

TEJON RANCH CO
Form DEF 14A
April 07, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

TEJON RANCH CO.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- (1) Title of each class of securities to which transaction applies:

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(3) Filing Party:

(4) Date Filed:

Notes:

TEJON RANCH CO.

Post Office Box 1000

Lebec, California 93243

April 7, 2006

Dear Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of Tejon Ranch Co. on Tuesday, May 9, 2006, at 9:30 A.M., at the Hyatt Regency Irvine, 17900 Jamboree Boulevard, Irvine, California. Your Board of Directors and management look forward to greeting those stockholders who are able to attend.

The Notice of Annual Meeting and Proxy Statement containing information concerning the business to be transacted at the meeting appear in the following pages.

It is important that your shares be represented and voted at the meeting, whether or not you plan to attend. Please vote the enclosed proxy at your earliest convenience.

Your interest and participation in the affairs of the Company are greatly appreciated.

Sincerely,

Robert A. Stine,
President and Chief Executive Officer

TEJON RANCH CO.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

on

May 9, 2006

The Annual Meeting of Stockholders of Tejon Ranch Co. (the Company) will be held at the Hyatt Regency Irvine, 17900 Jamboree Boulevard, Irvine, California on Tuesday, May 9, 2006, at 9:30 A.M., California time, for the following purposes:

1. To elect two directors.

2. To transact such other business as may properly come before the meeting or any adjournment thereof.

The names of the nominees of the Board of Directors of the Company for election at the meeting are: Robert C. Ruocco and Geoffrey L. Stack.

The Board of Directors has fixed the close of business on March 17, 2006, as the record date for the determination of stockholders entitled to notice of and to vote at the meeting.

Your attention is invited to the accompanying Proxy Statement. To ensure that your shares are represented at the meeting, please date, sign, and mail the enclosed proxy card, for which a return envelope is provided, or vote your proxy by phone or the internet, the instructions for which are provided on the enclosed proxy card.

For the Board of Directors,

KENT G. SNYDER, Chairman of the Board
DENNIS MULLINS, Secretary

Lebec, California

April 7, 2006

PLEASE MARK YOUR INSTRUCTIONS ON THE ENCLOSED PROXY, SIGN AND DATE THE PROXY, AND RETURN IT IN THE ENCLOSED POSTAGE PAID ENVELOPE. ALTERNATIVELY, PLEASE VOTE YOUR PROXY BY PHONE OR THE INTERNET. PLEASE VOTE YOUR PROXY EVEN IF YOU PLAN TO ATTEND THE ANNUAL MEETING. IF YOU ATTEND THE MEETING AND WISH TO DO SO, YOU MAY VOTE YOUR SHARES IN PERSON EVEN IF YOU HAVE PREVIOUSLY VOTED YOUR PROXY.

TEJON RANCH CO.

Post Office Box 1000

Lebec, California 93243

PROXY STATEMENT

Annual Meeting of Stockholders

May 9, 2006

This Proxy Statement is being furnished in connection with the solicitation of proxies by the Company for use at the Annual Meeting of Stockholders to be held on May 9, 2006.

It is anticipated that the mailing of this Proxy Statement and accompanying form of Proxy to stockholders will begin on or about April 7, 2006.

SOLICITATION OF PROXIES

At the meeting, the stockholders of the Company will be asked (1) to elect two directors, and (2) to transact such other business as may properly come before the meeting. Your Board of Directors is asking for your proxy for use at the meeting. Although management does not know of any other matter to be acted upon at the meeting, shares represented by valid proxies will be voted by the persons named on the proxy in accordance with their best judgment with respect to any other matters which may properly come before the meeting.

The cost of preparing, assembling, and mailing the Notice of Meeting, this Proxy Statement and the enclosed proxy ballot will be paid by the Company. Following the mailing of this Proxy Statement, directors, officers, and regular employees of the Company may solicit proxies by mail, telephone, other electronic means, or in person; such persons will receive no additional compensation for such services. Brokerage houses and other nominees, fiduciaries and custodians nominally holding shares of record will be requested to forward proxy soliciting material to the beneficial owners of such shares and will be reimbursed by the Company for their charges and expenses in connection therewith at the rates approved by the New York Stock Exchange.

RECORD DATE AND VOTING

Holders of shares of Common Stock of record at the close of business on March 17, 2006, are entitled to notice of, and to vote at, the meeting. There were 16,555,878 shares of Common Stock outstanding on March 17, 2006. A stockholder giving a proxy may revoke it at any time before it is voted by filing with the Company's Secretary a written notice of revocation or a duly executed proxy bearing a later date. Unless a proxy is revoked and except as indicated below under Election of Directors, shares represented by a proxy will be voted in accordance with the voting instructions on the proxy and, on matters for which no voting instructions are given, shares will be voted for the nominees of the Board of Directors as shown on the proxy. Stockholders cannot abstain in the election of directors, but they can withhold authority. Stockholders who withhold authority will be considered present for purposes of determining a quorum. The rules of the New York Stock Exchange permit member organizations (brokers) to vote shares on behalf of beneficial owners, in the absence of instructions from beneficial owners, on certain routine matters, including the election of directors, but do not permit such votes on non-routine matters, including any proposals submitted for stockholder approval, none of which are expected at this meeting. Situations where brokers do not vote on non-routine proposals are referred to as broker non-votes. Broker non-votes will not be counted as present for purposes of determining a quorum and will have no effect on the outcome of the voting for any non-routine matters.

Stockholders vote cumulatively in the election of directors. Cumulative voting means that each stockholder is entitled to a number of votes equal to the number of directors to be elected multiplied by the number of shares

he or she holds. These votes may be cast for one nominee or distributed among two or more nominees. The two (2) candidates receiving the highest number of affirmative votes will be elected as directors. On all other matters, stockholders are entitled to one vote per share held. The proxies being solicited include authority of the proxy holders to cumulate votes.

Pursuant to Delaware corporation law, the actions contemplated to be taken at the Annual Meeting do not create appraisal or dissenters rights.

STOCK OWNERSHIP OF PRINCIPAL STOCKHOLDERS AND MANAGEMENT

The following table lists the stockholders known to the Company to be the beneficial owners of more than 5% of the shares of Company Common Stock outstanding as of March 10, 2006. The table also provides the stock ownership as of the same date of all directors, the most highly compensated executive officers during 2005, and all directors and officers as a group.

