SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2005

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ________ to __________ .
Commission file number 000-23314

TRACTOR SUPPLY COMPANY

(Exact Name of Registrant as Specified in Its Charter)

Delaware	13-3139732
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

200 Powell Place, Brentwood, Tennessee 37027
(Address of Principal Executive Offices, including zip code)
(615) 366-4600
(Registrant's telephone number, including area code)

Securities Registered Pursuant to Section 12(b) of the Act: None
Securities Registered Pursuant to Section 12(g) of the Act:

Common Stock, $.008 par value
(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
YES X NO ____

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
YES ____ NO X

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
YES X NO ____

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act (check one):
Large accelerated filer X Accelerated filer ___ Non-accelerated filer ___

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act.)
YES ___ NO X

The aggregate market value of the Common Stock held by non-affiliates of the registrant, based on the closing price of the Common Stock on The NASDAQ National Market on June 25, 2005, the last business day of the registrant's most recently completed second fiscal quarter, was $1,401,143,957. For purposes of this response, the registrant has assumed that its directors, executive officers, and beneficial owners of 5% or more of its Common Stock are the affiliates of the registrant.

Indicate the number of shares outstanding of each of the registrant's classes of common stock as of the latest practicable date.

Class	Outstanding at January 31, 2006
Common Stock, $.008 par value	39,464,891

Documents Incorporated by Reference:
Portions of the Registrant's definitive Proxy Statement for its 2006 Annual Meeting of Shareholders are incorporated by reference into Part III hereof.

TRACTOR SUPPLY COMPANY
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FORWARD-LOOKING STATEMENTS OR INFORMATION

This Form 10-K and statements included or incorporated by reference in this Form 10-K include certain historical and forward-looking information. The forward-looking statements included are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 (the "Act"). All statements, other than statements of historical facts, which address activities, events or developments that the Company expects or anticipates will or may occur in the future, including such things as future capital expenditures (including their amount and nature), business strategy, expansion and growth of the Company's business operations and other such matters are forward-looking statements. To take advantage of the safe harbor provided by the Act, the Company is identifying certain factors that could cause actual results to differ materially from those expressed in any forward-looking statements, whether oral or written, made by or on behalf of the Company.

As with any business, all phases of the Company's operations are subject to influences outside its control. This information contains certain forward-looking statements, including statements regarding estimated results of operations in future periods. These forward-looking statements are subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and are subject to the finalization of the Company's financial and accounting procedures, and may be affected by certain risks and uncertainties, any one, or a combination, of which could materially affect the results of the Company's operations. These factors include general economic cycles affecting consumer spending, weather factors, operating factors affecting customer satisfaction, consumer debt levels, inflation, pricing and other competitive factors, the ability to attract, train and retain qualified employees, the ability to manage growth and identify suitable locations and negotiate favorable lease agreements on new and relocated stores, the timing and acceptance of new products in the stores, the mix of goods sold, the continued availability of favorable credit sources, capital market conditions in general, the ability to increase sales at existing stores, the ability to retain vendors, reliance on foreign suppliers, management of its information systems and the seasonality of the Company's business. Forward-looking statements made by or on behalf of the Company are based on knowledge of its business and the environment in which it operates, but because of the factors listed above, actual results could differ materially from those reflected by any forward-looking statements. Consequently, all of the forward-looking statements made are qualified by these cautionary statements and there can be no assurance that the actual results or developments anticipated by the Company will be realized or, even if substantially realized, that they will have the expected consequences to or effects on the Company or its business and operations. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Company does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

PART I

Item 1. Business

Overview

A predecessor of Tractor Supply Company, a Delaware corporation (the "Company"), was founded in 1938 as a catalog mail order tractor parts supplier. In 1982, the Company was formed by a group of investors through the purchase of the predecessor's assets. The group of investors included the Company's current Chairman of the Board, who is a significant stockholder. In 1994, the Company completed its initial public offering. Today, the Company is the largest operator of retail farm and ranch stores in the United States. The Company is focused on supplying the lifestyle needs of recreational farmers and ranchers and serving the maintenance needs of those who enjoy the rural lifestyle, as well as tradesmen and small businesses. Stores are located in towns outlying major metropolitan markets and in rural communities. The Company offers the following comprehensive selection of merchandise: (1) equine, pet and animal products, including items necessary for their health, care, growth and containment; (2) maintenance products for agricultural and rural use; (3) hardware and tool products; (4) seasonal products, including lawn and garden power equipment; (5) truck, trailer and towing products; and (6) work and recreational clothing for the entire family. The Company's stores currently range in size from approximately 7,000 to 23,000 square feet of inside selling space and also utilize outside selling space. Currently, the Company is developing stores utilizing one of five standard prototypes and also utilizes existing store structures. The Company's stores typically range in size from 15,500 square feet of inside selling space to 18,500 square feet of inside selling space and also utilize outside selling space.

On November 10, 2005, the Company acquired the assets of privately-held Del's Farm Supply, Inc. ("Del's") for $17.6 million and the assumption of certain liabilities. Based in Lakewood, Washington, Del's operates 16 stores, primarily in the Pacific Northwest, that offer a wide selection of products (primarily in the equine, pet and animal category) tailored to those who enjoy the rural lifestyle. Del's stores currently range in size from approximately 1,500 to 7,000 square feet of inside selling space and also utilize outside selling space.

Tractor Supply Company has one reportable industry segment – the operation of farm and ranch retail stores.

At December 31, 2005, the Company operated 595 retail farm and ranch stores in 37 states (including one store in British Columbia).

Seasonality and Weather

The Company's business is highly seasonal. Historically, the Company's sales and profits have been the highest in the second and fourth fiscal quarters of each year due to the sale of seasonal products. Unseasonable weather, excessive rain, drought, and early or late frosts may also affect the Company's sales. The Company believes, however, that the impact of adverse weather conditions is somewhat mitigated by the geographic dispersion of its stores.

The Company experiences its highest inventory and accounts payable levels during its first fiscal quarter each year for purchases of seasonal product in anticipation of the spring selling season and again during its third fiscal quarter in anticipation of the winter selling season.

Business Strategy

The Company believes its sales and earnings growth has resulted from the focused execution of its business strategy, which includes the following key components:

Market Niche
The Company has identified a specialized market niche: supplying the lifestyle needs of recreational farmers and ranchers and those who enjoy the rural lifestyle, as well as tradesmen and small businesses. By focusing its product mix on these core customers, the Company believes it has differentiated itself from general merchandise, home center and other specialty retailers.

Customer Service
The Company is committed to providing superior customer service and offers its customers a high level of in-store service through motivated, well-trained store employees. The Company believes the ability of its store employees to provide friendly, responsive and seasoned advice helps to promote strong customer loyalty and repeat shopping. As such, the Company seeks to provide store employees with decision-making authority and training to enable them to meet customer needs.

The Company endeavors to staff its stores with courteous, highly motivated employees and devotes considerable resources to training its store employees, often in cooperation with its vendors. The Company's training programs include (i) a full management training program which covers all aspects of the Company's operations, (ii) product knowledge modules produced in conjunction with key vendors, (iii) frequent management skills training classes, (iv) semi-annual store managers meetings with vendor product presentations, (v) vendor sponsored in-store training programs and (vi) ongoing product information updates from the Company's management headquarters. The Company seeks to hire and train store employees with farming and ranching backgrounds, with particular emphasis on general maintenance, equine and welding.

