

TORO CO
Form 10-Q
March 13, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the Quarterly Period Ended February 2, 2007

THE TORO COMPANY

(Exact name of registrant as specified in its charter)

Delaware
(State of Incorporation)

1-8649
(Commission File Number)

41-0580470
(I.R.S. Employer Identification Number)

8111 Lyndale Avenue South
Bloomington, Minnesota 55420

Telephone number: (952) 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 No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The number of shares of Common Stock outstanding as of March 2, 2007 was 40,302,086.

THE TORO COMPANY

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PART I.**Item 1. FINANCIAL INFORMATION****THE TORO COMPANY AND SUBSIDIARIES****Condensed Consolidated Statements of Earnings (Unaudited)****(Dollars and shares in thousands, except per share data)**

	Three Months Ended	
	February 2, 2007	February 3, 2006
Net sales	\$ 379,088	\$ 369,640
Cost of sales	239,023	237,766
Gross profit	140,065	131,874
Selling, general, and administrative expense	112,281	107,205
Earnings from operations	27,784	24,669
Interest expense	(4,487)	(4,243)
Other income, net	2,391	886
Earnings before income taxes	25,688	21,312
Provision for income taxes	7,238	7,033
Net earnings	\$ 18,450	\$ 14,279
Basic net earnings per share of common stock	\$ 0.45	\$ 0.33
Diluted net earnings per share of common stock	\$ 0.44	\$ 0.32
Weighted-average number of shares of common stock outstanding		
Basic	41,139	43,608
Weighted-average number of shares of common stock outstanding		
Diluted	42,253	44,959

See accompanying notes to condensed consolidated financial statements.

THE TORO COMPANY AND SUBSIDIARIES**Condensed Consolidated Balance Sheets (Unaudited)****(Dollars in thousands, except per share data)**

	February 2, 2007	February 3, 2006	October 31, 2006
<u>ASSETS</u>			
Cash and cash equivalents	\$ 30,051	\$ 19,744	\$ 55,523
Receivables, net	357,165	313,157	294,833
Inventories, net	307,415	295,687	238,544
Prepaid expenses and other current assets	14,905	18,049	9,437
Deferred income taxes	55,801	56,099	55,846
Total current assets	765,337	702,736	654,183
Property, plant, and equipment	552,886	514,232	540,339
Less accumulated depreciation	383,582	349,154	374,016
	169,304	165,078	166,323
Deferred income taxes	1,862		1,862
Other assets	10,477	12,036	10,011
Goodwill	81,571	81,208	81,469
Other intangible assets, net	5,885	5,249	5,225
Total assets	\$ 1,034,436	\$ 966,307	\$ 919,073
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>			
Current portion of long-term debt	\$ 75,000	\$ 35	