Name and Address of Stockholder	Amount and Nature of Beneficial Ownership(1)	Percent of Class(2)
Third Avenue Management LLC		
622 Third Avenue		
New York, NY 10017	4,403,531(3)	26.60%
Wesley Capital Management, LLC		
535 Madison Avenue		
New York, NY 10022	2,233,230(4)	13.49%
FMR Corp.		
82 Devonshire Street		
Boston, MA 02109	980,300(5)	5.92%
Directors		
John L. Goolsby	13,789(6)	below 1%
Norman Metcalfe	11,535(7)	below 1%
George G.C. Parker	7,722(6)	below 1%
Robert C. Ruocco	593,544(8)	3.59%
Kent G. Snyder	14,902(7)	below 1%
Geoffrey L. Stack	12,080(9)	below 1%
Robert A. Stine	373,816(10)	2.26%
Michael H. Winer	4,403,531(11)	26.60%
Executive Officers		
Dennis J. Atkinson	36,790(9)	below 1%
Joseph E. Drew	2,002(7)	below 1%
Allen E. Lyda	128,255(9)	below 1%
Dennis Mullins	68,189(7)	below 1%
All officers and directors as a group (12 persons)	5,662,212	34.20%

- (1) In each case, the named stockholder has the sole voting and investment power as to the indicated shares, except as set forth in the footnotes below, and except that all options, restricted stock and restricted stock units are held by directors and officers individually. For purposes of this table, beneficial ownership is determined in accordance with Rule 13d-3 under the Securities Exchange Act of 1934, as amended, pursuant to which a person or group of persons is deemed to have beneficial ownership of any shares that such person owns or has the right to acquire within 60 days. As a result, we have included in the Amount and Nature of Beneficial Ownership column, shares of vested and unvested restricted stock granted to a beneficial owner. Such restricted stock has voting rights, irrespective of vesting. In addition, we have included restricted stock units that could possibly vest within 60 days, even though for any such restricted stock units shown to vest within that period, the beneficial owner would have to terminate his relationship with the Company.
- (2) For purposes of computing the Percent of Class column, any shares which such person does not currently own but has the right to acquire within 60 days are deemed to be outstanding for the purpose of computing the percentage ownership of any person. Restricted stock is deemed outstanding, irrespective of vesting. Also included are restricted stock units that could possibly vest within 60 days, even though for any such restricted stock units shown to vest within that period, the beneficial owner would have to terminate his relationship with the Company.
- (3) Based on information certified as accurate as of December 31, 2005, in a Schedule 13G/A dated February 14, 2006 filed by Third Avenue Management LLC. Includes 3,420,106 shares owned beneficially and of record by Third Avenue Value Fund, 322,646 shares owned beneficially and of record by Third Avenue Small-Cap Value Fund, 401,039 shares owned beneficially and of record by Third Avenue Real Estate Value Fund, 18,000 shares owned beneficially and of record by the Third Avenue Value Portfolio of the Third Avenue Variable Series Trust, and 137,305 shares owned beneficially and of record by the Third Avenue Value Portfolio of the AEGON/Transamerica Series. Third Avenue Management LLC has sole voting and investment power with respect to these shares. Also includes 104,435 shares owned of record by various individual investment accounts managed by Third Avenue Management LLC, which has sole investment power with respect to those shares and sole voting power with respect to 100,482 of those shares.
- (4) Based on information certified as accurate as of February 1, 2006 in a Schedule 13G dated February 1, 2006 filed by Wesley Capital Management, LLC, Wesley Capital Partners, LLC, Wesley Capital I, L.P., Arthur Wrubel and John Khoury, with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.
- (5) Based on information certified as accurate as of December 31, 2005 in a Schedule 13G/A dated February 14, 2006 filed by FMR Corp., a parent holding company, and its controlling person on behalf of the stockholder, Fidelity Low Priced Stock Fund, with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.
- (6) The shares owned by Mr. Goolsby include 2,402 shares in his accounts, 996 shares of restricted stock, and 10,391 shares underlying stock options that are currently exercisable. The shares owned by Dr. Parker include 926 shares in his accounts, 329 shares of restricted stock, 1,329 restricted stock units that could possibly vest within 60 days, and 5,138 shares underlying stock options that are currently exercisable. The shares owned by each of Mr. Goolsby and Dr. Parker in their accounts are held by a family trust concerning which the director and his spouse share voting and investment power.
- (7) The shares owned by Mr. Metcalfe include 2,130 shares in his accounts, 667 shares of restricted stock, 978 restricted stock units that could possibly vest within 60 days, and 7,760 shares underlying stock options that are currently exercisable. The shares owned by Mr. Snyder include 2,263 restricted stock units that could possibly vest within 60 days, and 12,639 shares underlying stock options that are currently exercisable. The shares owned by Mr. Drew include 2,002 restricted stock units that could possibly vest within 60 days. The shares owned by Mr. Mullins include 4,755 shares of stock in his accounts, 2,288 shares of restricted stock units that could possibly vest within 60 days, and 61,146 shares underlying stock options that are currently exercisable.

- (8) Includes 585,083 shares owned beneficially and of record by Carl Marks Strategic Investments, L.P. Mr. Ruocco is a Principal of Carl Marks Management Company, L.P. and shares voting and investment power. Also includes 1,957 restricted stock units that could possibly vest within 60 days, and 6,504 shares underlying options held by Mr. Ruocco that are currently exercisable.
- (9) The shares owned by Mr. Stack include 3,134 shares in his accounts, 697 restricted stock units that could possibly vest within 60 days, and 8,249 shares underlying stock options that are currently exercisable. The shares owned by Mr. Atkinson include 3,685 shares in his accounts, 1,430 shares of restricted stock, and 31,675 shares underlying stock options that are currently exercisable. The shares owned by Mr. Lyda include 4,907 shares in his accounts, 2,002 restricted stock units that could possibly vest within 60 days, and 121,346 shares underlying stock options that are currently exercisable. The shares owned by each of Messrs. Stack, Lyda and Atkinson in their accounts are held as community property concerning which the named person and his spouse share voting and investment power.
- (10) The shares owned by Mr. Stine include 32,265 shares in his accounts, 12,587 shares of restricted stock, and 328,964 shares underlying stock options that are currently exercisable. Of the shares in Mr. Stine's accounts, some of the shares are held by a family trust and some are held as community property. In each case he and his spouse share voting and investment power.
- (11) Includes 3,420,106 shares owned beneficially and of record by Third Avenue Value Fund, 322,646 shares owned beneficially and of record by Third Avenue Small-Cap Value Fund, 401,039 shares owned beneficially and of record by Third Avenue Real Estate Value Fund, 18,000 shares owned beneficially and of record by the Third Avenue Value Portfolio of the Third Avenue Variable Series Trust, and 137,305 shares owned beneficially and of record by the Third Avenue Value Portfolio of the AEGON/Transamerica Series. Also includes 104,435 shares owned of record by various individual investment accounts managed by Third Avenue Management LLC, which has sole investment power with respect to those shares and sole voting power with respect to 100,482 of those shares. Mr. Winer is a Portfolio Manager of Third Avenue Management LLC and shares voting and investment power. Mr. Winer disclaims beneficial ownership of the shares owned by said entities for all other purposes.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's directors, executive officers and persons who beneficially own more than 10% of the Company's common stock, to file reports of holdings and transactions in the Company's common stock with the Securities and Exchange Commission and to furnish the Company with copies of all Section 16(a) reports that they file. Based on those records and other information furnished, during 2005, executive officers, directors and persons who beneficially own more than 10% of the Company's common stock complied with all filing requirements.