The Company offers proprietary, private label credit cards for individual retail and business customers. In addition, the Company accepts cash, check debit cards and Visa, MasterCard and Discover credit cards.

Store Environment
The Company's stores are designed and managed to make shopping an enjoyable experience and maximize sales and operating efficiencies. Stores utilize several layouts, designed to provide an open environment, optimal product placement and visual display locations. In addition, these layouts allow for departmental space to be easily reallocated and visual displays to be easily changed for seasonal products and promotions. Display and product placement information is sent to stores monthly to ensure quality and uniformity among the stores. Informative signs are located throughout each store to assist customers with purchasing decisions and merchandise location by comparison of “good, better, best” qualities, clear pricing and useful information regarding product benefits and suggestions for appropriate accessories. The general uniformity of the store layouts and visual displays afford the customer a feeling of familiarity and enhances the shopping experience. To further enhance the shopping experience, all store employees wear highly visible red vests, aprons or smocks and nametags, and customer service and checkout counters are conveniently located.

Merchandising
The Company offers a differentiated assortment of products for its key target customer. Its broad product assortment is tailored to meet the regional and geographic needs of each market, as well as the physical store size. The Company’s full line of product offerings is supported by a strong in-stock inventory position with an average of 13,500 to 15,000 unique products per store. No one product accounted for more than 10% of sales during the year.

Stores carry a wide selection of high quality, nationally recognized, name brand merchandise. The Company also markets products under its private-label programs which include *Huskee* (outdoor power equipment), *Traveller* (truck/automotive products), *Retriever* and *Paws ‘n Claws* (pet foods), *Dumor* and *Producers Pride* (livestock feed), *C.E. Schmidt* (apparel), *Groundworks* (grass seed), *Royal Wing* (bird foods), *Milepost* (Equine Products) and *Red Shed* (gifts and collectibles). Additionally, the Company has control brands which it markets. These control brands include *Bit & Bridle* (clothing) and *Farm Hand* (air compressors). The Company believes that the availability of top quality private label products at great prices provides superior value for its customers, a strategic advantage for the Company, and positions the Company as a destination store.

The following chart indicates the average percentages of sales represented by each of the Company's major product categories during fiscal 2005, 2004 and 2003.

Product Category	Percent of Sales		
	2005	2004	2003
Equine, Pet and Animal	31%	32%	31%
Seasonal Products	24	23	23
Hardware and Tools	18	18	18
Truck/Trailer/Tow/Lube	12	12	12
Clothing and Footwear	9	8	9
Maintenance products for agriculture and rural use	6	7	7
	100%	100%	100%

Purchasing and Distribution

The Company offers a differentiated assortment of products for those seeking to enjoy the rural lifestyle. The Company's business is not dependent upon any one vendor or particular group of vendors. The Company purchases its products from a core group of approximately 850 vendors, with one vendor representing 13% of purchases during fiscal 2005. Prior to 2005, no one vendor accounted for more than 10% of purchases during any year. Approximately 130 vendors accounted for approximately 80% of the Company's purchases during fiscal 2005. The Company has no material long-term contractual commitments with any of its vendors, has not experienced any significant difficulty in obtaining satisfactory alternative sources of supply for its products and believes that adequate sources of supply exist at substantially similar costs for substantially all of its products.

The Company maintains a dedicated supply chain management team to focus exclusively on all replenishment and forecasting functions. This centralized direction permits the buying team to focus more strategic attention toward vendor line reviews, assortment planning and testing of new products and programs. Through the combined efforts of these teams, the Company expects to continually improve overall inventory productivity and in-stock position.

Over 97% of the Company's purchase orders are transmitted through an electronic data interchange ("EDI") system, and approximately 88% of merchandise vendor invoices are transmitted through EDI. The Company is expanding the percentage of vendors who electronically transmit invoices and increasing the amount of sales history transmitted from the Company.

The Company owns and operates a 775,000 square foot distribution center in Pendleton, Indiana, a 362,000 square foot distribution center in Waco, Texas, a 482,000 square foot distribution center in Hagerstown, Maryland, and a 425,000 square foot facility in Waverly, Nebraska, and leases a 410,000 square foot distribution center in Braselton, Georgia. The facility in Hagerstown, Maryland, which became operational in January 2005, is strategically located in the Northeast to optimize transportation efficiencies with surrounding vendors and stores. The Company closed its distribution center in Omaha, Nebraska in December 2005. The new facility in Waverly, Nebraska, became operational in December 2005 and expands the Company's overall distribution capacity to support the Company's growth up to an estimated 950 stores. In fiscal 2005, the Company received approximately 80% of its merchandise through these distribution facilities, with the balance delivered directly to the stores.

The Company manages its inbound and outbound transportation activity in-house through the use of a web-based transportation management system. The Company outsources the management of its dedicated fleets to two third-party logistics providers and utilizes several common carriers as required. The third-party logistics providers are responsible for providing drivers and tractors dedicated to transporting merchandise for the Company. The Company endeavors to control its transportation costs through the monitoring of transportation routes, scheduling of deliveries, backhauls and optimal utilization of its internal fleet of trucks and trailers.

Marketing
The Company utilizes an "everyday low prices" strategy to consistently offer its products at competitive prices. The Company regularly monitors prices at competing stores and adjusts its prices as it deems appropriate. The Company believes that by avoiding a "sale" oriented marketing strategy, it is attracting customers on a regular basis rather than only in response to sales.

To generate store traffic and position itself as a destination store, the Company promotes broad selections of merchandise, primarily advertised at the regular everyday low price, with color circulars. The Company also runs periodic special events promoted through circulars and direct mail advertising. The Company enhances its print marketing and advertising programs through the expanded use of national cable and local network television. Due to the geographic dispersion of the Company's stores, the use of national cable advertising is generally more cost-effective and additionally serves to promote the Company in advance of entering a new market.

The Company's vendors realize the value of the Company being a destination store. Due to the relatively small size of its stores, increased traffic in the store ensures increased exposure to most products. The Company's vendors are committed to helping the Company promote its brand and position itself as a destination store. Vendors provide assistance with product presentation and rack design, brochures, point of purchase materials for customers' education and product education for employees. Vendors also provide funding through contributions and incentives on purchases to promote new and relocated stores. The Company also earns rebates from many vendors on inventory purchases based on volume.

Competition
The Company operates in a highly competitive market. The principal competitive factors include location of stores, price and quality of merchandise, in-stock consistency, merchandise assortment and presentation and customer service. The Company believes it has successfully differentiated itself from general merchandise, home center retailers and other specialty and discount retailers by focusing on its specialized market niche (i.e., supplying the lifestyle needs of recreational farmers and ranchers, and those who enjoy the rural lifestyle, as well as tradesmen and small businesses). However, the Company does face select competition from these entities, as well as competition from independently owned retail farm and ranch stores, numerous privately-held regional farm store chains and farm cooperatives. Some of these competitors are units of large national or regional chains that have substantially greater financial and other resources than the Company.

Management and Employees
As of December 31, 2005, the Company employed approximately 5,000 full-time and approximately 3,700 part-time employees. The Company also employs additional part-time employees during peak periods. The Company is not party to any collective bargaining agreements.

Management believes its district managers, store managers and other distribution and support personnel have contributed significantly to the Company's performance. The Company utilizes an internal advisory board comprised of store managers. This group brings a grassroots perspective to operational initiatives and generates chain-wide endorsement of proposed "best-practice" solutions. The Company has implemented numerous best practice teams (comprised of employees from all divisions of the Company) to evaluate key operations of the Company and recommend process changes that will both improve efficiency and strengthen controls. Management encourages the participation of all employees in decision-making, regularly solicits input and suggestions from employees and responds to the suggestions.

