TEJON RANCH CO
Form DEF 14A
March 29, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

SCHEDULE 14A

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES

EXCHANGE ACT OF 1934

(Amendment No.)

Filed by the Registrant þ

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement
þ Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Pursuant to §240.14a-12

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

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):

þ No fee required.

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Post Office Box 1000

Lebec, California 93243

March 29, 2012

Dear Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of Tejon Ranch Co. on Tuesday, May 8, 2012, 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, which contain 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 8, 2012

The Annual Meeting of Stockholders of Tejon Ranch Co. (the Company or Tejon or referred to as we , us , our or words of similar import in t Notice and Proxy Statement) will be held at the Hyatt Regency Irvine, 17900 Jamboree Boulevard, Irvine, California on Tuesday, May 8, 2012, at 9:30 A.M., California time, for the following purposes:

1. To elect the two directors named in this Proxy Statement.

2. To ratify the appointment of Ernst & Young LLP as the Company s independent registered public accounting firm for fiscal year 2012.

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

The nominees of the Board of Directors of the Company for election at the meeting are Geoffrey L. Stack and Michael H. Winer.

The Board of Directors of the Company recommends that you vote FOR the approval of each of the proposals outlined in the Proxy Statement accompanying this notice.

The Board of Directors has fixed the close of business on March 13, 2012, 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.

Please note that if your shares are held by a broker, bank or other holder of record, your broker, bank or other holder of record will NOT be able to vote your shares with respect to Proposal 1 unless you provide directions to your broker. We strongly encourage you to return the voting instructions provided by your broker, bank or other holder of record or utilize your broker s telephone or Internet voting if available and exercise your right to vote as a stockholder.

For the Board of Directors,

KENT G. SNYDER, Chairman of the Board

ALLEN E. LYDA, Chief Financial Officer, Assistant Secretary

Lebec, California

March 29, 2012

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 VOTE YOUR SHARES IN PERSON, YOU MAY DO SO 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 8, 2012

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders To Be Held on

May 8, 2012

The Proxy Statement and accompanying Annual Report to stockholders are available at www.tejonranch.com or

at http://www.materials.proxyvote.com/879080

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 8, 2012 (the 2012 Annual Meeting).

It is anticipated that the mailing of this Proxy Statement and accompanying form of Proxy to stockholders will begin on or about March 31, 2012.

SOLICITATION OF PROXIES

At the meeting, the stockholders of the Company will be asked to vote on the following matters: (1) the election of the two directors named in this Proxy Statement, (2) the ratification of the appointment of Ernst & Young LLP as the Company s independent registered public accounting firm for fiscal year 2012, and (3) such other business as may properly come before the meeting. The Company s Board of Directors (the Board) is asking for your proxy for use at the 2012 Annual 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, e-mail, 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

General Information

Holders of shares of the Company s Common Stock, par value $0.50 (the Common Stock) of record at the close of business on March 13, 2012 (the Record Date) are entitled to notice of, and to vote at, the meeting. There were 19,993,470 shares of Common Stock outstanding on the Record Date. A stockholder of record 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 by submitting a later-dated proxy via the Internet, by telephone, or by mail. Unless a proxy is revoked and except as indicated below with respect to Proposal 1, 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 proposals as shown on the proxy. If you hold shares in a stock brokerage account or by a bank or other holder of record, you must follow the instructions of your broker, bank or other holder of record to change or revoke your voting instructions.

Broker Non-Votes

If your shares are held in a stock brokerage account or by a bank or other holder of record, you are considered to be the beneficial owner of those shares. As the beneficial owner, you have the right to instruct your broker, bank or other holder of record how to vote your shares. If you do not provide instructions, your broker, bank or other holder of record will not have the discretion to vote with respect to certain matters and your shares will constitute broker non-votes with respect to those matters. A broker non-vote occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power for that particular item and has not received instructions from the beneficial owner. Specifically, your broker, bank or other holder of record will not have the discretion to vote with respect to Proposal 1 but will have discretion to vote on Proposal 2. **Therefore, we strongly encourage you to follow the voting instructions on the materials you receive.**

Quorum

A majority of the Common Stock issued and outstanding and entitled to vote must be present at the 2012 Annual Meeting, either in person or by proxy, in order for there to be a quorum at the 2012 Annual Meeting. Shares of Common Stock with respect to which the holders are present in person at the 2012 Annual Meeting but not voting, and shares of Common Stock for which we have received proxies but with respect to which the holders of the shares have abstained, will be counted as present at the 2012 Annual Meeting for the purpose of determining whether or not a quorum exists. Broker non-votes will also be counted as present for the purpose of determining whether a quorum exists. 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.

Voting Requirements

For Proposal 1 (election of directors), the two (2) candidates receiving the highest number of affirmative votes at the 2012 Annual Meeting (also referred to as a plurality) will be elected as directors. Stockholders will be able to cumulate their vote 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. Abstentions and broker non-votes will not be counted as participating in the voting, and will therefore have no effect for purposes of Proposal 1.

Proposal 2 (the ratification of Ernst & Young LLP as our independent registered public accounting firm) will require the affirmative vote of the holders of a majority of the shares of Common Stock present in person or represented by proxy and entitled to vote at the 2012 Annual Meeting. Abstentions will be counted as present and will thus have the effect of a vote against Proposal 2.

