



The science and technology used to measure and determine specific locations certainly has changed over the years. The primary tool of the surveyor used to be the TRANSIT. Consisting of a telescope mounted on a tripod with a compass and leveling vial, surveyors used the transit to determine the angular relationship between fixed points. Today, they use Global Positioning Systems (GPS) to secure measurement readings from satellites within seconds.

TEJON RANCH

COMPANY *is a*

diversified real estate

development and agri-

business company

committed to responsibly

using its land and

resources to meet the

housing, employment

and lifestyle needs of

Californians and to create

value for its shareholders.

The Company's Vision

is guided by the Ranch's

historic core values of

conservation and good

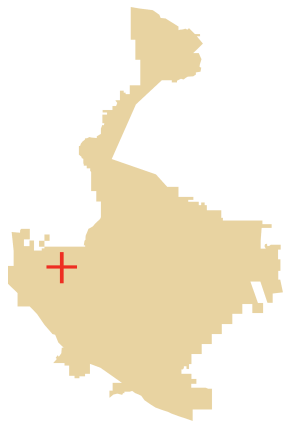
stewardship.



TEJON
RANCH
COMMERCE
CENTER



CALIFORNIA
AQUEDUCT



Strategically located in the center of the state, the mountains and hills of Tejon Ranch serve as the transition point from Southern California to the San Joaquin Valley.

To Our Valued Shareholders

One of the first things I heard when I started my real estate career some 40 years ago was that the three most important words in real estate were location, location and location. Decades later, some may dismiss that notion as an old fashioned simplistic cliché, but like many “old sayings” it has stood the test of time because it is largely true. While other factors may come into play when analyzing the value of a piece of real estate, location is by far the most important part of the equation. And without a doubt, Tejon Ranch has location in abundance.



Robert A. Stine
*President &
Chief Executive Officer*

STRATEGIC LOCATION

Throughout the history of California, Tejon Ranch’s strategic location has ensured that it would play a vital role in the growth of trade, transportation and commerce, as well as the development of real estate in the Golden State. The discovery of gold in California in 1848 brought about the largest mass migration in U.S. history. For those arriving by sea



INTERSTATE 5 winds
through *Grapevine
Canyon.*

at the Gulf of Mexico and San Diego, the main inland route to the gold fields was through Tejon Ranch. The Los Angeles-Stockton Road cut through the Ranch in two directions, one down Tejon Canyon and the other through Grapevine Canyon. The route through Grapevine Canyon eventually became part of the Butterfield

Overland Stage Coach Line. In 1854, the Federal Government established Fort Tejon, home to the 1st Dragoons, along this critical transportation corridor. By the 1860s, the area around Fort Tejon had grown to become the third largest settlement in Southern California. Further north over the

Grapevine was Rose Station, a lively watering stop for the stage coaches. In the 1870s, it boasted several general stores, a post office and a tavern.

The same intrinsic factors that made Tejon Ranch an important location for trade, transportation and commerce over the last two centuries are still in play today. The Los Angeles-Stockton Road through Grapevine Canyon

has evolved to become Interstate 5, California's principal north-south highway. The site where the historic Rose Station once stood is now home to the **Tejon Ranch Commerce Center**, which serves as a center of modern day California commerce as well as a welcome stop for the thousands of travelers who pass through Tejon Ranch every day.

The Tejon Ranch Commerce Center already hosts nearly 4.5 million square feet of industrial space with an additional 16.5 million available. It is home to major distribution facilities for IKEA and Famous Footwear, and last year we added Dollar General (606,000 square feet) and Caterpillar (400,000 square feet) to the mix of world class companies located within our development.

What's the reason behind its success? There are a number of factors that have led the Tejon Ranch Commerce Center to becoming one of the fastest growing commercial/industrial developments in California, let alone Kern County, but its strategic location has to be chief among them.