All employees participate in one of various incentive programs, which provide the opportunity to receive additional compensation based upon individual and/or Company performance. The Company also provides employees the opportunity to participate in an employee stock purchase plan and a 401(k) retirement plan (the Company contributes to the 401(k) plan through a cash match).

Additionally, the Company shares in the cost of health insurance provided to its employees, and employees receive a discount on merchandise purchased at the Company's stores.

Management encourages a "promote from within" environment when internal resources permit. The Company maintains internal leadership development programs designed to mentor high potential employees for continued progress. All executive officers have over 25 years of business experience. District managers and store managers have an average length of service with the Company of approximately five years. Management believes internal promotions coupled with the hiring of individuals with previous retail experience will provide the management structure necessary to support expected store growth. Management believes it has satisfactory relationships with its employees.

Management Information and Control Systems
The Company has invested considerable resources in management information and control systems to ensure superior customer service, manage the purchase and distribution of merchandise and improve operating efficiencies. The management information and control systems include a point-of-sale system (with communications via a frame relay network to the Company's primary systems), a supply chain management and replenishment system, a radio frequency picking system in the distribution centers, a vendor purchase order control system and a merchandise presentation system. These systems are integrated and track merchandise from order through sale. All data from these systems are integrated with the Company's financial systems.

The Company utilizes a cross-functional committee comprised of members of management from key departments within the Company. This committee aligns the activities and deliverables of the Information Technology department with the overall Company strategy. The strategy includes the goals of improving the level of service provided to the Company's customers and creating efficiencies within the Company's operations and supply chain. The committee evaluates requests for information technology resources and prioritizes projects to ensure greatest benefit to the Company.

The Company continues to evaluate and improve the functionality of its systems to maximize their effectiveness. Such efforts include an ongoing evaluation of the optimal software configuration (including system enhancements and upgrades) as well as the adequacy of the underlying hardware components. These efforts are directed toward constantly improving the overall business processes and achieving the most efficient and effective use of the systems to manage the Company's operations.

Growth Strategy

The Company's current and long-term growth strategy is to (1) expand geographic market presence through opening new retail stores, (2) enhance financial performance through same-store sales increases, achieved through aggressive merchandising programs with an "everyday low prices" philosophy, supported by strong customer service, (3) enhance product margin through assortment management, vendor management, sourcing and optimization of transportation and distribution costs, (4) leverage operating costs, especially advertising and distribution, and (5) expand through selective acquisition, as such opportunities arise, to enhance penetration into new and existing markets as a complimentary strategy to organic growth.

The Company has experienced considerable growth over the last five years, with an annual compounded unit growth rate of approximately 14%. This growth has expanded the Company's market presence into 37 states. The Company plans to continue this growth strategy with an annual increase in its unit count of approximately 13%. The Company believes this unit count increase, along with strategic relocations of small, older stores to full-size formats in areas of greater retail opportunity, will contribute substantially to the Company's future growth. Through store relocations, the Company is able to keep much of its existing loyal customer base but expand its overall reach to new customers, thereby growing the business. The acquisition of Del's enabled the Company to establish an initial presence in the Pacific Northwest, primarily in Washington, with one store in British Columbia.

The Company operated 595 retail farm and ranch stores in 37 states (including one store in British Columbia) as of December 31, 2005 and has plans to open approximately 78 to 80 stores in fiscal 2006, along with 19 store relocations. The Company believes it has developed a proven method for selecting store sites and has identified over 800 potential additional markets for new stores in the United States. In addition, the Company continues to identify opportunities to relocate existing stores. The Company has relocated 72 stores since 2001.

The average estimated cash required to open a new leased store in fiscal 2005 was approximately $700,000 to $1,200,000, the majority of which was for initial acquisition of inventory and capital expenditures (principally leasehold improvements and fixtures and equipment), and approximately $70,000 of which was for pre-opening costs. The cash required to complete a store relocation typically ranged from $400,000 to $600,000 in fiscal 2005, depending on whether the Company is responsible for any renovation or remodeling costs.

Additional Information

The Company files reports with the Securities and Exchange Commission ("SEC"), including annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and other reports as required. The public may read and copy any materials the Company files with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., NW, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The Company is an electronic filer and the SEC maintains an Internet site at www.sec.gov that contains the reports, proxy and information statements, and other information filed electronically.

The Company makes available free of charge through its Internet website, www.myTSCstore.com, its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC. The information provided on the website is not part of this report, and is therefore not incorporated by reference unless such information is otherwise specifically referenced elsewhere in this report.

The Company has posted its code of ethics that is applicable to all employees, including the Company's Chief Executive Officer, Chief Financial Officer and Controller, along with its Corporate Governance Guidelines and the charters of its Audit, Compensation, Corporate Governance and Nominating Committees of the Board of Directors on the Company's website at www.myTSCstore.com.

Item 1A. Risk Factors

The Company's business faces many risks. These risks include those described below and may include additional risks and uncertainties not presently known to the Company or that the Company currently deems immaterial. If any of the events or circumstances described in the following risk factors occurs, the Company's business, financial condition or results of operations may suffer, and the trading price of the Company's common stock could decline. These risk factors should be read in conjunction with the other information in this Form 10-K.

General economic conditions may adversely affect the Company's financial performance.
The Company has exposure to potentially higher interest rates, higher fuel and other energy costs, higher labor and healthcare costs, and other economic factors that adversely affect consumer demand for the merchandise offered by the Company. Additionally, changes in the mix of products sold to a mix with a lower overall gross margin or other increased cost of sales, along with slower inventory turnover and greater markdowns on inventory, could adversely affect the Company's financial performance. High levels of unemployment, inflation, changes in tax and other laws and other adverse developments in the economy may also adversely affect consumer demand for the Company's merchandise, adversely affect gross margins, cost of sales, inventory turnover and markdowns or otherwise adversely affect the Company's operations and operating results.

Inflationary pressures, including rising energy prices, may adversely affect the Company's financial performance.
Although the Company cannot accurately determine the full effect of inflation on its operations, it believes its sales and results of operations have been affected by inflation. The Company is subject to market risk with respect to the pricing of certain products and services, which include, among other items, steel, grain, petroleum, corn, soybean and other commodities as well as transportation services. Moreover, in the last few years, energy prices have risen dramatically, which has resulted in increased fuel costs for the Company's business and utility costs for the Company's stores. The Company has been successful in reducing or mitigating the effects of inflation, principally

through selective buying from the most competitive vendors and by increasing retail prices. However, there is no assurance that the Company will be successful in reducing or mitigating the effect of inflation on the Company in the future.

There is no assurance that the Company will be able to continue to increase sales at its existing stores.
The Company experiences fluctuations in its same-store sales, which are defined as stores which have completed twelve months of sales. The Company's success depends, in part, upon its ability to improve sales at its existing stores. Various factors affect same-store sales, including the general retail sales environment, the Company's ability to efficiently source and distribute products, changes in the Company's merchandise mix, competition, current economic conditions, the timing of release of new merchandise and promotional events, the success of marketing programs and weather conditions. These factors may cause the Company's same-store sales results to differ materially from prior periods and from expectations. Past same-store sales are not necessarily an indication of future results, and there can be no assurance that the Company's same-store sales will not decrease in the future. Any failure to meet the same-store sales expectations of investors and security analysts in one or more future periods could reduce the market price of the Company's common stock.