Pursuant to Delaware corporate law, the actions contemplated to be taken at the 2012 Annual Meeting do not create appraisal or dissenters rights.

PROPOSAL 1

THE ELECTION OF DIRECTORS

The Board currently consists of eight directors divided into three classes based upon when their terms expire. The terms of two directors (Class I) will expire at the 2012 Annual Meeting, the terms of three directors (Class II) will expire at the 2013 Annual Meeting, and the terms of three directors (Class III) will expire at the 2014 Annual Meeting. The regular term of each director expires at the third Annual Meeting following the Annual Meeting at which that director was elected, so that each director serves a three year term, although directors continue to serve until their successors are elected and qualified, unless the authorized number of directors has been decreased.

The nominees of the Board for election at the 2012 Annual Meeting to serve as Class I directors are Geoffrey L. Stack and Michael H. Winer, both of whom are presently directors.

Nominations of persons for election to the Board by stockholders must be made pursuant to timely notice in writing to the Secretary of the Company pursuant to the Company s Certificate of Incorporation. See Stockholder Proposals for 2013 Annual Meeting for additional information on the procedure for stockholder nominations.

Except as noted below, each proxy solicited by and on behalf of the Board will be voted FOR the election of the nominees named above (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 nominees. Both of the nominees of the Board have consented to being named in this proxy statement and to serve if elected. 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 2012 Annual Meeting are nominated as candidates for director by persons other than the Board, the enclosed proxy may be voted in favor of any one or more of said nominees of the Board or substitute nominees and in such order of preference as the proxy holders may determine in their discretion.

Brokers do not have discretion to vote on this proposal without your instruction. Therefore, if you do not instruct your broker how to vote on this proposal, your broker will deliver a non-vote on this proposal.

THE BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR EACH OF THE NOMINEES NAMED ABOVE FOR ELECTION AS A DIRECTOR.

PROPOSAL 2

THE RATIFICATION OF THE APPOINTMENT OF INDEPENDENT

REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee has selected Ernst & Young LLP as the Company s independent registered public accounting firm for the fiscal year ending December 31, 2012. Services provided to the Company and its subsidiaries by Ernst & Young LLP in fiscal years 2011 and 2010 are described under Audit Fees below. Additional information regarding the Audit Committee is provided in the Report of the Audit Committee, below.

Representatives of Ernst & Young LLP are expected to be present at the 2012 Annual Meeting and will have an opportunity to make a statement if they wish and will be available to respond to appropriate questions from stockholders.

Stockholder Ratification of the Appointment of Independent Registered Public Accountant.

We are asking our stockholders to ratify the selection of Ernst & Young LLP as our independent registered public accounting firm. Although ratification is not required by our certificate of incorporation, bylaws or otherwise, the Board is submitting the selection of Ernst & Young LLP to our stockholders for ratification as a matter of good corporate practice. In the event stockholders do not ratify the appointment of Ernst & Young LLP, the appointment will be reconsidered by the Audit Committee and the Board. Even if the selection is ratified, the Audit Committee may, in its discretion, select a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of the Company and our stockholders.

Independent Registered Public Accounting Firm

Ernst & Young LLP was selected by the Audit Committee to serve as the Company s independent registered public accounting firm for the fiscal year 2012, and served in that capacity for the year ended December 31, 2011.

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, 2011 and for the reviews of the financial statements included in the Company s Forms 10-Q for the year ended December 31, 2011 were $400,666. 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, 2010 and for the reviews of the financial statements included in the Company s Forms 10-Q for the year ended December 31, 2010 were $388,260.

Audit-Related Fees. The aggregate audit-related fees billed by Ernst & Young LLP that were reasonably related to the performance of the audit or review of the Company s financial statements, including fees for the performance of audits and attest services not required by statute or regulations; audits of the Company s employee benefit plans; due diligence activities related to investments; and accounting consultations about the application of generally accepted accounting principles to proposed transactions (collectively, the Audit-Related Fees) for the year ended December 31, 2011 were $36,291. The Audit-Related Fees billed by Ernst & Young LLP for the year ended December 31, 2010 were $34,580.

Tax Fees. The aggregate fees billed by Ernst & Young LLP for tax compliance, advice and planning services for the year ended December 31, 2011 were $141,601. The aggregate fees billed by Ernst & Young LLP for tax compliance, advice and planning services for the year ended December 31, 2010 were $99,146. In each case, the services consisted of tax return preparation.

All Other Fees. Ernst & Young LLP did not bill for any services other than those listed above for the years ended December 31, 2011 or December 31, 2010.

The Audit Committee Charter requires that the Audit Committee pre-approve all services performed by the Company s outside auditor. To fulfill this requirement, the Company s outside auditor, 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. During the years ending December 31, 2011 and 2010, 100% of the services provided by Ernst & Young LLP were pre-approved by the Audit Committee.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS THE COMPANY S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR FISCAL YEAR 2012.