ELECTION OF DIRECTORS

The Board of Directors now consists of eight directors divided into three classes based upon when their terms expire. The terms of two directors (Class I) expire at the 2006 Annual Meeting, the terms of two directors (Class II) expire at the 2007 Annual Meeting, and the terms of four directors (Class III) expire at the 2008 Annual Meeting. The regular terms of directors expire at the third Annual Meeting following the Annual Meeting at which the directors were elected, although directors continue to serve until their successors are elected and qualified, unless the authorized number of directors has been decreased.

The names of the nominees of the Board of Directors for election as directors at the 2006 Annual Meeting (both of whom are presently directors) are set forth in the table below, along with certain other information. The table also includes information as to other directors of the Company.

Other than nominations made at the direction of the Board of Directors, nominations of persons for election to the Board of Directors by stockholders must be made pursuant to timely notice in writing to the Secretary of the Company. To be timely, a stockholder's notice must be delivered to or mailed and received at the principal executive offices of the Company not later than the close of business on the tenth day following the day on which the Notice of Annual Meeting of Stockholders was mailed. Such stockholder's notice must set forth: (i) as to each person whom the stockholder proposes to nominate for election or reelection as a director, all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors or is otherwise required, in each case pursuant to the Securities Exchange Act of 1934, as amended; and (ii) as to the stockholder giving the notice, the name and address, as they appear on the Company's books, of such stockholder, and the class and number of shares of the Company which are beneficially owned by such stockholder.

Except as noted below, each proxy solicited by and on behalf of the Board of Directors will be voted FOR the election of the nominees named below (unless such authority is withheld as provided in the proxy) and one-half of the votes to which the stockholder is entitled will be cast for each of the two nominees. In the event any one or more of the nominees shall become unable to serve or refuse to serve as director (an event which is not anticipated), the proxy holders will vote for substitute nominees in their discretion. If one or more persons other than those named below as nominees for the 2006 Annual Meeting are nominated as candidates for director by persons other than the Board of Directors, the enclosed proxy may be voted in favor of any one or more of said nominees of the Board of Directors or substitute nominees and in such order of preference as the proxy holders may determine in their discretion.

	First	
Nominees for Class I Directors Whose Terms Expire in 2009	Became	
and Principal Occupation or Employment(1)	Director	Age
Robert C. Ruocco(3)(4)(6)	1997	47
Principal, Carl Marks Management Company, L.P., investment management; Director of Safelite Glass Corporation		
Geoffrey L. Stack(3)(4)(5)(6)	1998	62
Managing Director, SARES REGIS Group, real estate development and management		
Other Directors and Principal Occupation or Employment(1)		
John L. Goolsby(5)	1999	64
Private investments and real estate		
Norman Metcalfe(2)(4)(5)	1998	63
Real estate and investments; Director of The Ryland Group, and Building Materials Holding Corp.		
George G.C. Parker(3)(4)(6)	1999	67
Dean Witter Distinguished Professor of Finance, Graduate School of Business, Stanford University; Director of Continental Airlines, Inc., First Republic Bank (San Francisco), and Threshold Pharmaceuticals; Trustee of Barclays Global Investors		
Kent G. Snyder(2)(5)	1998	69
Attorney at Law; Chairman of the Board, Tejon Ranch Co.; Director of Pacific Premier Bancorp		
Robert A. Stine(2)(5)	1996	59
President and Chief Executive Officer, Tejon Ranch Co.; Director of First Community Bancorp (San Diego County) and The Bakersfield Californian		
Michael H. Winer(2)	2001	50
Portfolio Manager, Third Avenue Management LLC, investment management		

(1)

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Except as set forth below, each of the directors has been engaged in his principal occupation described above during the past five years. There are no family relationships among any directors of the Company.

Dr. Parker also served as Senior Associate Dean for Academic Affairs and Director of the MBA Program at Stanford from 1993 to 2001. Mr. Winer has served as a Portfolio Manager at Third Avenue Management LLC since August 2002, when it succeeded to the business operations of M.J. Whitman Advisers, Inc. and EQSF Advisers, Inc. Mr. Winer served as a Portfolio Manager at M.J. Whitman Advisers, Inc. and EQSF Advisers, Inc. since September 1998.

(2) Member of Executive Committee.

(3) Member of Audit Committee.

(4) Member of Compensation Committee.

(5) Member of Real Estate Committee.

(6) Member of Nominating and Corporate Governance Committee.

The terms of Dr. Parker and Mr. Stine expire at the 2007 Annual Meeting, and the terms of Messrs. Goolsby, Metcalfe, Snyder and Winer expire at the 2008 Annual Meeting.

Board of Directors and Committees

Standing committees of the Board of Directors include the Executive, Audit, Compensation, Real Estate, and Nominating and Corporate Governance Committees. The major functions of each of these committees are described briefly below.

Except for certain powers which, under Delaware law, may be exercised only by the full Board of Directors, or which, under the rules of the Securities and Exchange Commission or the New York Stock Exchange, may only be exercised by committees composed solely of independent directors, the Executive Committee may exercise all powers and authority of the Board of Directors in the management of the business and affairs of the Company.

The Audit Committee acts on behalf of the Board of Directors in fulfilling the Board's oversight responsibility relating to the Company's financial statements and the financial reporting process, the systems of internal accounting and financial controls, the annual independent audit of the Company's financial statements, and the legal compliance and ethics programs as established by management and the Board. In addition, the Audit Committee retains the independent auditor and approves the scope of all audit and non-audit services it performs. The Audit Committee is governed by a written charter adopted and approved by the Board of Directors. Each of the members of the Audit Committee is independent as defined under the listing standards of the New York Stock Exchange, and under Rule 10A-3 of the Securities and Exchange Commission.