The Company's failure to effectively manage growth could impair its business.
Even if the Company is able to implement, to a significant degree, its key business strategy of expanding its store base, it may experience managerial or operational problems, which may prevent any significant increase in profitability or negatively impact its cash flow. To manage its planned expansion, the Company must ensure the continuing adequacy of its existing systems, controls and procedures, including product distribution facilities, store management, financial controls and information systems. There can be no assurance that the Company will be able to achieve its planned expansion, that the new stores will be effectively integrated into the Company's existing operations or that such stores will be profitable.

If the Company fails to open new stores in the manner currently contemplated, the Company's financial performance could be adversely affected.
A key part of the Company's key business strategy includes the expansion of its base of stores by opening new stores. If the Company is unable to implement this strategy, the Company's ability to increase its sales, profitability, and cash flow could be impaired significantly. To the extent that the Company is unable to open new stores in the manner the Company anticipates (due to unforeseen delays in construction or site approval), the Company's sales growth would be dependent on increases in same-store sales. Any failure to meet the growth expectations of investors and security analysts in one or more future periods could reduce the market price of the Company's stock.

Competition in the Company's industry may hinder the Company's ability to execute its business strategy and adversely affect its operations.
The Company operates in a highly competitive market. The principal competitive factors include location of stores, price and quality of merchandise, in-stock consistency, merchandise assortment and presentation, and customer service. The Company believes it has successfully differentiated itself from general merchandise, home center retailers and other specialty and discount retailers by focusing on its specialized market niche (i.e., supplying the lifestyle needs of recreational farmers and ranchers and those who enjoy the rural lifestyle, as well as tradesmen and small businesses). However, the Company does face select competition from these entities, as well as competition from independently-owned retail farm and ranch stores, several privately-held regional farm store chains and farm cooperatives. Some of these competitors are units of large national or regional chains that have substantially greater financial and other resources than the Company.

Weather conditions may have a significant impact on the Company's financial results.
Historically, weather conditions have had a significant impact on the Company's operating results. Weather conditions affect the demand for, and in some cases the supply of, products, which in turn has an impact on prices. In recent years, the Company has experienced unusually severe weather conditions, including ice storms, floods and wind damage, hurricanes and a summer dearth of water and pasture in some states. Weather conditions also directly affect the demand for petroleum products, particularly during the winter heating season. Accordingly, the weather can have a material effect on the Company's financial condition and results of operations.

There are certain risks associated with the seasonal nature of the Company's business.
The Company's working capital needs and borrowings generally peak in the first fiscal quarter because lower sales are generated while expenses are incurred in preparation for the spring selling season. If cash on hand and borrowings under existing credit facilities are ever insufficient to meet the seasonal needs or if cash flow generated during the

spring and summer is insufficient to repay associated borrowings on a timely basis, this seasonality could have a material adverse effect on our business.

The Company faces risks associated with vendors from whom the Company's products are sourced.
The products sold by the Company are sourced from a variety of domestic and international vendors. Foreign sourcing of many of the products sold is an important factor in the Company's financial performance. All of the Company's vendors must comply with applicable laws, including labor and environmental laws, and otherwise be certified as meeting required vendor standards of conduct. The ability to find qualified vendors that meet Company standards, and access products in a timely and efficient manners, is a significant challenge, especially with respect to goods sourced outside the United States. These and other issues affecting the Company's vendors, including merchandise quality and financial instability of suppliers, could adversely affect the Company's financial performance. Additionally, one vendor accounted for approximately 13% of the Company's purchases in fiscal 2005. If this vendor were unable to meet the growing supply needs of the Company, sales could be adversely affected.

The Company faces risks relating to its reliance on foreign suppliers.
The Company relies on foreign manufacturers for various products that are sold. In addition, many of the Company's domestic suppliers purchase a portion of their products from foreign sources. The Company relies on its long-term relationships with its suppliers but has no long-term contracts with such suppliers. The Company's future success will depend in large measure upon its ability to maintain its existing supplier relationships or to develop new ones. This reliance increases the risk of inadequate and untimely supplies of various products due to local political, economic, social, or environmental conditions, transportation delays, restrictive actions by foreign governments, or changes in United States laws and regulations affecting imports or domestic distribution. As an importer, the Company's business is subject to the risks generally associated with doing business abroad, such as foreign governmental regulations, economic disruptions, delays in shipments, transportation capacity and costs, currency exchange rates and changes in political or economic conditions in countries from which the Company purchases products. If any such factors were to render the conduct of business in particular countries undesirable or impractical or if additional United States quotas, duties, taxes or other charges or restrictions were imposed upon the importation of the Company's products in the future, the Company's financial condition and results of operations could be materially adversely affected.

The Company's failure to attract and retain qualified employees could adversely affect the Company's financial performance.
The ability to continue to expand operations depends on the Company's ability to attract and retain a large and growing number of qualified employees. The ability to meet labor needs generally while controlling wage and related labor costs is subject to numerous external factors, including the availability of a sufficient number of qualified persons in the work force, unemployment levels, prevailing wage rates, changing demographics, health and other insurance costs and changes in employment legislation. If the Company is unable to locate, to attract or to retain qualified personnel, or if costs of labor or related costs increase significantly, the Company's financial performance could be adversely affected.

The Company may be subject to product liability and other claims in the ordinary course of business.
The Company's business involves a risk of product liability and other claims in the ordinary course of business. The Company maintains general liability insurance with a $250,000 deductible for each occurrence and a $5,000,000 aggregate retention. The Company also maintains umbrella limits above the primary general and products liability cover. In many cases, the Company has indemnification rights against the manufacturers of the products and their products liability insurance. The Company's ability to recover under such insurance or indemnification arrangements is subject to the financial viability of the insurers and manufacturers and the specific allegations of a claim. The Company cannot assure that its insurance coverage or the manufacturers' indemnity will be available or sufficient in any future cases brought against the Company.

If the Company experiences difficulties with its management information systems, its financial performance may be adversely affected.
The Company depends on management information systems for many aspects of its business. The Company will be materially adversely affected if its management information systems are disrupted or it is unable to improve, upgrade, maintain and expand systems, particularly in light of the contemplated continued significant increases in the number of the Company's stores.

There is no assurance that the Company's product innovations and marketing successes will continue.
The Company believes that its past performance has been based on, and future success will depend upon, in part, the ability to continue to improve existing product offerings through product innovation and to market new products. There is no assurance that the Company will be successful in the introduction and marketing of any new products or product innovations, or that innovations to existing product offerings will be introduced in a timely manner to satisfy customer needs or expectations. Failure to introduce new products successfully and in a timely manner could harm the Company's ability to grow the business and could have a material adverse effect on results of the Company's operations and financial condition.

The Company's success depends on its ability to anticipate and respond in a timely manner to changing customer demand and preferences for products and supplies used in recreational farming and ranching. If the Company misjudges the market, the Company may significantly overstock unpopular products and be forced to take significant inventory markdowns. Shortages of key items could also have a materially adverse impact on operating results.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

At December 31, 2005, the Company operated 595 stores in 37 states (including one store in British Columbia). The Company leases more than 92% of its stores, one of its five distribution centers and its management headquarters. Store leases typically have initial terms of between 10 and 15 years, with two to four renewal periods of five years each, exercisable at the Company's option. None of the store leases is individually material to the Company's operations.