THE BOARD OF DIRECTORS

Consideration of Director Nominees

The Board believes the Board, as a whole, should possess the requisite combination of skills, professional experience, and diversity of backgrounds to oversee the Company s business. The Board also believes that there are certain attributes each individual director should possess, as reflected in the Board s membership criteria. Accordingly, the Board and the Nominating and Corporate Governance Committee (the Nominating Committee) consider the qualifications of directors and director candidates individually as well as in the broader context of the Board s overall composition and the Company s current and future needs.

The Nominating Committee is responsible for selecting nominees for election to the Board. In considering candidates for the Board, the Nominating Committee evaluates the entirety of each candidate s credentials, attributes, and other factors (as described in greater detail in the Company s Corporate Governance Guidelines), but does not have any specific minimum qualifications that must be met by a nominee. However, the Nominating 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. In addition, in considering the nomination of existing directors, the Nominating Committee takes into consideration (i) each director s contribution to the Board; (ii) any material change in the director s employment or responsibilities with any other organization; (iii) the director s ability to attend meetings and fully participate in the activities of the Board and the committees of the Board on which the director serves; (iv) whether the director has developed any relationships with the Company or another organization, or other circumstances that may have arisen, that might make it inappropriate for the director to continue serving on the Board; and (v) the director s age and length of service on the Board.

Because the Nominating Committee recognizes that a diversity of viewpoints and practical experiences can enhance the effectiveness of the Board, as part of its evaluation of each candidate, the Nominating Committee takes into account how each candidate s background, experience, qualifications, attributes and skills may complement, supplement or duplicate those of other prospective candidates.

Based on the parameters described above, the Board has determined that the directors standing for reelection and the remaining members of the Board have the qualifications, experience, and attributes appropriate for a director of the Company. As reflected below, each director has a varied background in the real estate industry, finance, and/or agriculture. These are all areas that are integral to the strategy, operations, and successful oversight of the Company.

Board Composition and Leadership Structure

The Board is grouped into three classes: (1) Class I Directors, whose terms will expire at the 2012 Annual Meeting, (2) Class II Directors, whose terms will expire at the 2013 Annual Meeting, and (3) Class III Directors, whose terms will expire at the 2014 Annual Meeting. The Board currently consists of eight directors. The Board s leadership is structured so that there is a separate Chairman of the Board and Chief Executive Officer. The Chairman of the Board is also an independent director. The Board believes that this structure is appropriate because it provides an additional layer of oversight to management and management s activities and allows the Board to act independent of management.

Director Qualifications and Biographical Information

The Nominating Committee considered the character, experience, qualifications and skills of each director, including the current director nominees, when determining whether each should serve as a director of the Company. In keeping with its stated criteria for director nominees described in the section entitled

Consideration of Director Nominees above, the Nominating Committee determined that each director, including the current director nominees, has substantial management experience, exhibits the highest personal values, judgment and integrity, and possesses 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. Each director is or has been a leader in their respective field and brings diverse talents and perspectives to the Board. The Nominating Committee also considered the experience and qualifications outlined below in the biographical information for each director, including each director nominee, as well as other public company board service.

The Nominating Committee noted the following particular attributes and qualities it considers when evaluating director nominees. The Nominating Committee believes that nominees with business and strategic management experience gained from service as a chief executive officer or similar position is a critical leadership component to Board service. The Nominating Committee also seeks nominees with backgrounds in finance, banking, economics, and the securities and financial markets, in order to have directors who can assess and evaluate the Company s financial and competitive position. The Nominating Committee emphasizes familiarity with the real estate and agricultural industries, and considers customer perspectives to be important when evaluating director nominees. Although each of the directors listed below possesses a number of these attributes, the Nominating Committee considered the specific areas noted below for each director when determining which of the director s qualifications best suited the needs of the Company and qualified them to serve as a director of the Company.

During the March 13, 2012 Board of Directors meeting, Ms. Grimm-Marshall resigned as a Director due to an increasing amount of time spent in managing her personal business interests. At this meeting, the Nominating and Corporate Governance Committee recommended that Daniel Tisch be elected as a Director to replace Ms. Grimm-Marshall, and the Board of Directors approved the recommendation. Mr. Tisch will become a Class II Director, and his principal occupation and current directorships are outlined below.

The following table sets forth information regarding the nominees for Class I Directors and also regarding the Class II Directors and the Class III Directors.

Nominees for Class I Directors Whose Terms Expire in 2012 and Principal Occupation, Employment, or Directorships	**First Became Director**	**Age**
Geoffrey L. Stack	1998	68
Mr. Stack has been the managing director of the Sares-Regis Group, a commercial and residential real estate development and management firm, since 1993. Mr. Stack is responsible for all residential operations of Sares-Regis, including development, acquisitions, finance, and management activities. Mr. Stack graduated from Georgetown University and received an M.B.A. in Real Estate Finance at the Wharton School, University of Pennsylvania. Our Board believes Mr. Stack s real estate development experience and his experience as the managing director of a real estate company make him well qualified to serve as a director.		
Michael H. Winer	2001	56
Mr. Winer has been employed by Third Avenue Management LLC (or its predecessor) since 1994. He is a senior member of the investment team and a member of the firm s Management Committee. Mr. Winer has managed the Third Avenue Real Estate Value Fund since its inception in 1998. Mr. Winer has served as a director of Newhall Holding Company LLC since 2008 and as a director of 26900 Newport Inc. since 1998. He retired as a director of Real Mortgage Systems in 2009. Mr. Winer received a B.S. degree in Accounting from San Diego State University and is formerly a certified public accountant in California. We believe that Mr. Winer s investment industry background and specifically his experience with real estate investing make him very qualified to serve as a director on our Board.		