Located at the geographic center of state, and situated directly on I-5, California's leading transportation corridor, companies located at Tejon can serve 97% of California consumers within a single day's truck turn. That's a huge advantage for companies looking to serve the entirety of California, and even the adjacent western states beyond. According to John Flanigan, Dollar General's executive vice president of global supply chain, it was a key reason why they chose the Tejon Ranch Commerce Center. Here's what he had to say when the deal was announced:

"The Tejon Ranch distribution center is strategically located to serve our supply chain needs as we continue to expand westward. From its central location, our supply chain team can deliver goods to stores in northern and southern California in a day."

Our leasing and sales efforts also benefit from our jurisdictional location. Kern County has earned a well deserved reputation for being business-friendly. This is a key advantage for us. The county's streamlined permit processing enabled the Caterpillar



CATERPILLAR'S California Distribution Center at the Tejon Ranch Commerce Center opened in August 2012, only 8 months after the close of escrow.

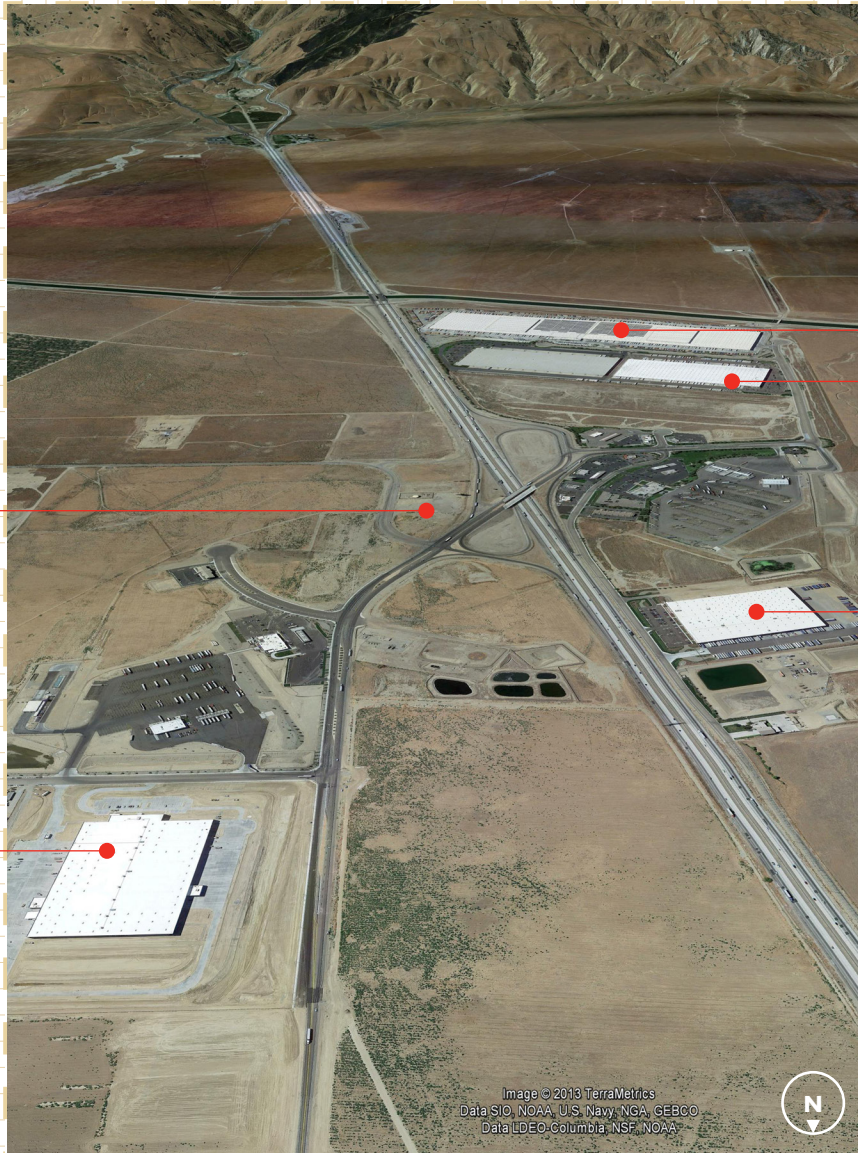
FUTURE SITE OF
THE OUTLETS AT TEJON RANCH

