

FALL 2006

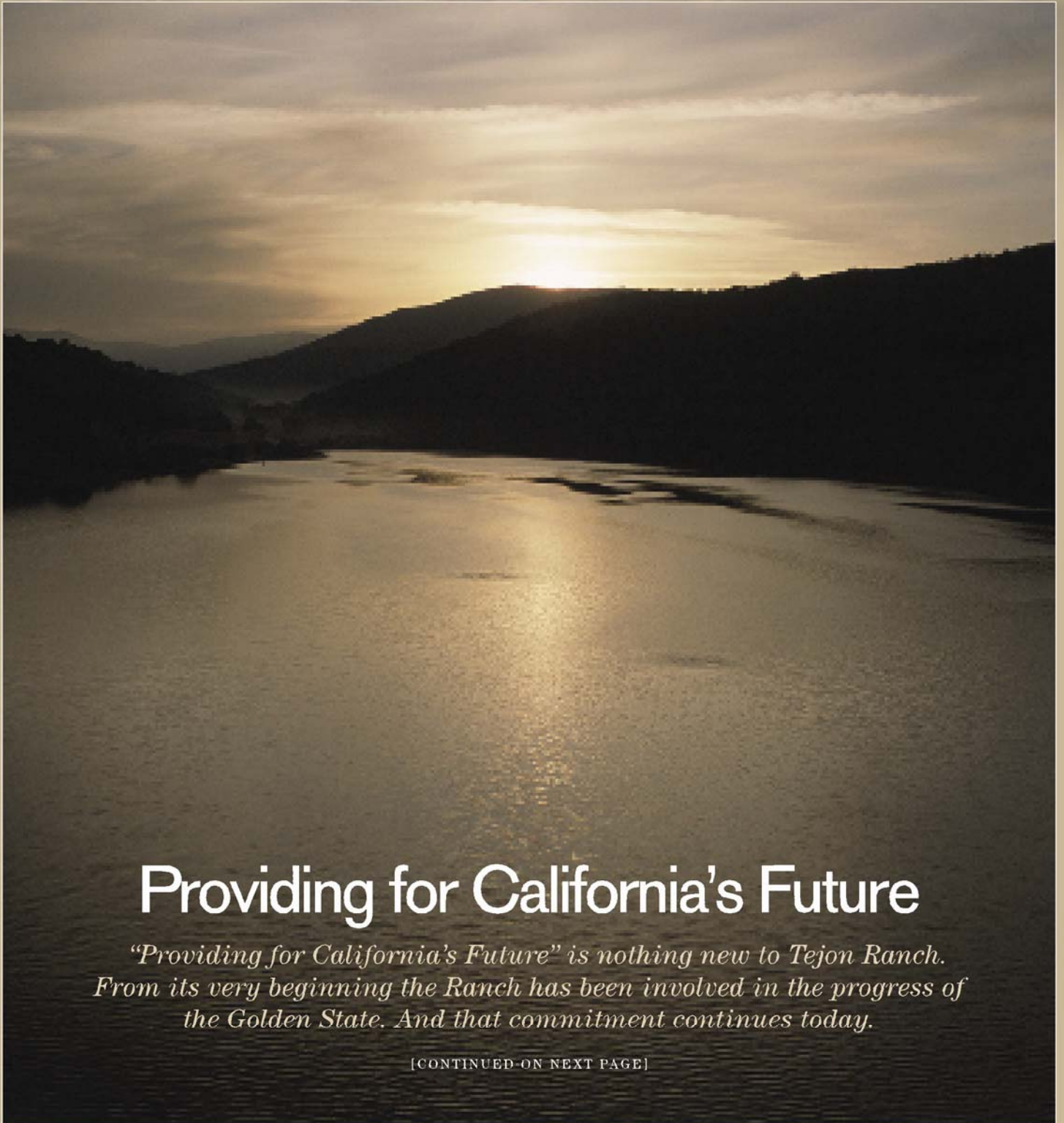
PRESERVING CALIFORNIA'S LEGACY



TEJON RANCH

PROVIDING FOR CALIFORNIA'S FUTURE

GRAPEVINE



Providing for California's Future

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“Providing for California’s Future” is nothing new to Tejon Ranch. From its very beginning the Ranch has been involved in the progress of the Golden State. And that commitment continues today.

A recent example of the Ranch thinking beyond its borders to help provide for the greater good of California is the Voluntary Emissions Reduction Program it developed last year in conjunction with the San Joaquin Valley Air Pollution Control District. The program, which replaced old polluting diesel engines with new clean-burning models at farms and industrial sites throughout the southern San Joaquin Valley, not only will mitigate any potential emissions from the expansion of Tejon Industrial Complex, it is helping to clean the air now in the South.