Class II Directors Whose Terms Expire in 2013 and Principal Occupation, Employment, or Directorships	**First Became Director**	**Age**
George G.C. Parker	1999	73
Mr. Parker is a Dean Witter Distinguished Professor of Finance, Graduate School of Business, Stanford University. Mr. Parker has served in this position from 1973 to the present. Mr. Parker has served as a director of Netgear Inc. since 2006, as a director of Threshold Pharmaceuticals since 2002, as a director of iShares Mutual Fund since 1996, and as a director of Colony Financial, Inc. since 2009. Mr. Parker also formerly served as a director of Continental Airlines from 1996 until 2009. Mr. Parker received a B.A. from Haverford College, and an M.B.A. and PH.D. from Stanford University. Our Board believes Mr. Parker s finance background and perspective from serving on various other boards of directors makes him qualified to serve as a director.		
Robert A. Stine	1996	65
Mr. Stine has been employed as the President and Chief Executive Officer of Tejon Ranch Co. since May 1996. Mr. Stine has served as a director of Pacific Western Bancorp since 1996 and as a director of Valley Republic Bank since 2008. Mr. Stine also formerly served as a director of The Bakersfield Californian from 1999 until 2009. Mr. Stine received a B.S. from St. Lawrence University and an M.B.A. from the Wharton School of Business, University of Pennsylvania. Our Board believes Mr. Stine s extensive real estate development background and his strategic and operational insight from managing the Company make him qualified to serve as a director.		
Daniel Tisch	2012	61
Mr. Tisch has been the managing member of Towerview LLC, an investment fund of the Tisch Family, since 2001. Since January 2012, Mr. Tisch has also served as a director of Vornado Realty Trust. Mr. Tisch graduated from Brown University and has over 39 years of investing experience. Mr. Tisch worked for major Wall Street firms from 1973 until 1989 and since then has been managing investment partnerships. We believe that Mr. Tisch s investment industry background and his experience in capital raising and risk management make him well qualified to serve as a director on our Board.		

Class III Directors Whose Terms Expire in 2014 and Principal Occupation, Employment, or Directorships	**First Became Director**	**Age**
John L. Goolsby	1999	70
Mr. Goolsby served as President and Chief Executive Officer of Howard Hughes Corporation from 1988 until his retirement in 1998. Howard Hughes Corporation was a real estate investment and development company that successfully developed several large scale real estate projects in Nevada and California, the largest being the Summerlin community in Las Vegas, Nevada. Mr. Goolsby currently serves as a director of Thomas Properties Group Inc., a position he has held since 2006. Mr. Goolsby formerly served as a director of America West Airlines from 1994 until 2005 and Sierra Pacific Corporation and its predecessor, Nevada Power Company, from 1989 until 2001. He served as a Trustee of The Donald W. Reynolds Foundation from 1994 until 2005. Mr. Goolsby received a B.B.A. from the University of Texas at Arlington and is a certified public accountant. Our Board believes Mr. Goolsby s extensive real estate experience and his experience as a chief executive officer of a major real estate land and development company make him well qualified to serve as director.		

Class III Directors Whose Terms Expire in 2014 and Principal Occupation, Employment, or Directorships	First Became Director	Age
Norman Metcalfe	1998	69
Mr. Metcalfe has an extensive history and background in real estate development and homebuilding. He previously was Vice Chairman and Chief Financial Officer of The Irvine Company, one of the nation s largest real estate and community development companies. Mr. Metcalfe retired from the Irvine Company in 1998. Prior to the Irvine Company, Mr. Metcalfe spent over 20 years in various real estate, corporate finance, and investment positions with the Kaufman and Broad/SunAmerica family of companies. These positions included President and Chief Investment Officer of SunAmerica Investments and Chief Financial Officer of Kaufman and Broad Home Corporation (currently known as KB Homes). Mr. Metcalfe is currently a director of The Ryland Group, having served since 2000, and he previously served as a director of Building Materials Holding Corp from 2005 until 2009. Mr. Metcalfe received a B.S. and an M.B.A. from the University of Washington. Our Board believes Mr. Metcalfe s extensive financial experience, understanding of capital structure within the real estate industry, and experience in publicly held companies make him very qualified to serve as a director.		
Kent G. Snyder	1998	75
Mr. Snyder is an attorney who has been practicing law for over 45 years with a specialty in real estate transactions. Mr. Snyder currently practices in his own law firm and has been doing so for more than the last five years. Mr. Snyder has served as a director and chairman of the board of Independence Bank from 2004 to the present, served as a director of Pacific Premier Bancorp and Pacific Premier Bank from November 2000 until March 2007, and served as a director and chairman of the board of First Fidelity Investment & Loan from 1984 until 2002, when the Bank was sold. Mr. Snyder received a B.S. in Business Administration from UCLA and received his J.D. (with honors) from UCLA. Our Board believes Mr. Snyder s vast experience in real estate law and real estate transactions as well as his extensive participation in banking make him very qualified to serve as a director.		