CATERPILLAR

IKEA

DOLLAR
GENERAL

FAMOUS
FOOTWEAR



“From its central location,
our supply chain team can
deliver goods to stores in
northern and southern
California in a day.” —
John Flanigan, *Executive Vice
President, Dollar General*



CALIFORNIA
AQUEDUCT



The location of the proposed landmark community of Centennial is the perfect canvas on which to create a new model for development, one focused on sustainability, wellness, and economic vitality.

project to progress from the signing of the deal to delivery of the building in only eight months. That type of speed is unheard of in the balance of California.

The Tejon Ranch Commerce Center has also become a prime retail destination. Research conducted in early 2011 revealed that nearly 25% of Southern California residents already stop there on their travels north or the return trip south. As evidence of the volume of business transacted at the Commerce Center, Starbucks' Tejon store is one of the top performers in the chain.

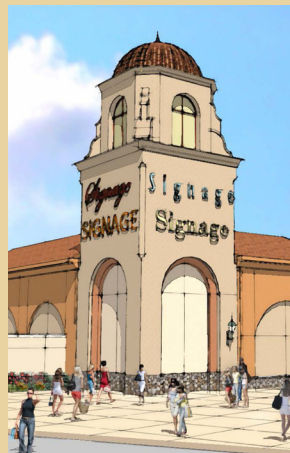
That's why we think this is the perfect location for an outlet center. To that end, we've partnered with The Rockefeller Group on **The Outlets at Tejon Ranch**, a high-end outlet retail center being planned for the east side of the Commerce Center at the Laval Road exit. As currently envisioned, phase one of the development would encompass approximately 325,000 square feet of retail space, and some 80 stores and restaurants. Phase two would add an additional 180,000 square feet. We're making great progress in

our leasing effort as major outlet brands have almost universally embraced both the market and the location. If all goes well, The Outlets at Tejon Ranch should be ready to welcome its first customers in the spring of 2014.

Not only do we expect the outlet center to be an unqualified success in its own right, but we believe it will also serve as a catalyst to drive land values on adjacent retail parcels.

Our planned residential communities, **Tejon Mountain Village** and **Centennial**, will also benefit from their strategic locations. It's interesting to note that real estate development is not a new concept for their particular locations as they will be built in the same area

that comprised the Fort Tejon settlement, once one of California's largest. And the area already contains the necessary infrastructure needed for a new community; adjacent highways, utilities, water delivery systems, fiber optic lines, etc. This past year we finished the installation of the Bear Trap Turnout, which allows us to tap into the giant pipes of the California Aqueduct



Artist rendering of **THE OUTLETS AT TEJON RANCH**, which is slated to open in Spring 2014.

system that cross Tejon Ranch. This will enable us to use a portion of our State Water Project allocation for Tejon Mountain Village. In addition to having ready access to infrastructure, Centennial and Tejon Mountain Village are also conveniently located within an hours' drive of the Los Angeles metropolitan area and its millions of people.

GEOLOGIC LOCATION

A look below the surface of the land also reveals the importance of Tejon's location. Our oil and gas fields, located in the area where valley land collides with the mountains, have been active producers since the 1930s. In the last few years, we've seen growing interest in our oil fields. 2012 was another year of strong exploration activities, increased drilling, and record production—nearly 800,000 barrels.

Due to the growth we're seeing in our oil and gas operations and the increasing importance of this area to our business operations, we've decided to create a new segment in our financial reporting dedicated solely to oil, gas

and minerals. We want to make it easier for you to clearly track the revenue realized from this important part of our diversified operation.