Following is a count of store locations:

State	Number of Stores	State	Number of Stores
Texas	77	West Virginia	9
Ohio	63	Missouri	8
Michigan	53	Nebraska	8
Tennessee	42	North Dakota	7
Pennsylvania	35	Maryland	6
Indiana	32	Wisconsin	6
New York	31	Minnesota	5
Florida	29	South Dakota	5
North Carolina	24	California	4
Kentucky	22	Connecticut	2
Virginia	19	Hawaii	2
Georgia	16	Mississippi	2
Washington	13	Vermont	2
South Carolina	11	British Columbia, Canada	1
Alabama	10	Delaware	1
Arkansas	10	Massachusetts	1
Oklahoma	10	Montana	1
Illinois	9	New Jersey	1
Iowa	9		595
Kansas	9		

Item 3. Legal Proceedings

The Company is involved in various litigation matters arising in the ordinary course of business. After consultation with legal counsel, management expects these matters will be resolved without material adverse effect on the Company's consolidated financial position or results of operations. Any estimated loss related to such matters has been adequately provided in accrued liabilities to the extent probable and reasonably estimable. It is possible, however, that future results of operations for any particular quarterly or annual period could be materially affected by changes in circumstances relating to these proceedings.

In July 2004, a purported shareholder derivative lawsuit was filed in the Chancery Court for Davidson County, Tennessee by the Hawaii Laborers Pension Plan against each of the Company's directors, certain of its officers and one former director. The Company was named as a nominal defendant. On September 17, 2004, the plaintiff filed an amended complaint. On October 8, 2004, the Company moved to dismiss the amended complaint for failure to make a pre-suit demand on the Board of Directors. On December 3, 2004, the Court granted the Company's motion to dismiss and ordered that all claims in the amended complaint be dismissed without prejudice. On February 17, 2005, the Court entered an order denying a motion by the plaintiff to alter or amend the December 3, 2004 order and judgment dismissing the amended complaint. On March 18, 2005, the plaintiff appealed the order to the Tennessee Court of Appeals. On October 3, 2005, plaintiff filed a motion to dismiss the appeal and on October 19, 2005, the Tennessee Court of Appeals dismissed the appeal.

Item 4. Submission of Matters to a Vote of Security Holders

No matter was submitted to a vote of the Company's stock holders during the fourth quarter of the Company's fiscal year ended December 31, 2005.

Executive Officers of the Registrant

Pursuant to General Instruction G(3) of Form 10-K, the following list is included as an unnumbered item in Part I of this Report in lieu of being included in the Proxy Statement for the Annual Meeting of Stockholders to be held on May 4, 2006.

The following is a list of the names and ages of all executive officers of the registrant, indicating all positions and offices with the registrant held by each such person and each person's principal occupations and employment during at least the past five years:

Name	Position	Age
Joseph H. Scarlett, Jr.	Chairman of the Board	63
James F. Wright	President, Chief Executive Officer and Director	56
Anthony F. Crudele	Senior Vice President-Chief Financial Officer and Treasurer	49
Gerald W. Brase	Senior Vice President-Merchandising and Logistics	52
Stanley L. Ruta	Senior Vice President-Store Operations	54

Joseph H. Scarlett, Jr. has served as Chairman of the Board since 1993 and was Chief Executive Officer of the Company from 1993 through September 2004, having previously served as President and Chief Operating Officer of the Company from 1987 to 1993. Mr. Scarlett has served as a director of the Company since 1982.

James F. Wright has served as President and Chief Executive Officer of the Company since October 2004. Mr. Wright previously served as President and Chief Operating Officer of the Company from October 2000 to October 2004. Mr. Wright has served as a director of the Company since 2002.

Anthony F. Crudele has served as Senior Vice President-Chief Financial Officer and Treasurer since November 2005. Mr. Crudele previously served as Chief Financial Officer at Gibson Guitar from August 2003 to September 2005, as

Chief Financial Officer of Xcelerate Corp. from January 2000 to January 2003, and as Chief Financial Officer at The Sports Authority from February 1996 to November 1999.

Gerald W. Brase has served as Senior Vice President-Merchandising of the Company since September 1997.

Stanley L. Ruta has served as Senior Vice President-Store Operations since June 2000, after having served as Vice President-Store Operations of the Company since 1994.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities

The Company's Common Stock trades on The NASDAQ National Market under the symbol "TSCO".

The table below sets forth the high and low sales prices of the Company's Common Stock as reported by The NASDAQ National Market for each fiscal quarter of the periods indicated:

	Price Range			
	2005		2004	
	High	Low	High	Low
First Quarter	$45.45	$33.20	$45.82	$37.30
Second Quarter	$50.20	$39.25	$42.97	$33.38
Third Quarter	$58.64	$46.52	$42.13	$32.30
Fourth Quarter	$56.84	$40.75	$36.99	$30.24

As of January 31, 2006, the approximate number of record holders of the Company's Common Stock was 175 (excluding individual participants in nominee security position listings), and the estimated number of beneficial holders of the Company's Common Stock was 19,000.

The Company has not declared any cash dividends on its Common Stock during the two most recent fiscal years. The Company currently intends to retain all earnings for future operation and expansion of its business and, therefore, does not anticipate that any dividends will be declared on the Common Stock in the foreseeable future. Any future declaration of dividends will be subject to the discretion of the Company's Board of Directors and subject to the Company's results of operations, financial condition, cash requirements and other factors deemed relevant by the Board of Directors.

There were no stock repurchases by the Company in the fourth quarter of fiscal 2005.

Item 6. Selected Financial Data

FIVE YEAR SELECTED FINANCIAL AND OPERATING HIGHLIGHTS

The following selected financial data are derived from the consolidated financial statements of the Company. The Company's fiscal year includes 52 or 53 weeks and ends on the last Saturday of the calendar year. References to fiscal year mean the year in which that fiscal year ended. Fiscal year 2005 consists of 53 weeks while all other fiscal years presented below consist of 52 weeks. The following table provides summary historical financial information for the periods ended and as of the dates indicated (in thousands, except per share and selected operating data):

	2005	2004	2003	2002	2001
Operating Results:					
Net sales	$2,067,979	$1,738,843	$1,472,885	$1,209,990	$ 849,799
Gross margin	639,551	524,687	448,900	342,187	228,344
Selling, general and administrative expenses	469,087	395,955	331,630	259,733	177,916
Depreciation and amortization	34,020	27,186	21,597	17,970	12,092
Income from operations	136,444	101,546	95,673	64,484	38,336
Interest expense, net	1,632	1,440	3,444	4,707	4,494
Unusual item: gain on life insurance	--	--	--	--	2,173
Income before income taxes and cumulative effect of accounting change	134,812	100,106	92,229	59,777	36,015
Income tax provision	49,143	36,037	34,647	21,612	10,746
Net income before cumulative effect of accounting change	85,669	64,069	57,582	38,165	25,269
Cumulative effect of accounting change, net of income taxes [(a)]	--	--	(1,888)	--	--
Net income	$ 85,669	$ 64,069	$ 55,694	$ 38,165	$ 25,269
Net income per share – basic, before cumulative effect of change in accounting principle [(b)]	$ 2.19	$ 1.68	$ 1.55	$ 1.06	$ 0.72
Cumulative effect of accounting change, net of income taxes	--	--	(0.05)	--	--
Net income per share – basic, after cumulative effect of change in accounting principle	$ 2.19	$ 1.68	$ 1.50	$ 1.06	$ 0.72
Net income per share – assuming dilution before cumulative effect of change in accounting principle [(b)]	$ 2.09	$ 1.57	$ 1.43	$ 0.97	$ 0.70
Cumulative effect of accounting change, net of income taxes	--	--	(0.05)	--	--
Net income per share – assuming dilution, after cumulative effect of change in accounting principle	$ 2.09	$ 1.57	$ 1.38	$ 0.97	$ 0.70
Adjusted weighted average shares for dilutive earnings per share	40,980	40,689	40,271	39,277	36,163
Dividends per share	--	--	--	--	--
Operating Data (percent of net sales):					
Gross margin	30.9%	30.2%	30.5%	28.3%	26.9%
Selling, general and administrative expenses	22.7%	22.8%	22.5%	21.5%	20.9%
Income from operations	6.6%	5.8%	6.5%	5.3%	4.5%
Net income before cumulative effect of change in accounting principle	4.1%	3.7%	3.9%	3.1%	3.0%