None of the corporations or organizations described above is a subsidiary or affiliate of the Company. There are no family relationships among any directors of the Company or any executive officers of the Company.

Corporate Governance Matters

The Board has determined that all directors, except Mr. Stine, are independent, as that term is defined in the listing standards of the New York Stock Exchange (the NYSE). In addition to the definition of independent as set forth in the listing standards of the NYSE, the Board has adopted categorical criteria used to determine whether a director is independent (the Company s Independence Standards), and the Board has determined that all directors, except Mr. Stine, are independent under the Independence Standards. These Independence Standards are set forth in Attachment A to the Company s Corporate Governance Guidelines (the Corporate Governance Guidelines), and a copy of the Independence Standards is attached as Appendix A to this Proxy Statement.

Also, in making its independence determinations, the Board reviewed additional information provided by the directors and the Company with regard to any business or personal activities or associations as they may relate to the Company and the Company s management. The Board considered the transactions in the context of the NYSE s objective listing standards, the categorical standards noted above and, for directors serving on committees, the additional standards established for members of audit committees, and the Securities and Exchange Commission (the SEC) and U.S. Internal Revenue Service standards for compensation committee members. Based on all of the foregoing, the Board made a subjective determination as required by NYSE rules that, because of the nature of the transaction, the director s relationship with the entity and/or the amount involved, no relationships exist that, in the opinion of the Board, would impair the director s independence.

The Board s independence determinations included a review of business dealings at companies where the directors serve as directors or outside consultants, all of which were ordinary course business transactions.

The independent directors of the Board meet regularly in executive sessions outside the presence of management. As Chairman of the Board, Mr. Snyder presides over these executive sessions.

During 2011, there were four meetings of the Board. During 2011, all directors attended 75% or more of the aggregate total of such meetings of the Board and committees of the Board on which they served.

The Company s policy is that all directors are expected to attend every annual meeting of stockholders in person. All directors attended the 2011 Annual Meeting of Stockholders of the Company.

Committees of the Board

Standing committees of the Board include the Executive, Audit, Compensation, Investment Policy, Real Estate, and Nominating and Corporate Governance Committees. The current members of the standing committees are set forth below:

	Executive Committee	Audit Committee	Compensation Committee	Real Estate Committee	Nominating and Corporate Governance Committee	Investment Policy Committee
John L. Goolsby		X	X	X	X	
Norman Metcalfe	X		X	X(Chair)		
George G.C. Parker		X(Chair)	X		X(Chair)	
Kent G. Snyder	X(Chair)			X		
Geoffrey L. Stack		X	X(Chair)	X	X	
Robert A. Stine	X			X		
Daniel Tisch*						
Michael H. Winer	X					X(Chair)

* It is anticipated that Mr. Tisch, who was elected to the Board on March 13, 2012, will be appointed at the next Board meeting to the Nominating Committee or to the Audit Committee.

During 2011, there were no meetings of the Executive Committee, seven of the Audit Committee, four of the Compensation Committee, two of the Real Estate Committee, two of the Nominating Committee, and no meetings of the Investment Policy Committee. The major functions of each of these committees, including their role in oversight of risks that could affect the Company, are described briefly below.

The Executive Committee

Except for certain powers that, under Delaware law, may be exercised only by the full Board, or which, under the rules of the SEC or the NYSE, may only be exercised by committees composed solely of independent directors, the Executive Committee may exercise all powers and authority of the Board in the management of the business and affairs of the Company. Messrs. Metcalfe, Snyder, Stine, and Winer are members of the Executive Committee. Mr. Snyder is the Chairman of the Executive Committee.

The Audit Committee

The Audit Committee acts on behalf of the Board 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, risk oversight of financial activities, 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 is directly responsible for the retention of the independent auditor and approves all audit and non-audit services the independent auditor performs. The Audit Committee reports regularly to the full Board with respect to its activities. The Audit Committee is governed by a written charter adopted and approved by the Board. Mr. Parker is the Chairman of the Audit Committee, and Messrs. Goolsby and Stack are members of the Audit Committee. The Board has determined that each member of the Audit Committee is independent under the listing standards of the NYSE and under the Company s Independence Standards, and that each member of the Audit Committee is financially literate and meets the requirements for Audit Committee Membership set forth in Rule 10A-3 of the Securities Exchange Act of 1934, as amended (the Exchange Act). The Board has further found that Mr. Parker qualifies as an audit committee financial expert for the purposes of Item 407(d)(5) of Regulation S-K, and has accounting or related financial management expertise as described in the listing standards of the NYSE. The Audit Committee s charter is available on the Company s web site, www.tejonranch.com, in the Corporate Governance section of the Investor Relations webpage, and is available in print form upon request to the Corporate Secretary, P.O. Box 1000, Lebec, California 93243.