RICH LOCATION

Above our mineral estate in the Southern San Joaquin Valley you'll find some of the richest, most fertile soil in the country. Our agricultural division capitalizes on this fact, using nearly 4,300 acres of land in the valley portion of the Ranch to grow permanent high value crops like wine grapes, almonds and pistachios. Over the last three years, our farming operation has netted the Company over \$25 million, that's approximately \$2,000 in profit per acre per year.



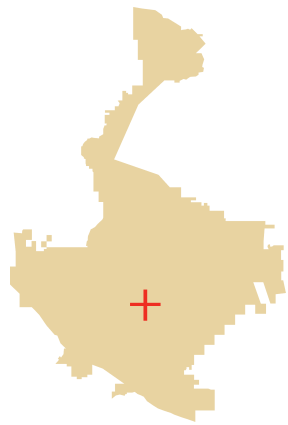
Workers constructing the **BEAR TRAP TURNOUT**, which provides access to the California Aqueduct—the primary source of water for Tejon Mountain Village.

BEAUTIFUL LOCATION

“California is certainly blessed by natural beauty and is supremely blessed on Tejon Ranch.” Those were the words of the Sierra Club's Bill Corcoran when we announced our historic land use and conservation agreement in 2008, and truer words were never spoken. Our 422 square miles hold some of the most beautiful vistas in the state.

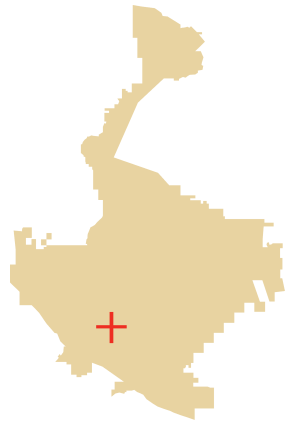


GEGHUS
RIDGE



One of the views in Tejon Mountain Village, where future homeowners can establish their own legacies as they enjoy the natural beauty and gracious living of one of California's great ranchos.

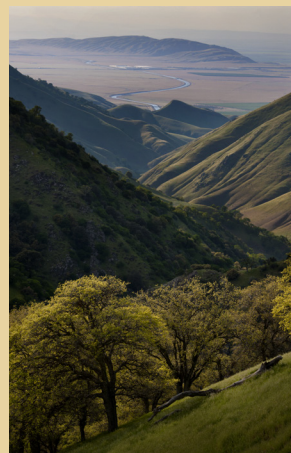
TEJON
MOUNTAIN
VILLAGE



The entry to Tejon Mountain Village will be located on Tejon Lake Drive, just to the north and west of Tejon (Castac) Lake.

Traversing Tejon Ranch reveals a dramatic tapestry of rugged mountains, steep canyons, oak-covered rolling hills, and broad valleys. Oaks of almost every kind can be found on the land, as can conifer forests, Joshua trees, and spectacular spring displays of wildflowers as far as the eye can see. We believe the opportunity to live within and view our beautiful landscape will be a key component of our future marketing program. Imagine... a new generation of families having the opportunity to establish their own legacies in this remarkable landscape, building ranches and homes where they can enjoy an upscale ranch lifestyle and experience the natural beauty and gracious living of one of California's great ranchos. When it comes to the value associated with our future residential and resort development, our spectacular landscape and beautiful location are key.

Marty Whitman, chairman of the Third Avenue Fund, one of our largest shareholders, once said that the best thing about Tejon Ranch was that it was in California. And on the flip side, he said one of the Ranch's greatest challenges is that it is in California. We certainly recognize the



Another spectacular view from TEJON MOUNTAIN VILLAGE—looking down Grapevine Canyon into the southern San Joaquin Valley.

difficulties inherent with entitling land in California and operating in a constraining regulatory environment. However, as a Company, we are uniquely positioned to overcome these challenges. We own the land outright and are not burdened by debt service requirements. This allows us to be patient—not rush to market before the market is ready, to do things right, and focus on creating long term value. And the progress we've made to date on both the Tejon Ranch Commerce Center and Tejon Mountain Village, which last year was affirmed by the 5th District Court of Appeals, is noteworthy. There are very few places—and companies—in California that have achieved what we've achieved and where the future is so bright.