The Compensation Committee reviews and either adjusts or recommends to the Board of Directors appropriate adjustments to the Company's overall compensation structure, the compensation arrangements for executive officers, and director compensation, and evaluates the performance of executive officers.

The Real Estate Committee reviews all significant activities and issues related to the Company's real estate assets and opportunities. It receives and considers the analyses of the Company's real estate staff and provides management with oversight, guidance and strategic input on major decision points. It reviews and either approves or recommends to the Board of Directors appropriate action on significant proposed real estate transactions, development pro formas and budgets, and action plans.

The Nominating and Corporate Governance Committee is charged with evaluating the performance of existing directors, identifying and recruiting potential new directors, evaluating candidates for director positions recommended by stockholders, and recommending candidates to be nominated by the Board of Directors or elected by the Board on an interim basis. It also reviews and makes recommendations to the Board of Directors respecting the composition and functioning of Board committees, the Corporate Governance Guidelines, and the Board's performance.

In considering candidates for the Board of Directors, the Nominating and Corporate Governance Committee evaluates the entirety of each candidate's credentials and does not have any specific minimum qualifications that must be met by a nominee. However, the Committee seeks as directors individuals with substantial management experience who possess the highest personal values, judgment and integrity, an understanding of the environment in which the Company does business, and diverse experience with the key business, financial and other challenges that the Company faces.

All of the members of the Nominating and Corporate Governance Committee are independent as that term is defined in the listing standards of the New York Stock Exchange. The Committee would be pleased to consider any recommendations of director candidates from stockholders. In March 2005, the Committee adopted formal procedures regarding consideration of candidates recommended by stockholders. Stockholders may recommend a candidate for consideration by the Committee by sending a letter addressed to Nominating Committee Chair, c/o Corporate Secretary, P.O. Box 1000, Lebec, California 93243. The Committee does not evaluate candidates differently based on who has made the recommendation. The Company has the authority under its charter to hire and pay a fee to outside counsel, experts or other advisors to assist in the process of identifying and evaluating candidates. No such outside advisors have been used to date and, accordingly, no fees have been paid to such advisors.

During 2005, there were five meetings of the Board of Directors, none of the Executive Committee, five of the Audit Committee, four of the Compensation Committee, four of the Real Estate Committee, and one of the Nominating and Corporate Governance Committee. During 2005 all incumbent directors attended 75% or more of the aggregate total of such meetings of the Board of Directors and committees of the Board on which they served.

The Board of Directors has made a finding that all directors, except Mr. Stine, are independent as that term is defined in the listing standards of the New York Stock Exchange. The categorical criteria used by the Board to determine whether a director is independent are set forth in Attachment A to the Corporate Governance Guidelines, which is attached as Appendix A to this Proxy Statement. Mr. Snyder will preside at all portions of Board of Directors meetings limited to independent or non-management directors. The Board of Directors has also found that no member of the Audit Committee is an affiliated person as defined in the exchange listing standards or the rules of the Securities and Exchange Commission. The Board of Directors has further found that Dr. Parker qualifies as an audit committee financial expert for the purposes of Item 401(h) of Regulation S-K promulgated by the Securities and Exchange Commission, and has accounting or related financial management expertise as described in the listing standards of the New York Stock Exchange.

The Company's policy is that all directors are expected to attend every annual stockholders meeting in person. All directors attended the 2005 Annual Meeting of the Company.

The Board of Directors has adopted a Code of Business Conduct and Ethics, which is applicable to all directors, officers and employees. It also has adopted Corporate Governance Guidelines to guide its own operations. Both documents are available on the Company web site, www.tejonranch.com. In addition, the charters of the Audit, Compensation, Nominating and Corporate Governance, and Real Estate Committees are available on the web site, and are available in print form upon request to the Corporate Secretary.

Stockholders and other interested persons may communicate directly to the Board of Directors, without management needing to handle or forward the communication, and with management being unable to intercept the communication, through the Company's web site. These communications will be automatically directed to the Chairman of the Audit Committee.

Director Compensation

In 2005, Directors who were not employees of the Company received an annual retainer of \$26,000. The annual retainer was payable \$12,000 in cash and \$14,000 in restricted stock with a one-year vesting period, unless the director elected to receive his entire retainer in restricted stock. If a director owned beneficially, or was affiliated with a person or entity which owned beneficially, 15% or more of the outstanding shares of the Common Stock of the Company, then that director could elect to receive his entire annual retainer in cash. The Chairman of the Board of Directors receives an additional annual retainer of \$10,000 in restricted stock with a one-year vesting period, and the Chairmen of the Audit Committee, Compensation Committee and Real Estate Committee each receive an additional annual retainer of \$5,000 in restricted stock with a one-year vesting period. As a transitional matter, in March 2004 the Board granted to all non-employee directors 1,000 shares of restricted stock which vests over three years, one-third each year. Any new director will receive a grant of 1,000 shares on the same terms when he or she joins the Board. Directors will have the opportunity to defer restricted stock grants into a non-qualified deferred compensation plan.

Directors receive a fee of \$1,000 for attendance at any meeting of the Board, a fee of \$1,000 for the first Committee meeting attended by such director on a day when the Board is not meeting, and a fee of \$500 per Committee meeting attended by such director on the day of a Board meeting or another Committee meeting. One exception is that if the Nominating and Corporate Governance Committee meets on the same day as the Audit Committee, no fee will be paid for attending the former meeting. The fees are payable if the meeting is attended in person or by telephone conference call. Board and Committee meeting fees paid to directors traveling from outside of California to attend in person were paid at 150% of the rates set forth above.

EXECUTIVE COMPENSATION

The following table shows the aggregate compensation paid on an accrual basis by the Company and its subsidiaries during 2005 and each of the two previous years to the Chief Executive Officer and to the four other executive officers of the Company who were most highly compensated in 2005.

SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION	YEAR	ANNUAL COMPENSATION		LONG TERM COMPENSATION SECURITIES			ALL OTHER COMPENSATION(4) (\$)
		SALARY(1) (\$)	BONUS(1) (\$)	RESTRICTED STOCK AWARDS(2)(3) (\$)	UNDERLYING		
					OPTIONS (#)		
Robert A. Stine	2005	350,000	275,000	511,515	0	3,500	
President and Chief	2004	350,000	250,000	790,108	0	3,500	
	2003	350,000	200,000	0	0	3,500	
Executive Officer							
Allen E. Lyda	2005	185,000	85,000	162,741	0	1,850	
Vice President, Chief	2004	178,500	86,751	251,413	0	1,785	
	2003	170,000	52,126	0	0	1,700	
Financial Officer, Treasurer							
and Assistant Secretary							
Dennis Mullins	2005	185,000	75,000	185,982	0	1,850	
Vice President,	2004	178,500	78,272	287,319	0	1,785	
	2003	170,000	61,200	0	0	1,700	
General Counsel and							
Secretary							
Joseph E. Drew	2005	180,000	50,445	162,741	0	1,800	
Senior Vice President	2004	180,000	54,124	251,413	0	1,800	
	2003	160,000	43,520	0	0	1,600	
Dennis J. Atkinson	2005	135,000	76,950	77,539	0	1,350	
Vice President	2004	120,000	56,040	119,698	0	1,200	
	2003	115,000	24,610	0	0	1,150	

(1) Amounts shown include salary earned and received by executive officers. The bonus amounts shown were accrued by the Company in the years shown but were received by the officers in January, February or March of the following years.

(2) This column shows the fair market value of the restricted stock and restricted stock units on the date of grant. The restricted stock and restricted stock unit awards shown in this column are of two types. The first type contains restrictions that are time-based and the second type contains restrictions that are performance-based (performance award), though the value of the restricted stock and restricted stock units awarded with both types of restrictions is cumulated in this column. All performance awards are shown at the maximum possible

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award level, although the actual award would be less if achievement of results is less than at maximum level. (A third type of performance-based restricted stock units (milestone units) was awarded in 2004 and the value of those restricted stock units is not included in this column, but will be shown in the Long Term Incentive Plan Payout column of the Summary Compensation Table in the fiscal year in which the restrictions lapse, if earned.) All awards shown in this column for 2005 are performance awards, in the following share amounts: Mr. Stine: 10,014 restricted stock units; Mr. Lyda: 3,186 restricted shares; Mr. Mullins: 3,641 restricted shares; Mr. Drew: 3,186 restricted shares; and Mr. Atkinson: 1,518 restricted stock units. On March 26, 2004, Mr. Stine was awarded 12,587 time-based restricted stock units and 9,440 performance award restricted shares; Mr. Lyda was awarded 4,005 time-based restricted stock units and 3,004 performance award restricted stock units; Mr. Mullins was awarded 4,577 time-based restricted shares (later converted to restricted stock units) and 3,433 performance award restricted stock

units; Mr. Drew was awarded 4,005 time-based restricted stock units and 3,004 performance award restricted stock units; and Mr. Atkinson was awarded 1,907 time-based restricted shares and 954 performance award restricted stock units. Beginning on the first anniversary of the date of grant, the restrictions on 25% of the time-based restricted shares and restricted stock units are scheduled to lapse each calendar year after the date of grant. The performance awards and the milestone units will vest if the performance criteria specified in the Restricted Stock Agreements and Restricted Stock Unit Agreements, respectively, are met. The unvested portion of each restricted stock and restricted stock unit grant is subject to forfeiture upon termination of the holder's employment with the Company, or upon failure to meet the specified performance criteria.

(3) As of December 31, 2005, the value of aggregate restricted stock holdings of the officers listed in the Summary Compensation Table were as follows: Mr. Stine \$376,845 (9,440 shares), Mr. Lyda \$127,185 (3,186 shares), Mr. Mullins \$145,348 (3,641 shares), Mr. Drew \$127,185 (3,186 shares), and Mr. Atkinson \$57,086 (1,430 shares). As of December 31, 2005, the value of aggregate restricted stock unit holdings of the officers listed in the Summary Compensation Table were as follows: Mr. Stine \$7,927,833 (198,593 units), Mr. Lyda \$2,605,858 (65,227 units), Mr. Mullins \$2,906,256 (72,802 units), Mr. Drew \$2,501,667 (62,667 units), and Mr. Atkinson \$1,281,791 (32,109 units). The foregoing figures include both the performance award restricted stock units shown in the Restricted Stock Awards column of the Summary Compensation Table and the milestone units (each at maximum award).

(4) The amounts in this column include the matching contributions made by the Company under its 401(k) defined contribution plan, but do not include obligations incurred for the benefit of the officers' Supplemental Executive Retirement Plans.

The Company has entered into an agreement with Mr. Stine providing for him to serve as President, Chief Executive Office and a director of the Company. Although the agreement does not provide for a term of employment, Mr. Stine will be entitled to continuation of his salary for one year if the Company terminates his employment without cause. In addition such a termination would result in acceleration of the exercise dates of Mr. Stine's stock options. The agreement also provides for customary perquisites.

The Company has entered into agreements with each of the officers named in the Summary Compensation Table providing each officer with specified severance benefits in the event the Company terminates his employment without cause, or the employee terminates his employment for good cause, within two years following, or prior to and in connection with or anticipation of, a change of control of the Company. Change of control is defined to mean a liquidation of the Company; a change in the identity of a majority of the directors on the Board (with certain exceptions); the acquisition by any person or group of beneficial ownership of 20% or more of the outstanding shares of Common Stock or voting power of the Company (with certain exceptions); or a transaction or series of transactions resulting in the sale of substantially all of the Company's assets or the merger, consolidation or reorganization of the Company, unless control of the Company or a successor company that acquires the Company's assets is substantially the same after the transaction (as defined). The severance benefits generally consist of the continuation (for up to 36 months for Mr. Stine and 30 months for the other officers, subject to certain limitations) of the employee's salary and Company health and life insurance, the continuation for a substantially shorter period of time of applicable perquisites, including Company car, country club membership and/or Company housing, and the acceleration of the exercise dates of all outstanding options to purchase capital stock of the Company.

Stock Options

The Company has a 1998 Stock Incentive Plan providing for the granting of awards, including stock options, with respect to a maximum of 1,600,000 shares of Common Stock. Since the end of 2002 no options have been granted to the officers named in the Summary Compensation Table under the 1998 Stock Incentive Plan.

The following table shows the number of shares issued upon exercise of options in 2005 and the number of shares subject to exercisable and nonexercisable stock options outstanding at December 31, 2005, and held by executive officers named in the preceding Summary Compensation Table.

**AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR AND
FISCAL YEAR-END OPTION VALUES**

NAME	SHARES ACQUIRED ON EXERCISE(#)	VALUE REALIZED (\$)	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS	VALUE OF UNEXERCISED
			AT FY-END(#) EXERCISABLE/ UNEXERCISABLE	IN-THE-MONEY OPTIONS AT FY-END\$(1) EXERCISABLE/ UNEXERCISABLE
Robert A. Stine	54,002	\$ 1,199,172	335,137/73,500	\$ 5,468,842/\$1,088,860
Allen E. Lyda	0	0	117,146/17,800	\$ 2,001,387/\$263,852
Dennis Mullins	27,000	\$ 653,545	56,946/19,200	\$ 909,155/\$286,770
Joseph E. Drew	0	0	36,000/18,000	\$ 515,340/\$245,340
Dennis J. Atkinson	7,500	\$ 235,320	29,675/10,400	\$ 476,193/\$152,048

(1) Market value of underlying securities at year end, minus the exercise price of options.