The Compensation Committee

The Compensation Committee reviews and either adjusts or recommends to the Board 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 Compensation Committee is governed by a written charter adopted and approved by the Board. The Compensation Committee s charter is available on the Company s web site, www.tejonranch.com, in the Corporate Governance section of the Investor Relations webpage, and is available in print form upon request to the Corporate Secretary, P.O. Box 1000, Lebec, California 93243. Mr. Stack is the Chairman of the Compensation Committee, and Messrs. Goolsby, Metcalfe, and Parker are members of the Compensation Committee. The Board has determined that each member of the Compensation Committee is independent under the listing standards of the NYSE and under the Company s Independence Standards.

During 2011, the Compensation Committee did not engage any external consulting firms. In 2009 and 2010, the Compensation Committee engaged Mezrah Consulting as an outside compensation consultant to assist the Compensation Committee in evaluating near-term stock grant compensation. Mezrah Consulting did not provide any other services to the Company in 2011. The decision to engage the outside compensation consultant was not recommended by management. Mezrah Consulting completed its engagement for the Compensation Committee during 2010. The Compensation Committee approved the services; the outside compensation consultant s fees in 2010 were $45,000.

The Real Estate Committee

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 appropriate action on significant proposed real estate transactions, development *pro formas* and budgets, and action plans. The Real Estate Committee also evaluates risk as it relates to real estate plans, activities, and transactions. It reports regularly to the full Board with respect to its meetings. Mr. Metcalfe is the Chairman of the Real Estate Committee, and Messrs. Goolsby, Snyder, Stack, and Stine are members of the Real Estate Committee. The Real Estate Committee s charter is available on the Company s web site, www.tejonranch.com, in the Corporate Governance section of the Investor Relations webpage, and is available in print form upon request to the Corporate Secretary, P.O. Box 1000, Lebec, California 93243.

Investment Policy Committee

The Investment Policy Committee reviews policies and activities related to the investment of the Company s cash assets and works in coordination with the Real Estate Committee. It receives and reviews policy and data regarding marketable security investments and recommends to the Board whether to approve the Company s investment security policy. Currently, this committee consists of Mr. Winer. Committee memberships are reviewed each year after the annual meeting, and it is expected that members will be added to the committee after the 2012 Annual Meeting.

The Nominating and Corporate Governance Committee

The Nominating Committee is charged with assessing existing directors to determine whether to recommend them for reelection to the Board, identifying and recruiting potential new directors, establishing a procedure for consideration of candidates for director positions recommended by stockholders, and recommending candidates to be nominated by the Board or elected by the Board as necessary to fill vacancies and newly created directorships. It also reviews and makes recommendations to the Board respecting the composition and functioning of Board committees, the Corporate Governance Guidelines, and the Board s performance. Mr. Parker is the Chairman of the Nominating Committee, and Messrs. Goolsby and Stack are members of the Nominating Committee.

The Board has determined that each member of the Nominating Committee is independent under the listing standards of the NYSE and under the Company s Independence Standards. The Nominating Committee is governed by a written charter adopted and approved by the Board. The Nominating Committee s charter is available on the Company s web site, www.tejonranch.com, in the Corporate Governance section of the Investor Relations webpage, and is available in print form upon request to the Corporate Secretary, P.O. Box 1000, Lebec, California 93243.

The Nominating Committee is pleased to consider any properly submitted recommendations of director candidates from stockholders. Stockholders may recommend a candidate for consideration by the Nominating Committee by sending written notice addressed to the Nominating and Corporate Governance Committee Chair, c/o Corporate Secretary, P.O. Box 1000, Lebec, California 93243. The Nominating Committee does not evaluate candidates differently based on who has made the recommendation. Stockholders may also nominate persons for election to the Board by providing to timely notice in writing to the Secretary of the Company pursuant to the procedures set forth in the Company s Certificate of Incorporation. See Stockholder Proposals for 2013 Annual Meeting for additional information on the procedure for stockholder nominations.

The Nominating Committee 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.

Code of Business Conduct and Ethics and Corporate Governance Guidelines

The Board 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 the Corporate Governance section of the Investor Relations webpage, and are available in print form upon request to the Corporate Secretary, P.O. Box 1000, Lebec, California 93243.

Board s Role in Risk Oversight

The full Board oversees the Company s risk management process. The Board oversees a Company-wide approach to risk management, designed to enhance stockholder value, support the achievement of strategic objectives and improve long-term organizational performance. The full Board determines the appropriate level of risk for the Company generally, assesses the specific risks faced by the Company and reviews the steps taken by management to manage those risks. The full Board s involvement in setting the Company s business strategy facilitates these assessments and reviews, culminating in the development of a strategic plan that reflects both the

Board s and management s consensus as to appropriate levels of risk and the appropriate measures to manage those risks. The full Board assesses risk throughout the enterprise, focusing on risks arising out of various aspects of the Company s strategic plan and the implementation of that plan, including financial, legal/compliance, operational/strategic and compensation risks. In addition to discussing risk with the full Board, the independent directors discuss risk management during executive sessions without management present.