As always, we appreciate your support as we endeavor to maximize the value of this extraordinary asset that's situated in an extraordinary location.

A handwritten signature in black ink that reads "Robert A. Stine". The signature is fluid and cursive.

Robert A. Stine
President &
Chief Executive Officer

Consolidated Balance Sheets

(\$ in thousands)	DECEMBER 31	
	2012	2011
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 7,219	\$ 18,372
Marketable securities - available-for-sale	65,049	68,566
Accounts receivable	8,768	7,832
Inventories	3,839	3,587
Prepaid expenses and other current assets	4,881	4,317
Deferred tax assets	997	1,099
Total current assets	90,753	103,773
Property and equipment - net of depreciation (includes \$72,115 at December 31, 2012 and \$67,442 at December 31, 2011, attributable to Centennial Founders LLC, Note 15)	146,590	128,430
Investments in unconsolidated joint ventures	54,022	53,893
Long-term water assets	28,565	28,336
Long-term deferred tax assets	5,376	6,845
Other assets	2,550	699
Total assets	\$ 327,856	\$ 321,976
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Trade accounts payable	\$ 3,845	\$ 3,496
Accrued liabilities and other	2,132	2,025
Income taxes payable	—	2,484
Deferred income	1,195	2,125
Current portion of long-term debt	41	37
Total current liabilities	7,213	10,167
Long-term debt, less current portion	212	253
Long-term deferred gains	2,248	2,664
Other liabilities	6,508	5,474
Pension liability	3,416	2,979
Total liabilities	19,597	21,537
Commitments and contingencies		
EQUITY:		
Tejon Ranch Co. Stockholders' Equity		
Common stock, \$.50 par value per share:		
Authorized shares - 30,000,000		
Issued and outstanding shares - 20,085,865 at December 31, 2012 and 19,975,706 at December 31, 2011	10,043	9,988
Additional paid-in capital	198,117	194,273
Accumulated other comprehensive loss	(5,118)	(4,756)
Retained earnings	65,550	61,109
Total Tejon Ranch Co. Stockholders' Equity	268,592	260,614
Non-controlling interest	39,667	39,825
Total equity	308,259	300,439
Total liabilities and equity	\$ 327,856	\$ 321,976

Consolidated Statements of Operations

(\$ in thousands, except per share amounts)	YEAR ENDED DECEMBER 31		
	2012	2011	2010
REVENUES:			
Real estate - commercial/industrial	\$ 9,941	\$ 13,746	\$ 10,294
Real estate - resort/residential	583	16,134	281
Mineral resources	14,012	12,206	6,362
Farming	22,553	21,012	18,576
Total revenues	47,089	63,098	35,513
COSTS AND EXPENSES:			
Real estate - commercial/industrial	12,271	13,221	10,535
Real estate - resort/residential	4,761	3,942	3,089
Mineral resources	334	209	124
Farming	13,323	12,575	10,914
Corporate expenses	13,272	12,277	5,612
Total expenses	43,961	42,224	30,274
Operating income	3,128	20,874	5,239
OTHER INCOME:			
Investment income	1,242	1,260	979
Interest income (expense)	(12)	—	(9)
Other income	113	98	61
Total other income	1,343	1,358	1,031
Income from operations before equity in earnings of unconsolidated joint ventures	4,471	22,232	6,270
Equity in earnings of unconsolidated joint ventures, net	2,535	916	541
Income before income tax expense	7,006	23,148	6,811
Income tax expense	2,723	7,367	2,852
Net income	4,283	15,781	3,959
Net loss attributable to non-controlling interest	(158)	(113)	(216)
Net income attributable to common stockholders	\$ 4,441	\$ 15,894	\$ 4,175
Net income per share attributable to common stockholders, basic	\$ 0.22	\$ 0.80	\$ 0.23
Net income per share attributable to common stockholders, diluted	\$ 0.22	\$ 0.80	\$ 0.22