Pension Plan

The Company contributes each year to a Pension Plan for most of its employees the amount necessary to fund the Plan on an actuarially sound basis. The amounts of these annual contributions are not included in the compensation table above. Pension benefits to be received from the Plan upon retirement are determined by an employee's five year final average annual compensation, length of service with the Company and age at retirement, subject to certain limitations imposed on a qualified retirement plan by the Internal Revenue Code.

In 1991, the Company adopted a Supplemental Executive Retirement Plan (the "SERP") in order to restore to executives designated by the Compensation Committee of the Board of Directors the full benefits under the Pension Plan which would otherwise be restricted by certain limitations now imposed under the Internal Revenue Code. The SERP is unfunded, but the associated liability has been accrued and will be reflected on the Company's financial statements. No benefits under the Pension Plan or the SERP become vested until the earlier of (a) the participant's attainment of age 65 or (b) the completion of five or more years of vesting service (as defined under the Pension Plan). With respect to the SERP, an executive can become vested upon the incurrence of a total and permanent disability while employed by the Company as determined by the Board of Directors or the Compensation Committee. The Compensation Committee also has the power to grant a participant vested status with respect to the SERP even if he does not meet the foregoing requirements. In December 1999, the SERP was amended to give Mr. Stine credit for 1.875 years of service for each year of actual service, to allow him to receive benefits calculated on the basis of up to 30 years of service instead of the 25-year maximum applicable to other participants and to impose an overall formula limit on his maximum monthly retirement benefit. Under the amendment, if Mr. Stine remains in the employ of the Company and retires at age 65, he would receive benefits based upon 30 years of service.

The table below illustrates the amount of annual pension benefits payable under the Plan (as increased by amounts payable to eligible executives under the SERP) to persons in particular classifications who work to the normal retirement age of 65.

Five Year Final Average Annual Compensation	Years of Service			
	10	20	25	30 or more
\$100,000	\$ 11,902	\$ 23,805	\$ 29,756	\$ 35,707
150,000	20,152	40,305	50,381	60,457
200,000	28,402	56,805	71,006	85,207
220,000*	31,702	63,405	79,256	95,107
250,000	36,652	73,305	91,631	109,957
300,000	44,902	89,805	112,256	134,707
350,000	53,152	106,305	132,881	159,457
400,000	61,402	122,805	153,506	184,207
450,000	69,652	139,305	174,131	208,957
500,000	77,902	155,805	194,756	233,707
550,000	86,152	172,305	215,381	258,457
600,000	94,402	188,805	236,006	283,207

* Current maximum annual compensation limit for all qualified plan benefit calculation purposes. (IRC 401 (a) (17))

For purposes of pension benefits, earnings consist of compensation determined in the manner reflected in the preceding Summary Compensation Table, except that for pension benefit purposes, bonuses are included in the year paid instead of in the year accrued and amounts under Long Term Compensation and All Other Compensation are not counted. The benefits presented are straight life annuity amounts and are determined based on the benefit formula required by the Plan, which conforms to the regulations of the Internal Revenue Service and ERISA. The benefits presented reflect deductions for Social Security as required by the Plan. The amounts of compensation for 2005 that could affect the five-year final average annual compensation of the executives named in the Summary Compensation Table if they retire are: Mr. Stine \$600,000; Mr. Lyda \$271,751; Mr. Mullins \$263,272; Mr. Drew \$234,124; and Mr. Atkinson \$191,040. The credited years of service under the Plan and the SERP as of December 31, 2005, for those named in the Summary Compensation Table are: Mr. Stine 16.875 years, Mr. Lyda 15 years, Mr. Mullins 12 years, Mr. Drew 4 years, and Mr. Atkinson 31 years. All employees having one year in service with the Company participate in the Plan, including all current officers of the Company.

Compensation Committee Report on Executive Compensation

The Compensation Committee of the Board of Directors consists of four independent directors. The purpose of the Compensation Committee is to analyze, evaluate and make recommendations to the Board with respect to the compensation of the Company's top managerial and executive officers and directors and to produce this annual report on executive compensation. The Compensation Committee operates under a formal charter adopted by the Board which sets forth the specific duties and responsibilities of the Committee. A copy of the charter is available on the Company web site, www.tejonranch.com.

The Compensation Committee of the Board of Directors has furnished the following report on executive compensation for 2005:

General Matters

The fundamental objective of the Company's executive compensation policies is to ensure that executives are provided incentives and compensated in a way that advances both the short- and long-term interests of stockholders while also ensuring that the Company is able to attract and retain talented management executives.

The executive compensation policies recommended by the Compensation Committee and adopted by the Board of Directors generally consist of three components:

a base salary,

a cash bonus based on performance, and

equity.

Until 2003, the equity component of an executive's compensation was generally satisfied by the granting of stock options under the Company's 1998 Stock Incentive Plan. For 2003, the Compensation Committee decided not to award additional stock options but rather to make an overall assessment of its compensation practices and particularly its practices with respect to long term equity awards. In March 2003, the Committee engaged The Poe Group, an independent compensation consulting firm, to assist it with this assessment and to make recommendations regarding improvements that might be made. As a result of the assessment made by the consultant and the process associated with the overall review of the Company's compensation practices, the Compensation Committee recommended to the Board of Directors, and in March 2004 the Board adopted, certain changes to the Company's long term compensation arrangements for senior management.

Under the new policies, in lieu of granting stock options, the Company makes restricted stock awards in the form of restricted stock or restricted stock units under the Company's 1998 Stock Incentive Plan. Except for certain transitional restricted stock awards that vest over four years of continued employment, these restricted stock awards vest on the basis of the achievement of performance criteria rather than merely the passage of time. The performance criteria are established by the Board of Directors with input from the Compensation Committee and include the satisfaction of short term financial criteria and, with respect to a significant majority of the shares subject to the awards, the achievement of a matrix of long term strategic milestones of the Company. These milestones include the accomplishment of certain specific objectives within defined financial parameters that are tied to the Company's long range plans.

The members of the Compensation Committee believe that by tying the vesting of most of the restricted stock awards to the achievement of long term milestone objectives, management's efforts will be very closely aligned with the enhancement of long term stockholder value. The elements of these changes in the Company's long term equity compensation program were reflected in the Tejon Ranch Co. 2004 Incentive Bonus Program which was submitted to and approved by the stockholders at the Company's 2004 Annual Meeting of Stockholders.