	2005	2004	2003	2002	2001
Pro-forma amounts, assuming the change in accounting principle is applied retroactively [c]:					
Gross margin	$ 639,551	$ 524,687	$ 448,900	$ 373,895	$ 247,364
Selling, general and administrative expenses	469,087	395,955	331,630	293,132	197,003
Income from operations	136,444	101,546	95,673	62,793	38,269
Net income	85,669	64,069	57,582	37,085	25,227
Net income per share – basic	$ 2.19	$ 1.68	$ 1.55	$ 1.03	$ 0.71
Net income per share – assuming dilution	$ 2.09	$ 1.57	$ 1.43	$ 0.94	$ 0.70
Pro-forma operating data assuming the change in accounting principle is applied retroactively (percent to sales [c]):					
Gross margin	30.9%	30.2%	30.5%	30.9%	29.1%
Selling, general and administrative expenses	22.7%	22.8%	22.5%	24.2%	23.2%
Income from operations	6.6%	5.8%	6.5%	5.2%	4.5%
Net income	4.1%	3.7%	3.9%	3.1%	3.0%
Number of Stores:					
Beginning of year	515	463	433	323	305
New stores opened [d]	81	53	31	113	18
Closed stores	(1)	(1)	(1)	(3)	--
End of year	595	515	463	433	323
Number of stores relocated during year	18	20	18	16	1
Number of stores remodeled [e]	--	5	3	8	4
Capital expenditures [f]	$ 78,835	$ 92,989	$ 49,982	$ 67,094	$ 14,464
Same-store sales increase [g]	5.7%	9.9%	7.0%	9.6%	3.8%
Average sales per store (000's) [h]	$ 3,772	$ 3,568	$ 3,255	$ 3,045	$ 2,699
Average transaction value	$ 42.03	$ 39.83	$ 38.05	$ 37.95	$ 37.87
Average number of daily transactions per store	245	248	237	222	197
Total employees	8,700	7,200	6,400	6,000	4,200
Balance Sheet Data (at end of period):					
Working capital	$ 240,732	$ 219,326	$ 181,225	$ 143,655	$ 124,580
Total assets	814,795	678,485	538,270	462,857	342,935
Long-term debt, less current portion [i]	10,739	34,744	21,210	35,705	23,157
Stockholders' equity	477,698	370,584	290,991	224,262	178,315

(a) The Company adopted Emerging Issues Task Force No. 02-16 ("EITF 02-16") which changed its method of accounting for consideration received from vendors whereby such consideration is considered a reduction of inventory cost as opposed to a reduction of selling, general and administrative costs. As a result, the Company recorded a non-cash charge of $1.9 million, net of income tax, in the first quarter of fiscal 2003 for the cumulative effect of the change on fiscal years prior to fiscal 2003.

(b) Basic net income per share is calculated based on the weighted average number of common shares outstanding applied to net income. Diluted net income per share is calculated using the treasury stock method for options and warrants. All share and per share data have been adjusted for stock splits.

(c) The pro-forma results provide a summary of gross margin, selling, general and administrative expenses and net income as if the adoption of EITF 02-16 had occurred prior to December 30, 2000. See Note 17 to Consolidated Financial Statements for further information.

(d) Figure for 2005 includes 16 stores acquired as part of the acquisition of the assets of Del's Farm Supply, Inc.

(e) Reflects remodelings costing more than $150,000.

(f) Includes assets acquired through capital leases.

(g) Same-store sales increases are calculated on an annual basis, excluding relocations, using all stores open at least one year.

(h) Average sales per store are calculated based on the weighted average number of days open in the applicable period.

(i) Long-term debt includes borrowings under the Company's revolving credit agreement and term loan agreement and amounts outstanding under its capital lease obligations, excluding the current portions of each.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

The Company is the largest operator of retail farm and ranch stores in the United States, focused on supplying the lifestyle needs of recreational farmers and ranchers and those who enjoy the rural lifestyle, as well as tradesmen and small businesses. Stores are located in towns outlying major metropolitan markets and in rural communities. The Company offers the following comprehensive selection of merchandise: (1) equine, pet and animal products, including items necessary for their health, care, growth and containment; (2) maintenance products for agricultural and rural use; (3) hardware and tool products; (4) seasonal products, including lawn and garden power equipment; (5) truck, trailer and towing products; and (6) work clothing for the entire family. The Company's stores currently range in size from approximately 7,000 to 23,000 square feet of inside selling space and also utilize outside selling space. Currently, the Company is developing stores utilizing one of five standard prototypes and also utilizes existing store structures. The Company's new stores typically range in size from 15,500 square feet of inside selling space to 18,500 square feet of inside selling space and also utilize outside selling space. The Company operated 595 retail farm and ranch stores as of December 31, 2005.

On November 10, 2005, the Company acquired the assets of privately-held Del's Farm Supply, Inc. ("Del's") for $17.6 million and the assumption of certain liabilities. Based in Lakewood, Washington, Del's operates 16 stores, primarily in the Pacific Northwest, that offer a wide selection of products (primarily in the equine, pet and animal category) tailored to those who enjoy the rural lifestyle. Del's stores currently range in size from approximately 1,500 to 7,000 square feet of inside selling space and also utilize outside selling space.

The fiscal year of the Company includes 52 or 53 weeks and ends on the last Saturday of the calendar year. References to fiscal year mean the year in which that fiscal year ended. The fiscal year ended December 31, 2005 contains 53 weeks and each of the fiscal years ended December 25, 2004 and December 27, 2003 contain 52 weeks.

The Company's current and long-term growth strategy is to (1) expand geographic market presence through opening new retail stores, (2) enhance financial performance through same-store sales increases, achieved through aggressive merchandising and marketing programs with an "everyday low prices" philosophy, supported by strong customer service, (3) enhance product margin through selective assortment, vendor price negotiation, sourcing and optimization of transportation costs, (4) leverage operating costs, especially advertising and distribution, and (5) expand through selective acquisition, as such opportunities arise, to enhance penetration into new and existing markets as a complimentary strategy to organic growth.