Consolidated Statements of Comprehensive Income (Loss)

(\$ in thousands)	YEAR ENDED DECEMBER 31		
	2012	2011	2010
Net income	\$ 4,283	\$ 15,781	\$ 3,959
Other comprehensive income (loss):			
Unrealized gains (losses) on available for sale securities	182	(82)	(3)
Benefit plan adjustments	(922)	(2,574)	(505)
SERP liability adjustments	(12)	(1,825)	578
Equity in other comprehensive income of unconsolidated joint venture	152	217	(108)
Other comprehensive income (loss) before taxes	(600)	(4,264)	(38)
(Provisions) benefit for income taxes related to other comprehensive income (loss) items	238	1,699	(2)
Other comprehensive income (loss)	(362)	(2,565)	(40)
Comprehensive income	3,921	13,216	3,919
Comprehensive loss attributable to non-controlling interests	(158)	(113)	(216)
Comprehensive income attributable to common stockholders	\$ 4,079	\$ 13,329	\$ 4,135

Consolidated Statements of Equity

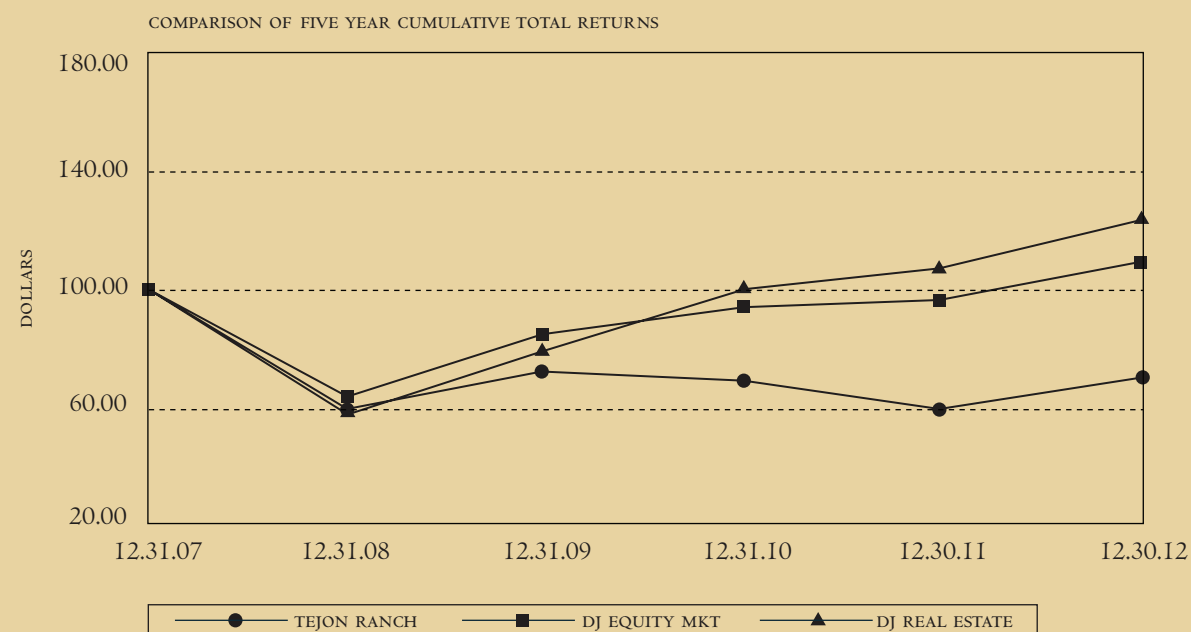
<i>(\$ in thousands, except share information)</i>	Common Stock Shares Outstanding	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income Loss	Retained Earnings	Total Tejon Ranch Co.'s Stockholders' Equity	Non- controlling Interest	Total Equity
Balance, December 31, 2009	17,019,428	\$ 8,509	\$ 126,829	\$ (2,151)	\$ 41,040	\$ 174,227	\$ 40,154	\$ 214,381
Net income (loss)	—	—	—	—	4,175	4,175	(216)	3,959
Other comprehensive income	—	—	—	(40)	—	(40)	—	(40)
Rights offering, net of expenses	2,608,735	1,306	58,454	—	—	59,760	—	59,760
Exercise of stock options and related tax benefit of \$204	78,894	39	1,960	—	—	1,999	—	1,999
Restricted stock issuance	56,131	28	(28)	—	—	—	—	—
Stock compensation	—	—	(2,944)	—	—	(2,944)	—	(2,944)
Shares withheld for taxes	(15,718)	(8)	(455)	—	—	(463)	—	(463)
Balance at December 31, 2010	19,747,470	9,874	183,816	(2,191)	45,215	236,714	39,938	276,652
Net income	—	—	—	—	15,894	15,894	(113)	15,781
Other comprehensive income	—	—	—	(2,565)	—	(2,565)	—	(2,565)
Exercise of stock options and related tax benefit of \$634	205,165	103	5,773	—	—	5,876	—	5,876
Restricted stock issuance	52,069	26	(26)	—	—	—	—	—
Stock compensation	—	—	5,507	—	—	5,507	—	5,507
Shares withheld for taxes	(28,998)	(15)	(797)	—	—	(812)	—	(812)
Balance at December 31, 2011	19,975,706	9,988	194,273	(4,756)	61,109	260,614	39,825	300,439
Net income	—	—	—	—	4,441	4,441	(158)	4,283
Other comprehensive income	—	—	—	(362)	—	(362)	—	(362)
Exercise of stock options and related tax benefit of \$8	13,641	7	363	—	—	370	—	370
Restricted stock issuance	179,172	89	(89)	—	—	—	—	—
Stock compensation	—	—	5,832	—	—	5,832	—	5,832
Shares withheld for taxes	(82,654)	(41)	(2,262)	—	—	(2,303)	—	(2,303)
Balance at December 31, 2012	20,085,865	\$ 10,043	\$ 198,117	\$ (5,118)	\$ 65,550	\$ 268,592	\$ 39,667	\$ 308,259