As a result of the adoption and stockholder approval of the 2004 Incentive Bonus Program, the performance-based bonus and restricted stock award elements of the compensation paid to executives subject to Section 162(m) of the Internal Revenue Code will be deductible by the Company.

In March 2004, the Committee also recommended, and the Board adopted, a Nonqualified Deferred Compensation Plan under which eligible managerial employees and members of the Board will be afforded the opportunity to enter into agreements for the deferral of a specified dollar amount or percentage of their base salary, director retainer and/or bonus payments. In addition, participants in the Plan who hold certain restricted stock in the Company will be given the opportunity to defer under the Plan the gain inherent in such restricted stock.

As described above, the initial grant of the restricted stock and restricted stock units has long term compensation effects in that the milestones will be achieved, if at all, over a number of years. The Compensation Committee will generally review the compensation of senior management at its December meeting each year during which it will set their salaries and performance bonus objectives for the upcoming year and will review the long term compensation arrangements and recommend to the full Board any additional awards it deems appropriate.

2005 Compensation

The salary for Mr. Stine in 2005 remained at the same level as in 2004 and 2003. Messrs. Lyda and Mullins received 3.6% salary increase in 2005 over 2004. Mr. Drew's salary in 2005 remained unchanged from 2004. Mr. Atkinson received a 12.5% increase in 2005 to \$135,000 because the Compensation Committee and the Board regarded his salary as low relative to other Company officers and relative to industry peers. In setting executive officer salaries for 2005, the Committee considered the recommendations of Mr. Stine as to each executive officer other than himself and the Committee's own evaluation of the individual performance of the executive officers against the goals established for the Company.

For 2005, Mr. Stine had the opportunity to earn bonus compensation of up to 78.75% of his base salary. Sixty percent of the maximum bonus Mr. Stine could earn was based upon the extent to which he achieved a number of individual performance objectives relating to business development, operations and staffing and organization of the Company, 15% was based upon the Company achieving a certain cash flow measure and 25% was available at the discretion of the Board, based upon input from the Compensation Committee. Overall, Mr. Stine earned 100% of the maximum bonus that could be earned.

For all other officers (Allen Lyda, Dennis Mullins, Joe Drew and Dennis Atkinson) bonus compensation could be earned as a result of the achievement of a mix of objectives (that varied with each officer) related to overall corporate performance (as measured by cash flow), performance of those aspects of the Company's operations managed by them, if applicable (as measured by revenues and income), achievement of individual business objectives, and at the discretion of the Board (based on the recommendations of the Compensation Committee). In all cases, the discretionary component of the bonus opportunity was 25%. The other officers had the opportunity to earn bonus compensation of up to 57% of their base salary.

Robert C. Ruocco (Chairman), Norman Metcalfe, George
G. C. Parker, Geoffrey L. Stack

Members of the Compensation Committee

Performance Graph

The following graph is a comparison of cumulative total shareowner returns for the Company, the Dow Jones Equity Market Index, and the Dow Jones Real Estate Index for the period shown.

	2001	2002	2003	2004	2005
TEJON RANCH	24.27%	24.22%	38.08%	-0.51%	-2.16%
DJ EQUITY MKT	-20.08%	-31.36%	1.88%	12.01%	6.32%
DJ REAL ESTATE	11.80%	3.63%	36.90%	31.22%	9.64%

The stock price performance depicted in the above graph is not necessarily indicative of future price performance. The Performance Graph will not be deemed to be incorporated by reference in any filing by the Company under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that the Company specifically incorporates the Performance Graph by reference.

The Dow Jones Real Estate Index, for the most part, includes companies which have revenues substantially greater than those of the Company. The Company is unaware of any industry or line-of-business index that is more nearly comparable.

INDEPENDENT PUBLIC ACCOUNTANTS

Ernst & Young LLP has been selected by the Board of Directors to serve as the Company's independent public accountants for the year 2006 and served in that capacity for the year ended December 31, 2005. Representatives of Ernst & Young LLP are expected to be present at the meeting and will have an opportunity to make a statement if they wish and will be available to respond to appropriate questions from stockholders.

Audit Fees. The aggregate fees billed by Ernst & Young LLP for professional services rendered for the audit of the Company's annual financial statements for the year ended December 31, 2005 and for the reviews of the financial statements included in the Company's Forms 10-Q for that year were \$367,800. The aggregate fees billed by Ernst & Young LLP for professional services rendered for the audit of the Company's annual financial statements for the year ended December 31, 2004 and for the reviews of the financial statements included in the Company's Forms 10-Q for that year were \$322,928.

Tax Fees. The aggregate fees billed by Ernst & Young LLP for tax compliance, advice and planning services for the year ended December 31, 2005 were \$51,000. The aggregate fees billed by Ernst & Young LLP for tax compliance, advice and planning services for the year ended December 31, 2004 were 48,700. In each case the services consisted of tax return preparation

All Other Fees. The aggregate fees billed by Ernst & Young LLP for all other services not referred to above for the year ended December 31, 2005 were \$22,000, consisting of comparing our benefit plan to others and evaluating potential savings. Ernst & Young LLP did not bill for any services other than those listed above for the year ended December 31, 2004.

The Audit Committee of Board of Directors considered whether the provision of the services referred to above under the heading All Other Fees is compatible with maintaining the independence of Ernst & Young LLP.

The Audit Committee Charter requires that the Audit Committee pre-approve all fees billed by Ernst & Young LLP, and in the years ending December 31, 2004 and 2005, 100% of the fees billed by Ernst & Young LLP were pre-approved by the Audit Committee. Ernst & Young LLP provides a proposal to the Audit Committee for all services it proposes to provide and the Audit Committee then takes such action on the proposal as it deems advisable.

REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

The Audit Committee of the Board of Directors has furnished the following report:

The Audit Committee reviewed the Company's financial reporting process on behalf of the Board of Directors. Management has the primary responsibility for the financial statements and the reporting process. The Company's independent auditors are responsible for expressing an opinion on the conformity of the Company's audited financial statements to generally accepted accounting principles.

In this context, the Audit Committee has reviewed and discussed with management and the independent auditors the audited financial statements. The Audit Committee has discussed with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61 (Communication with Audit Committees), as may be modified or supplemented. In addition, the Audit Committee has received from the independent accountants the written disclosures and the letter required by Independence Standards Board Standard No. 1 (Independence Discussion with Audit Committees), as may be modified or supplemented, and has discussed with the independent accountants their independence from the Company and its management. The Audit Committee has also considered whether the independent auditors provision of non-audit services to the Company is compatible with their independence.