The Company has experienced considerable growth over the last five years, with an annual compounded unit growth rate of approximately 14%. This growth has expanded the Company's market presence into 37 states. The Company plans to continue this growth strategy with an annual projected increase in its unit count of approximately 13%. The Company believes the projected unit count increase, along with strategic relocations of stores into areas of greater retail opportunity, will contribute substantially to the Company's future growth. The acquisition of Del's enabled the Company to establish an initial presence in the Pacific Northwest, primarily in Washington, with one store in British Columbia, Canada. The Company operated 595 retail farm and ranch stores as of December 31, 2005 and has plans to open approximately 78 to 80 stores in fiscal 2006, and approximately 19 store relocations. The Company has developed a proven method for selecting store sites and has identified over 800 potential additional markets for new stores in the United States. In addition, the Company continues to identify opportunities to relocate existing stores. The Company plans to relocate additional stores over the next several years. Store relocations are typically undertaken to move small, older stores to full-size formats in improved retail areas. The Company has relocated 72 stores since 2001.

The Company has placed significant emphasis on its merchandising programs, evaluating the sales and profitability of its products through detailed line reviews, review of vendor performance measures and modification of the overall product offerings. These efforts, coupled with a strong marketing program and in-depth product knowledge training of store employees, have enhanced sales and financial performance.

Seasonality and Weather

The Company's business is highly seasonal. Historically, the Company's sales and profits have been the highest in the second and fourth fiscal quarters of each year due to the sale of seasonal products. The Company typically operates at approximately break even in the first fiscal quarter of each year. Unseasonable weather, excessive rain, drought, and early or late frosts may also affect the Company's sales. The Company believes, however, that the impact of adverse weather conditions is somewhat mitigated by the geographic dispersion of its stores.

The Company experiences its highest inventory and accounts payable levels during its first fiscal quarter each year for purchases of seasonal product in anticipation of the spring selling season and again during its third fiscal quarter in anticipation of the winter selling season.

Inflation

Although the Company cannot accurately determine the full effect of inflation on its operations, it believes its sales and results of operations have been affected by inflation. The Company is subject to market risk with respect to the pricing of certain products and services, which include, among other items, steel, grain, petroleum, corn, soybean and other commodities as well as transportation services. Moreover, in the last few years, energy prices have risen dramatically, which has resulted in increased fuel costs for the Company's business and utility costs for the Company's stores. The Company has been successful in reducing or mitigating the effects of inflation, principally through selective buying from the most competitive vendors and by increasing retail prices. However, there is no assurance that the Company will be successful in reducing or mitigating the effect of inflation on the Company in the future.

Significant Accounting Policies and Estimates

Management's discussion and analysis of the Company's financial position and results of operations are based upon the Company's consolidated financial statements, which have been prepared in accordance with United States generally accepted accounting principles. The preparation of these financial statements requires management to make informed estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. The Company's significant accounting policies, including areas of critical management judgments and estimates, have primary impact on the following financial statement areas:

- Inventory valuation
- Sales returns
- Self insurance
- Sales tax reserve

The Company's critical accounting policies are subject to judgments and uncertainties, which affect the application of such policies. (See Note 1 to the Notes to the Consolidated Financial Statements contained in this report for a discussion of the Company's critical accounting policies.) The Company's financial position and/or results of operations may be materially different when reported under different conditions or when using different assumptions in the application of such policies. In the event estimates or assumptions prove to be different from actual amounts, adjustments are made in subsequent periods to reflect more current information.

Quarterly Financial Data

The Company's unaudited quarterly operating results for each fiscal quarter of 2005 and 2004 are shown below (dollars in thousands, except per share amounts):

2005	First Quarter	Second Quarter	Third Quarter	Fourth Quarter *	Total
Net sales	$ 377,203	$ 613,235	$ 479,607	$ 597,934	$ 2,067,979
Gross margin	112,071	189,756	146,905	190,819	639,551
Income from operations	1,750	56,308	28,939	49,447	136,444
Net income	684	35,754	18,329	30,902	85,669
Net income per share:					
Basic	$ 0.02	$ 0.92	$ 0.47	$ 0.78	$ 2.19
Diluted	$ 0.02	$ 0.87	$ 0.45	$ 0.75	$ 2.09
Same-store sales increase	4.2%	5.9%	1.8%	10.0%	5.7%

2004	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Net sales	$ 330,554	$ 525,919	$ 426,384	$ 455,986	$ 1,738,843
Gross margin	99,169	160,543	119,576	145,399	524,687
Income from operations	5,887	49,241	12,128	34,290	101,546
Net income	3,445	31,004	7,612	22,008	64,069
Net income per share:					
Basic	$ 0.09	$ 0.81	$ 0.20	$ 0.58	$ 1.68
Diluted	$ 0.08	$ 0.76	$ 0.19	$ 0.54	$ 1.57
Same-store sales increase	12.4%	10.0%	10.1%	7.7%	9.9%

* The fourth quarter of fiscal 2005 is comprised of 14 weeks while all other quarters presented for both years are comprised of 13 weeks.

Results of Operations

The following table sets forth, for the periods indicated, certain items in the Company's consolidated statements of income expressed as a percentage of net sales.

	2005	2004	2003
Net sales	100.0%	100.0%	100.0%
Cost of merchandise sold	69.1	69.8	69.5
Gross margin	30.9	30.2	30.5
Selling, general and administrative expenses	22.7	22.8	22.5
Depreciation and amortization	1.6	1.6	1.5
Income from operations	6.6	5.8	6.5
Interest expense, net	0.1	0.1	0.2
Income before income taxes	6.5	5.7	6.3
Income tax provision	2.4	2.0	2.4
Net income before cumulative effect of accounting change	4.1	3.7	3.9
Cumulative effect of accounting change	--	--	0.1
Net income	4.1%	3.7%	3.8%

Fiscal 2005 Compared to Fiscal 2004

Net sales increased 18.9% to $2,068.0 million in fiscal 2005 from $1,738.8 million in fiscal 2004. This increase resulted from the opening of new stores (including 16 additional stores from the acquisition of Del's Farm Supply) as well as a same-store sales improvement of 5.7%. Fiscal 2005 included an additional week compared to last year, which accounted for approximately 1.8% of the sales increase. The Company's total average transaction value increased 5.5% to $42.03 for the twelve months ended fiscal 2005 while average daily transactions decreased to 245 compared to 248 in the prior year, while same-store sales transactions increased 1.4%. The same-store sales increase includes an approximate 1.2% gain for fiscal year 2005 which is attributed to increases in selling prices resulting from rising steel and petroleum-related product costs. Same-store sales increases were generally experienced across all product lines, with seasonal products representing the strongest category.

In fiscal 2005, the Company opened 65 new stores (compared to 53 in the prior year), acquired an additional 16 stores from the acquisition of Del's, relocated 18 stores (compared to 20 in the prior year) and closed one store (compared to one in the prior year).

As a percent of sales, gross margin increased 76 basis points to 30.9% for fiscal 2005 from 30.2% for fiscal 2004. Gross margin was primarily impacted by overall lower product costs partially offset by higher than anticipated transportation costs (caused primarily by increased diesel fuel costs and overall capacity demands on the transportation industry).

As a percent of sales, selling, general and administrative ("SG&A") expenses were comparable at 22.7% and 22.8% for fiscal 2005 and 2004, respectively.

Depreciation and amortization expense increased 25.1% in fiscal 2005 over the prior year due mainly to costs associated with new and relocated stores, remodeled existing stores and new distribution facilities.

Net interest expense increased 13.3% in fiscal 2005 from the prior year. This increase is primarily due to higher average interest rates in the current year partially offset by a reduction in average long-term borrowings under the Company's revolving credit agreement.

The Company's effective tax rate was 36.5% for fiscal 2005 compared to 36.0% in the prior year, resulting primarily from a higher effective state income tax rate due to the mix of business by state.