Consolidated Statements of Cash Flows

(\$ in thousands)	YEAR ENDED DECEMBER 31		
	2012	2011	2010
OPERATING ACTIVITIES			
Net income	\$ 4,283	\$ 15,781	\$ 3,959
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	4,954	3,629	2,119
Amortization of premium/discount of marketable securities	874	641	198
Equity in earnings	(2,535)	(916)	(541)
Non-cash retirement plan expense	1,047	528	800
Gain on sale of real estate	(676)	(4,058)	(559)
Gain on sale of easements	—	(15,750)	—
Deferred income taxes	1,810	(162)	(1,351)
Amortization of stock compensation expense (reversal)	5,440	5,340	(2,944)
Excess tax benefit from stock-based compensation	8	(634)	(227)
Distribution of earnings from unconsolidated joint ventures	7,200	—	1,440
Changes in operating assets and liabilities:			
Receivables, inventories and other assets, net	(1,761)	2,570	(56)
Current liabilities, net	(6,552)	2,515	361
Net cash provided by (used in) operating activities	14,092	9,484	3,199
INVESTING ACTIVITIES			
Maturities and sales of marketable securities	19,809	19,143	15,720
Funds invested in marketable securities	(16,984)	(39,448)	(34,751)
Property and equipment expenditures	(20,669)	(13,649)	(14,196)
Reimbursement proceeds Kern County - Laval Interchange	—	—	1,613
Reimbursement proceeds from Communities Facilities District	—	—	10,860
Proceeds from sale of real estate	—	4,988	604
Proceeds from sale of easements	—	15,750	—
Investment in unconsolidated joint ventures	(6,154)	(4,457)	(4,594)
Distribution of equity from unconsolidated joint ventures	1,512	—	4,100
Investments in long-term water assets	(797)	—	(11,981)
Other	10	(495)	(943)
Net cash provided by (used in) investing activities	(23,273)	(18,168)	(33,568)
FINANCING ACTIVITIES			
Borrowings of short-term debt	1,500	—	(16,400)
Repayments of short-term debt	(1,500)	—	6,850
Repayments of long-term debt	(39)	(35)	(33)
Net proceeds from rights offering	—	—	59,760
Proceeds from exercise of stock options	370	5,876	1,999
Taxes on vested stock grants	(2,303)	(812)	(463)
Net cash provided by (used in) financing activities	(1,972)	5,029	51,713
Increase (decrease) in cash and cash equivalents	(11,153)	(3,655)	21,344
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	18,372	22,027	683
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 7,219	\$ 18,372	\$ 22,027
Supplemental cash flow information			
Accrued capital expenditures included in current liabilities	\$ 2,293	\$ 590	\$ —
Sale of assets accounted as direct finance leases	\$ 913	\$ —	\$ —
Taxes paid (net of refunds)	\$ 4,021	\$ 5,002	\$ 875