Sayed Sadredin, Director of the Valley Air District, applauds the Ranch’s efforts to clean the air. “Tejon Ranch should be commended for its initiative and innovation in working with the air district, through these voluntary emission reduction agreements, to fully and effectively mitigate emissions from Tejon’s industrial development at Tejon Industrial Complex East,” he said.

The Ranch also recently helped improve public safety in the southern San Joaquin Valley. Kern County’s newest fire station, which was completely funded by Tejon Ranch, opened last spring at Tejon Industrial Complex. Known as Station 55-Tejon, the new facility will provide improved emergency service to not only the residents of the area, but also to the thousands



of motorists who travel Interstate 5 near the Grapevine.

From communications to transportation to water, Tejon Ranch has a history of providing for California’s future. The statewide telegraph service was routed through the Ranch in 1858 and now hundreds of miles of vital telecommunication and fiber optic lines cross the Ranch. Where wagon trains and stagecoaches

once traveled, cars and trucks now speed along California’s principal transportation corridor, Interstate 5, which cuts a path through the western portion of the Ranch. The 1960s saw construction of the California Aqueduct, which cuts a 23-mile path through Tejon. The largest pumping facility on the 444-mile aqueduct is located on the Ranch. It’s capable of lifting two million gallons of water a minute over the Tehachapi Mountains, so it can be delivered to Southern California. The Pastoria Energy Facility, which went on line in 2005, is located on the Ranch and is providing much needed power to California. Without that

new plant, the state’s electrical grid would not have been able to weather the energy demands generated by last July’s extreme heat.



While Tejon Ranch has been involved in the progress of California, it’s also helped preserve both the land and the legacy of good stewardship handed down by the Ranch’s forefathers. As Tejon Ranch moves forward with its vision for the future, it will continue the

commitment long established at the Ranch – a commitment to “Preserve California’s Legacy” and “Provide for California’s Future.”



NEWS FROM THE RANCH

When the recent Day Fire moved perilously close to the mountain communities adjacent to Tejon Ranch, a call went out to evacuate horses and other large animals from the area. Tejon Ranch and its equestrian facility answered that call, providing shelter for hundreds of horses and other evacuated animals. It was simply the right thing to do, and we were touched by the letters we received from grateful horse owners. Here are two.

We would like to add our thanks and gratitude to Tejon Ranch and especially to the staff of the equestrian complex for their generosity and momentous efforts during the Day Fire crisis. Our two horses were evacuated from PMC on Tuesday to the equestrian complex and were received with incredible concern and professional care. Arriving after regular hours, we watched as Aaron Dickinson and his wife scrambled with their infant son on the hip of either mom or dad to accommodate the ever growing number of horses coming in from all over the mountain community. As stalls and paddocks filled they found portable fence sections and ways of reconfiguring existing fences and runs to assure the safety of more and more horses.

Twice a day we returned to check on our horses and never saw an animal turned away nor was there ever a mention of a fee for this incredible service. When we offered and asked what we could do to help they replied it was their pleasure to be able to help the mountain community in need. The staff fed and watered, mucked the stalls, and saw to the welfare of an immense number of horses all at the expense of Tejon Ranch, and many times we saw their extra concern in caring for nervous, frightened, and displaced animals. Our community should be proud to have members like the staff of Tejon Ranch Equestrian Center and we applaud and thank them for their efforts.

Sincerely,

Judith & Dennis Howard



October 6, 2006

We're horse owners in Pine Mountain who had to evacuate our horses to safety when the Day Fire came too close. Several places generously took in our horses along with the horses belonging to many others in our mountain community.

Our particular thanks are to Tejon Ranch and Tejon Equestrian Center. Tejon Ranch has the "Cadillac" of equestrian centers in this area. They opened up their facility without hesitation to us and to anyone else who needed to stable a horse out of harm's way. They provided their feed and shavings. They helped us load and unload our horses when necessary (and with some horses this can take hours). In all, they provided shelter for close to 200 horses.

They asked for nothing in return. Tejon Ranch was a good neighbor. And we are very grateful. We would especially like to thank Aaron Dickinson, the equestrian center manager, and Terry Bowman for their assistance.

*Jane Hein, Lori Smith, Lonon Smith
and your friends from Pine Mountain
Equestrian Center*



Tejon Mountain Village Names New Vice President

Tejon Mountain Village, the environmentally sensitive residential and resort community being planned on Tejon Ranch, now has its own Vice President and General Manager. Tejon Mountain Village LLC, the joint venture between Tejon Ranch Company and Scottsdale, AZ based DMB Associates, Inc., has selected Roberta Marshall, a senior real estate development executive with more than 21 years experience with The Irvine Company, to lead the effort to develop Tejon Mountain Village. Featuring an extensive amount of natural open space, Tejon Mountain Village is designed to be one of America's premier mountain retreat communities.