Based on the reviews and discussions referred to in the preceding paragraphs, the Audit Committee recommended to the Board of Directors, and the Board of Directors has approved, that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2005 as filed with the Securities and Exchange Commission.

Kent G. Snyder (Chairman), George G.C. Parker,

Robert C. Ruocco, Geoffrey L. Stack

Members of the Audit Committee

OTHER

Financial Information. Both the Company's Annual Report to Stockholders and the Company's Annual Report on Form 10-K (including the financial statements and financial statement schedules but without exhibits) as filed with the Securities and Exchange Commission accompany this Proxy Statement. Both reports may be obtained without charge by calling or writing Corporate Secretary, Tejon Ranch Co., Post Office Box 1000, Lebec, California 93243, (661) 248-3000.

Stockholder Proposals. A stockholder's proposal will be considered at the 2006 Annual Meeting of Stockholders only if the stockholder provides timely notice of such proposal in writing to the Secretary of the Company. To be timely, a stockholder's notice must be delivered to or mailed and received at the principal executive offices of the Company not less than 30 days nor more than 60 days prior to the meeting as originally scheduled, but if less than 40 days notice or prior public disclosure of the date of the meeting is given or made to the stockholders, then the notice must be received not later than the close of business on the 10th day following the day on which the Notice of Annual Meeting of Stockholders was mailed. A stockholder's notice to the Secretary must set forth as to each matter the stockholder proposes to bring before the Annual Meeting (i) a brief description of the business desired to be brought before the Annual Meeting, (ii) the name and record address of the stockholder proposing such business, (iii) the class and number of shares of the Company which are beneficially owned by the stockholder, and (iv) any material interest of the stockholder in such business. To be considered for inclusion in the proxy statement for the 2007 Annual Meeting, stockholder proposals are required to be delivered to the Company on or before December 12, 2006.

Other Business. Management does not know of any matter to be acted upon at the meeting other than those described above, but if any other matter properly comes before the meeting, the persons named on the enclosed proxy will vote thereon in accordance with their best judgment.

Stockholders are urged to sign and return their proxies without delay.

For the Board of Directors,

KENT G. SNYDER, Chairman of the Board
DENNIS MULLINS, Secretary

April 7, 2006

APPENDIX A

ATTACHMENT A TO CORPORATE GOVERNANCE GUIDELINES

The Nominating and Corporate Governance Committee annually reviews the independence of all directors, and reports its findings to the Board. Based upon the report and the directors' consideration, the Board determines which directors shall be deemed independent.

A director will be deemed independent if it is determined that he or she has no material relationship with the corporation, either directly or through an organization that has a material relationship with the corporation. A relationship is material if, in the judgment of the Board, it might reasonably be considered to interfere with the exercise of independent judgment. Ownership of stock of the corporation is not, in itself, inconsistent with a finding of independence. In addition, an Audit Committee member must also be independent within the meaning of the New York Stock Exchange's listing requirements for audit committees. The following specific standards are utilized in determining whether a director shall be deemed independent:

the director is not, and in the past five years has not been, an employee of Tejon Ranch Co. or any of its subsidiaries (Tejon);

an immediate family member of the director is not, and in the past five years has not been, employed as an executive officer of Tejon;

neither the director nor a member of the director's immediate family is, or in the past three years has been, affiliated with or employed by Tejon's present or former (within three years) internal or external auditor;

neither the director nor a member of the director's immediate family is, or in the past three years has been, employed as an executive officer of another company where any of Tejon's present executives serve on that company's compensation committee;

neither the director nor a member of the director's immediate family receives or has received more than \$100,000 per year in direct compensation from Tejon in the past three years, other than director and committee fees and pensions or other forms of deferred compensation for prior services (provided such compensation is not contingent in any way on continued service);

the director is not, and during the past three years has not been, an executive officer or employee, and no member of the director's immediate family is or has been during the past three years an executive officer, of a company that makes payments to, or receives payments from, Tejon for property or services in an amount which, in any single fiscal year, exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenues.

For purposes of this Attachment A, an immediate family member means a person's spouse, parents, children, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, brothers- and sisters-in-law, and anyone (other than an employee) who shares such person's home.

TEJON RANCH CO.

PROXY

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned acknowledges receipt of the Notice of Annual Meeting of Stockholders and Proxy Statement, each dated April 7, 2006, and hereby appoints KENT G. SNYDER and ROBERT A. STINE as proxies (each with full power to act in the absence of the other, and each with full power of substitution), to represent and to vote all shares of Common Stock of Tejon Ranch Co. held of record by the undersigned on March 17, 2006, at the Annual Meeting of Stockholders to be held on May 9, 2006, or any adjournment or postponement thereof.

In their discretion, the proxies are authorized to vote upon such other business as properly may come before the meeting.

(Continued on reverse side)

PLEASE SIGN AND DATE ON REVERSE SIDE AND RETURN IN THE ACCOMPANYING ENVELOPE

TEJON RANCH CO.

Annual Meeting of Stockholders

May 9, 2006, 9:30 a.m.

Hyatt Regency Irvine

17900 Jamboree Boulevard

Irvine, California

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF DIRECTORS.

1. ELECTION OF TWO DIRECTORS (Class I) **FOR** all nominees listed below
(except as written to the contrary below) **WITHHOLD AUTHORITY** to vote for **ALL** nominees listed below
ROBERT C. RUOCCO and GEOFFREY L. STACK.

(Instruction: to withhold authority to vote for any individual nominee write in the nominee's name in the space below.)

VOTE BY INTERNET OR TELEPHONE OR MAIL

24 Hours a Day, 7 Days a Week

Internet and telephone voting is available through 11:59 PM Eastern time

the day prior to the Annual Meeting.

Your telephone or internet vote authorizes the named proxies to vote your shares in the same manner as if you marked, signed and returned your proxy card.

Internet

Telephone

Mail

<http://www.proxyvoting.com/trc>

1-866-540-5760

Use the internet to vote your proxy. Have your proxy card in hand when you access the web site. You will be prompted to enter your control number, located in the box below, to create and submit an electronic ballot.

OR

Use any touch-tone telephone to vote your proxy. Have your proxy card in hand when you call. You will be prompted to enter your control number, located in the box below, and then follow the directions given.

OR

Mark, sign and date your proxy card and return it in the enclosed postage-paid envelope.

If you vote your proxy by internet or by telephone, you do NOT need to mail back your proxy card.