While the full Board maintains the ultimate oversight responsibility for the risk management process, its committees oversee risk in certain specified areas. In particular, the Audit Committee focuses on financial risk, including internal controls, and discusses the Company s risk profile with the Company s internal auditors. The Audit Committee also reviews potential violations of the Company s Code of Ethics and related corporate policies. The Compensation Committee periodically reviews compensation practices and policies to determine whether they encourage excessive risk taking. Finally, the Nominating Committee manages risks associated with the independence of directors and Board nominees. Pursuant to the Board s instruction, management regularly reports on applicable risks to the relevant committee or the full Board, as appropriate, with additional review or reporting on risks being conducted as needed or as requested by the Board and its committees.

The Compensation Committee has also reviewed the design and operation of the Company s compensation structures and policies as they pertain to risk and has determined that the Company s compensation programs do not create or encourage the taking of risks that are reasonably likely to have a material adverse effect on the Company.

COMPENSATION DISCUSSION & ANALYSIS

Executive Summary. The Compensation Discussion and Analysis discusses and analyzes Tejon s executive compensation program and the amounts shown in the executive compensation tables for our named executive officers. Our named executive officers for fiscal 2011 were: Robert A. Stine, Chief Executive Officer; Allen E. Lyda, Chief Financial Officer; Joe Drew, Senior Vice President, Real Estate; Kathleen Perkinson, Senior Vice President, Natural Resources and Stewardship; and Dennis Atkinson, Senior Vice President, Agriculture. As disclosed in our 2010 Annual Report on Form 10-K, Ms. Bjorn resigned as Vice President, General Counsel at the beginning of March 2011.

2011 Year in Review

The Company s financial performance exceeded expectations during 2011. For 2011, we had net income attributable to common stockholders of $15,894,000, which was an increase of $11,719,000 when compared to 2010. The improvement in net income is due to an increase in revenues of $27,585,000. The increase in revenue was driven by the sale of conservation easements for $15,750,000, a land sale for $4,340,000, an increase in our oil royalties over the prior year of $5,541,000, and a $2,436,000 increase in farm revenues. Oil royalties improved due to higher prices and production and farming revenues improved due to higher almond and grape revenues. These improvements were partially offset by an increase in operating expenses of $11,950,000 primarily due to an increase in stock compensation expense when compared to 2010. During 2010, stock compensation expense included a $6,327,000 reversal of cost and in 2011 we recognized stock compensation expense of $5,352,000.

The improvement in revenues during 2011 led to the annual incentive bonus quantitative metric EBITDA being met at the maximum goal level for the year. This metric is discussed below under Annual Performance-Based Incentive Bonuses as well as revenue and operating profit goals for commercial/industrial real estate and resort/residential. Based on the last three-years cash flow metric results the named executive officers met the 2009 rolling three-year cash flow objectives at the maximum award level. The rolling three-year cash flow metric is described in the equity compensation section. The grants associated with the 2009 three-year cash flow metric were paid out during March 2012. The number of grants that vested are identified in footnote 2 to the Outstanding Equity Awards at 2011 Fiscal Year-End table that begins on page 28.

For 2011 the Compensation Committee made the following decisions:

1. The base salary for the Chief Executive Officer was held at his 2010 level. The other named executive officers salaries were increased as recommended in a 2010 compensation study performed by an outside consultant, as discussed in greater detail below under The Role of the Compensation Consultant below and in the 2011 Annual Proxy Statement (the 2010 Compensation Report). For 2012, the Chief Executive Officer and the other named executive officer s salaries were held at the 2011 levels.

2. Restricted stock subject to time-based vesting continued to be issued in lieu of cash for at least one-half of the earned annual incentive plan bonus for each named executive officer.

3. Changes were made to the named executive officer annual incentive program and long-term incentive program based on recommendations from a 2010 compensation plan review conducted by Mezrah Consulting, in connection with the 2010 Compensation Report. These changes went into effect in 2010 and are applicable to 2011 and future years.

At our 2011 Annual Meeting, our stockholders expressed support for our executive compensation program, with over 60% of votes cast voting in favor of the advisory vote proposal. When designing our 2012 executive compensation program, the Compensation Committee considered, among other things, the 2011 vote results and feedback we received from stockholders. In addition, the Compensation Committee also considered the results of the 2010 Compensation Report, as discussed in the 2011 Proxy Statement. After careful consideration of these factors, the Compensation Committee determined to make certain changes to the design of our executive compensation program for 2012 as discussed in this Compensation Discussion and Analysis. Stockholders also expressed support for our determination to hold an advisory vote on our executive compensation program once every three years. Therefore, we expect the next advisory vote on executive compensation to occur at our 2014 annual meeting.

2012 The Year Ahead

The Company believes 2012 will not be as strong an income year as 2011 due to the one time sale of conservation easements in 2011 for $15,750,000. We expect activity at Tejon Ranch Commerce Center, or TRCC, to continue to improve through 2012 building on the closing of two industrial transactions at the end of 2011. In order to conserve cash going forward, the Compensation Committee s compensation decisions will continue to be impacted by our anticipation of the need to continue to fund our joint ventures as they pursue development opportunities, future capital investment requirements for infrastructure at TRCC, and possible continued investment in water assets.