"We are delighted that Roberta Marshall will be leading the team to develop Tejon Mountain Village," said Robert A. Stine, President and CEO of Tejon Ranch Company. "Her track record and reputation are of the highest caliber. Roberta is known for maintaining a positive working relationship and high credibility with government agencies, environmental groups, and local stakeholders."

Marshall comes to the project with an exceptional record of achievement in developing large scale, master planned communities. Most recently, she oversaw The Irvine Company's development of The Newport Coast in Orange County, Calif., a high-end residential and resort community overlooking the Pacific Ocean. The Newport Coast community is a well-balanced, environmentally sensitive 11,000-acre development that features custom and semi-custom homes, several hotels, two Fazio-designed golf courses, more than 200,000 square feet of tourist-related commercial and



Roberta Marshall
Vice President/General Manager
Tejon Mountain Village, LLC

neighborhood commercial development, and related recreational amenities.

In directing the effort to plan and build The Newport Coast, Marshall obtained entitlements from multiple jurisdictions and a number of federal, state and local agencies, including the California Coastal Commission. Newport Coast includes 80 percent open space and 20 percent carefully situated development. Tejon Mountain Village is also being designed to protect most of the land as open space.

In achieving approval of the Newport Coast plan, Marshall successfully negotiated agreements with a number of environmental groups, including Orange County Coastkeeper, which challenged The Irvine Company at state and federal levels over water quality issues. Coastkeeper is aimed at protecting marine habitats and watersheds.

Marshall was one of half a dozen executives who worked on solving the problem, Coastkeeper founder Garry Brown said. "We didn't always agree, but we always worked everything out," he said.

Together, the two groups redesigned the development's water quality plan, adding biofiltration basins, vegetative swales and other features to treat urban runoff, Brown said. "By the time we were done... it was a model water quality plan for the state," he said. "We went from suing them in federal court to giving them an award at a dinner."

"Roberta Marshall is the perfect fit,"

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Tejon Mountain Village



added Mark Kehke, Senior Vice President of DMB, who is responsible for DMB's community development efforts in California. "Her experience and success in developing communities where environmental stewardship and having a light touch on



the land is a top priority, as it is with Tejon Mountain Village, makes her the ideal person to help us create a

wonderful place where residents and guests can enjoy a beautiful natural setting."

Tejon Mountain Village is part of the Ranch's vision for its future, a vision that outlines a limited amount of environmentally sensitive development, significant land

preservation, and calls for the continuation of Tejon's historic ranching, farming and hunting operations.

Tejon's Annual Report Honored

Tejon Ranch Company won several awards for its 2005 Annual Report in the 14th American Business Communicators Annual Report Competition, including a First Place Award for Best Photography/Illustration. The Annual Report also received Outstanding Achievement recognitions for Overall Excellence, Cover Design and Narrative Presentation. Companies from all over the country enter their annual reports in the competition, including such well-known



Tejon Ranch 2005 Annual Report

corporations as General Electric, Charles Schwab, Comcast and Xerox.

Tejon Ranch Company's Corporate Communications Department worked with Douglas Oliver Design of Santa

Monica to produce the report, which was entered in the Joint Production Category.

"We are very pleased with these awards," said Barry

Zoeller, Vice President of Corporate Communications. "We want our annual report to reflect the image of Tejon Ranch, and we work hard to make sure it communicates Tejon Ranch's commitment to quality."

To view Tejon Ranch's 2005 Annual Report on line, go to the Investor Relations section of the corporate website www.tejonranch.com. To

request an Annual Report, please call (661) 663-4231.

A complete list of the winners in the American Business Communicators Annual Report Competition is available at www.ambizcom.com.



TEJON IN THE COMMUNITY

- Tejon Ranch's Lana Van Meter was the "Top Walker" at the 2006 Bakersfield Heart Walk, raising \$10,000 to help the Kern County chapter of the American Heart Association raise more than \$200,000 to fight heart disease and stroke. The Heart Walk Team from Tejon Ranch was the second leading fund raising team this year, collecting more than \$21,000 in contributions. Tejon Ranch Vice President Barry Zoeller served as co-chair of the event.



- Due to the evacuations and uncertainty caused by the Day Fire, the Ridge Route Museum & Historical Society was forced to cancel its annual Pioneer Day fundraiser. The society depends on the event to help it pay its mortgage. Not wanting the museum to become a collateral victim of the Day Fire, Tejon Ranch and its partners in Centennial stepped

in with \$2,500 apiece to help make up what the museum lost due to the fire.

- Tejon Ranch believes one of the best ways to "Provide for California's Future" is to help our local educational institutions. The Ranch has been a long-time supporter of California State University Bakersfield, and its recent \$100,000 contribution will help the university make the move to an NCAA Division I program.

- That commitment to education begins well before the university level. Tejon Ranch is once again helping to underwrite the Robotics program at Frazier Mountain High School. Also, its recent \$5,000 donation to Junior Achievement will help bring the organization's award-winning programs to nearby schools.



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