the second quarter last year. Year to date S G & A of $108.8 million increased $18.2 million form the $90.6 million reported a year ago. The increases occurred principally as a result of increases in consumer product brand advertising, investment in customer support services related to changes made in irrigation's distribution channel, and increased research and development expenditures.

Interest expense of $3.2 million for the quarter was $1.0 million, or 23.8%, less than the $4.2 million the same period last year. Year to date interest expense decreased $1.9 million to $6.5 million from the $8.4 million reported a year ago. These decreases are principally because of the reduction in long-term debt.

Net other income decreased $0.3 million to $0.9 million from $1.2 million from the second quarter last year. The decrease resulted primarily from the decline of finance revenues because of improved inventory turnover at distributors and dealers. Year to date net other income of $4.0 million is $1.3 million higher than the $2.7 million reported a year ago. The year to date increase reflects $1.85 million received in settlement of a lawsuit relating to the purchase of Lawn-Boy, Inc. In addition to the items mentioned above, other income includes foreign currency exchange losses, royalty income and gains/losses incurred on joint ventures.

Provision for income taxes as a percent of pre-tax earnings was 40.0% for the second quarter of fiscal 1994 and benefit for income taxes as a percent of pre-tax loss was 38.0% for the same period in fiscal 1993. The tax rate increase reflects the enactment of the new tax law. We expect the tax rate to remain at 40% for the remainder of fiscal 1994.

While we expect our results for fiscal 1994 to be better than fiscal 1993, we are experiencing some shift in revenues to the first half of the fiscal year from the second half. Therefore, we do not expect our growth for the remainder of the fiscal year to be as dramatic as the increases experienced during the first half of the year.

PART II. OTHER INFORMATION

Item 4 Results of Votes of Security Holders

The Annual Meeting of Stockholders was held on December 16, 1993 involving election of directors, adoption of the 1993 Stock Option Plan and the appointment of auditors.

The results of the stockholder votes were as follows: on the election of directors, 9,993,820 were voted for election and some of the proxies were cast against the two directors, but not more than 2.2% of the shares represented in person or by proxy at the meeting; on the 1993 Stock Option Plan 6,668,914 shares were voted for, 2,583,255 shares were voted against, 164,592 shares abstained and there were 769,794 broker non-votes; and on the appointment of the independent auditors 9,980,418 shares were voted for, 70,975 shares were voted against and 135,162 shares abstained.

Item 6 Exhibits and Reports on Form 8-K

(a) Exhibit 11 Computation of Earnings (Loss) per Common Share

(b) Reports on Form 8-K

The Company did not file any Form 8-K reports during the second quarter of fiscal 1994.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE TORO COMPANY
(Registrant)

By /s/ Gerald T. Knight

Gerald T. Knight
Vice President, Finance
Chief Financial Officer
(principal financial officer)

Date: March 10, 1994

Exhibit 11

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

	Three Months Ended		Six Months Ended	
	January 28, 1994	January 29, 1993	January 28, 1994	January 29, 1993
Net earnings (loss)	$ 4,477	$ 1,816	$ 2,582	$ (2,320)
Primary:				
Shares for common and common share equivalent net earnings (loss) per share:				
Weighted average number of common shares outstanding	12,414,115	12,055,081	12,368,710	12,048,289
Dilutive effect of outstanding stock options (1), (3)	551,840	306,453	539,633	-
	12,965,955	12,361,534	12,908,343	12,048,289
Net earnings (loss) per common and common share equivalent	$ 0.35	$ 0.15	$ 0.20	$ (0.19)
Fully Diluted:				
Shares for common and common share equivalent net earnings (loss) per share:				
Weighted average number of common shares outstanding	12,414,115	12,055,081	12,368,710	12,048,289
Dilutive effect of outstanding stock options (2), (3)	565,762	306,453	585,798	-
	12,979,877	12,361,534	12,954,508	12,048,289
Net earnings (loss) per common and common share equivalent	$ 0.35	$ 0.15	$ 0.20	$ (0.19)

1) Outstanding stock options and options exercised in the current period are converted to common share 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 share equivalents by the treasury stock method using the greater of the average market price or the period-end market price of the Company's stock during each period.

3) Loss per share calculations are based on weighted average common shares outstanding excluding common stock equivalents due to their anti-dilutive affect.