General Objectives of the Compensation Plan. The compensation program for our named executive officers is designed to align management s incentives with the long-term interests of our stockholders and to be competitive with comparable employers. Our compensation philosophy recognizes the value of rewarding our named executive officers for their past performance and motivating them to continue to excel in the future. The Compensation Committee has developed and maintains a compensation program that rewards superior performance and seeks to encourage actions that drive our business strategy. Our compensation strategy is to provide a competitive opportunity for senior executives taking into account their total compensation packages, which include a combination of base salary, an annual cash- and stock-based incentive bonus (with the stock-based component taking the form of restricted stock subject to time-based vesting), and long-term performance-based equity awards. At the named executive officer level, our incentive compensation arrangements are designed to reward the achievement of long-term milestone objectives related to real estate development, as well as the achievement of year-to-year operating performance goals.

The Role of Executives in Setting Compensation. The Compensation Committee of the Board approves all compensation and awards to senior management, including the Chief Executive Officer and the other named executive officers. The Compensation Committee independently reviews and establishes the compensation levels of the Chief Executive Officer and reviews the performance of the Chief Executive Officer and discusses his performance with him. At the beginning of the year, the Chief Executive Officer works with the Compensation Committee to establish his goals and objectives to be evaluated throughout the year. For the remaining executive officers, the Chief Executive Officer makes recommendations as to compensation levels, including grants of equity awards and the establishment of performance objectives for annual performance-based incentive bonuses, for final approval by the Compensation Committee, which then makes its recommendation to the full Board of Directors for its approval.

The Role of the Compensation Consultant. During 2010, Mezrah Consulting, an outside consultant group hired by the Compensation Committee performed an analysis of the Company s named executive officer compensation that is reflected in the 2010 Compensation Report. The analysis reviewed total compensation and the various components of total compensation including base salary, annual incentive bonus, and long-term compensation. The consulting assignment focused on the following:

- Review of the Company s business strategy as compared to the Company s current compensation program to determine if alignment is appropriate.

- Review of external pay levels for the executive team across all elements of pay.

- Provide recommendations for modifications, if any, in elements of pay.

- Review, in particular, the Company s long-term incentive compensation structure, which is comprised of performance shares and milestone grants.

The 2010 Compensation Report concluded the Company s short-term cash compensation (salary and annual bonus) was below competitive market levels and the consultant recommended that beginning in 2011 increases in both components of short-term cash compensation should be considered. The consulting group also concluded that the successful entitlement of Company projects is extremely important to stockholder value and continuing to attach milestone performance goals to long-term incentive compensation is appropriate. See Compensation Discussion and Analysis The Role of Executives in Setting Compensation in our 2011 Proxy Statement for addition details regarding the 2010 Compensation Report.

Overall Compensation Plan Design. The compensation policies developed by the Compensation Committee are based on the philosophy that compensation should reflect both financial and operational performance of the Company and the individual performance of the executive. The Compensation Committee also believes that long-term incentives should be a significant factor in the determination of compensation, particularly because the business of real estate development, including obtaining entitlement approvals and completing development, and many of the other actions and decisions of our named executive officers, require a long time horizon, before the Company realizes a tangible financial benefit.

The Compensation Committee s objectives when setting compensation for our named executive officers are:

Set compensation levels that are sufficiently competitive such that they will motivate and reward the highest quality individuals to contribute to our goals, objectives and overall financial success.

Retain executives and encourage continued service. The Compensation Committee seeks to encourage and maintain continuity of the management team.

Incentivize executives to appropriately manage risks while attempting to improve our financial results, performance and condition over both the short-term and the long-term. The Compensation Committee attempts to provide both short-term and long-term compensation to reward current performance, as well as to provide financial incentive to achieve long-term goals. Short-term compensation is typically in the form of annual cash or stock incentive bonuses, long-term compensation is typically in the form of equity-based awards. Because of the nature of our business and the way we operate our business and implement our strategies, we may not witness the positive results of many decisions made or actions taken by our named executive officers in the current fiscal year or for several years. Accordingly, the Compensation Committee, by providing both short-term and long-term compensation, seeks to motivate and reward named executive officers for decisions made today that will likely have positive long-term effects.

Align executive and stockholder interest. The Compensation Committee believes that the use of equity compensation as a key component of executive compensation is a valuable tool for aligning the interest of our named executive officers with those of our stockholders.

Obtain tax deductibility whenever appropriate. The Compensation Committee believes that tax-deductibility for the Company is generally a favorable feature for an executive compensation program, from the perspectives of both the Company and the stockholders. However, the Compensation Committee will not necessarily limit compensation to those levels or types of compensation that will be deductible.

Conserve cash. The Compensation Committee, mindful of the importance of the Company s cash for future investment purposes, has determined that all named executive officers annual incentive bonuses beginning in 2010, and going forward for an unspecified period of time, will at a minimum be paid one-half in restricted stock subject to time-based vesting and one-half in cash. Restricted stock grants under the 2011 annual incentive program were granted in December 2011 and will vest in three annual installments of one third each beginning March 2012 and ending in March 2014.

Elements of Compensation. The material elements of the compensation program for our named executive officers include: (i) base salary; (ii) annual cash- and stock-based incentive bonuses (with the stock-based component taking the form of restricted stock subject to time-based vesting); (iii) long-term equity-based

compensation (i.e. performance units); (iv) change in control arrangements; and (v) other compensation consisting of participation in broad-based pension and benefit plans,