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.



- Assumes \$100 invested on December 31, 2007
- Total return assumes reinvestment of dividends
- Fiscal year ending December 31

	2008	2009	2010	2011	2012
TEJON RANCH	-39.44%	18.11%	-5.72%	-11.14%	14.71%
DJ EQUITY MKT	-37.16%	28.79%	16.65%	1.34%	16.33%
DJ REAL ESTATE	-40.07%	30.81%	26.93%	6.05%	18.91%

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 where 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.

QUARTER	2012		2011	
	HIGH	LOW	HIGH	LOW
First	\$31.64	\$24.33	\$36.97	\$25.24
Second	\$30.94	\$25.10	\$37.70	\$32.31
Third	\$31.08	\$25.25	\$37.00	\$23.71
Fourth	\$30.78	\$25.70	\$27.47	\$22.80

As of March 5, 2013, there were 353 registered owners of record of our Common Stock.

Directors

Kent G. Snyder
Chairman of the Board,
Tejon Ranch Company;
Real Estate Attorney

John L. Goolsby
Private Investments and Real Estate

Anthony L. Leggio
President,
Bolthouse Properties LLC

Norman Metcalfe
Real Estate and Investments

George G.C. Parker
Dean Witter Distinguished
Professor of Finance,
Stanford Business School

Geoffrey L. Stack
Managing Director,
SARES-REGIS Group,
Real Estate Development
and Management

Robert A. Stine
President and Chief Executive Officer,
Tejon Ranch Company

Daniel R. Tisch
Managing Member,
Tower View LLC,
Investment Management

Michael H. Winer
Portfolio Manager,
Third Avenue Management LLC,
Investment Management

Executive Officers

Robert A. Stine
President and
Chief Executive Officer

Allen E. Lyda
Executive Vice President,
Chief Financial Officer
and Assistant Secretary

Dennis J. Atkinson
Senior Vice President – Agriculture

Joseph E. Drew
Senior Vice President – Real Estate

Gregory J. Tobias
Vice President,
General Counsel & Secretary

Corporate Directory

Corporate Office

Tejon Ranch Company
Post Office Box 1000
4436 Lebec Road
Tejon Ranch, California 93243
Telephone: (661) 248-3000

Securities Listing

Tejon Ranch Company
Common Stock is listed on
the New York Stock Exchange
under the ticker symbol: TRC

Stock Transfer Agent & Registrar

Computershare Shareowner Services LLC
480 Washington Boulevard
Jersey City, NJ 07310-1900

Auditors

Ernst & Young LLP

Form 10-k

A copy of this report and the Company's
Annual Report to the Securities and Ex-
change Commission on Form 10-k, without
exhibits, will be provided without charge to
any stockholder submitting a written request
to the Corporate Secretary:

Tejon Ranch Company
Post Office Box 1000
Tejon Ranch, California 93243



TEJON RANCH

WWW.TEJONRANCH.COM