As a result of the foregoing factors, net income for fiscal 2005 increased 33.7% to $85.7 million, or $2.09 per diluted share, compared to net income of $64.1 million, or $1.57 per diluted share, in the prior year.

Fiscal 2004 Compared to Fiscal 2003

Net sales increased 18.1% to $1,738.8 million in fiscal 2004 from $1,472.9 million in fiscal 2003. This increase resulted from the opening of new stores as well as a same-store sales improvement of 9.9%. The Company's favorable performance versus prior year was driven primarily by the opening of 53 new stores, market share gains in certain markets, continued improvement in merchandising programs and successful implementation of new initiatives in presentation, purchasing and product selection. Same-store sales increases were generally experienced across all product lines, with equine, pet and animal products representing the strongest category. The Company's average transaction value increased 4.7% to $39.83 for the twelve months ended fiscal 2004. Increased average transaction counts also contributed to the increase in same-store sales. The same-store sales increase included an approximate 2.6% gain for fiscal year 2004 which was attributable to increases in selling prices resulting from rising steel, grain and petroleum-related product costs.

In fiscal 2004, the Company opened 53 new stores (compared to 31 in the prior year), relocated 20 stores (compared to 18 in the prior year) and closed one store (compared to one in the prior year).

As a percent of sales, gross margin decreased 30 basis points to 30.2% for fiscal 2004 from 30.5% for fiscal 2003. Gross margin was negatively impacted primarily by higher than anticipated freight costs (caused primarily by

increased diesel fuel costs and demand in the transportation industry) and absorption of some of the impact of higher steel and other commodity costs. The impact of cost increases was partially recovered through higher selling prices.

As a percent of sales, selling, general and administrative ("SG&A") expenses were 22.8% and 22.5% for fiscal 2004 and 2003, respectively. The loss in SG&A leverage was due primarily to approximately $3.2 million in expenses incurred for the consolidation and relocation of the Company's Store Support Center. Additionally, new store openings fell behind schedule during the middle of the year, negatively impacting expense leverage.

Depreciation and amortization expense increased 25.9% in fiscal 2004 over the prior year due mainly to costs associated with new and relocated stores, remodeled existing stores and new distribution facilities.

Net interest expense decreased 58.2% in fiscal 2004 from the prior year. This decrease reflected stronger cash flow and less cash requirements for store openings, which resulted in reduced average long-term borrowings under the Company's revolving credit agreement.

The Company's effective tax rate was 36.0% for fiscal 2004 compared to 37.6% in the prior year, resulting primarily from a lower effective state income tax rate due to the mix of business by state.

As a result of the foregoing factors, net income for fiscal 2004 increased 15.1% to $64.1 million, or $1.57 per diluted share, compared to net income of $55.7 million, or $1.38 per diluted share, in the prior year. Exclusive of the cumulative effect of the change in 2003 in the Company's method of accounting for consideration received from vendors, net income for fiscal 2003 was $57.6 million or $1.43 per diluted share. The increase in net income for fiscal 2004 is primarily a result of the factors discussed above and leveraging operating costs with increased sales.

Change in Accounting Principle

Emerging Issue Task Force Issue No. 02-16 ("EITF 02-16"), "Accounting by a Customer (including a Reseller) for Certain Consideration Received from a Vendor" provides guidance for the accounting treatment and income statement classification for consideration given by a vendor to a retailer in connection with the sale of the vendor's products or for the promotion of sales of the vendor's products. The EITF concluded that such consideration received from vendors should be reflected as a decrease in prices paid for inventory and recognized in cost of sales as the related inventory is sold. Prior to adopting this pronouncement, the Company classified all vendor-provided marketing support funds as a reduction in selling, general and administrative expenses.

The effect of applying EITF 02-16 on prior-period financial statements would have resulted in a change to previously reported net income; thus the Company has reported the adoption of EITF 02-16 as a cumulative effect adjustment. Accordingly, in the first quarter of fiscal 2003, the Company recorded a cumulative effect of accounting change of $3.1 million ($1.9 million net of income taxes) for the impact of this adoption on prior fiscal years.

Liquidity and Capital Resources

In addition to normal operating expenses, the Company's primary ongoing cash requirements are for expansion, remodeling and relocation programs, including inventory purchases and capital expenditures. The Company's primary ongoing sources of liquidity are funds provided from operations, commitments available under its revolving credit agreement, capital and operating leases and normal trade credit. The Company's inventory and accounts payable levels typically build in the first and third fiscal quarters in anticipation of the spring and winter selling seasons, respectively.

Working Capital

At December 31, 2005, the Company had working capital of $240.7 million, a $21.3 million increase from December 25, 2004. This increase was primarily attributable to changes in the following components of current assets and current liabilities (in millions):

	2005	2004	Variance
Current assets:			
Cash and cash equivalents	$ 21.2	$ 28.9	$ (7.7)
Inventories	460.8	385.1	75.7
Prepaid expenses and other current assets	38.4	32.8	5.6
Other, net	11.0	11.6	(0.6)
	531.4	458.4	73.0
Current liabilities:			
Accounts payable	$ 185.4	$ 147.9	$ 37.5
Accrued expenses	102.8	90.2	12.6
Other, net	2.5	0.9	1.6
	290.7	239.0	51.7
Working capital	$ 240.7	$ 219.4	$ 21.3

The decrease in cash and cash equivalents was primarily due to payments on outstanding borrowings.

The increase in inventories and related increase in accounts payable resulted primarily from additional inventory for new stores (including preparation of stores to open in the subsequent year) and an increase in average inventory per store due to an expected increase in sales. Trade credit arises from the Company's vendors granting extended payment terms for inventory purchases. Payment terms vary from 30 days to 180 days depending on the product and vendor.

The increases in prepaid expenses and other current assets, and accrued expenses was generally due to the increase in the number of stores in operation and resulting increases in sales, growth in operations, and timing of payments.

Borrowings and Credit Facilities

In August 2002, the Company entered into a credit agreement with Bank of America, N.A., as agent for a lender group (the “Credit Agreement”), whereby the Company is permitted to borrow up to $155 million. The Credit Agreement was subsequently amended on January 28, 2004 and September 30, 2004. Both amendments included changes to certain financial covenants, primarily to provide flexibility for capital expenditures, and extended the maturity to February 27, 2008. The outstanding borrowings under the Credit Agreement totaled $8.2 million at December 31, 2005 and $32.3 million at December 25, 2004. The balance of funds available under the Credit Agreement may be utilized for borrowings and up to $50 million for letters of credit, of which $12.1 million and $12.7 million were outstanding at December 31, 2005 and December 25, 2004, respectively. These letters of credit were issued primarily for the purchase of inventory. The Credit Agreement bears interest at either the bank's base rate (7.25% at December 31, 2005) or the London Inter-Bank Offer Rate (“LIBOR”) (4.39% at December 31, 2005) plus an additional amount ranging from 0.75% to 1.5% per annum, adjusted quarterly based on Company performance (0.75% at December 31, 2005). The Company is also required to pay, quarterly in arrears, a commitment fee ranging from 0.20% to 0.35% per annum (0.20% at December 31, 2005) and adjusted quarterly based on Company performance, on the average daily unused portion of the credit line. There are no compensating balance requirements associated with the Credit Agreement.

The Credit Agreement contains certain restrictions regarding additional indebtedness, capital expenditures, business operations, guarantees, investments, mergers, consolidations and sales of assets, transactions with subsidiaries or affiliates, and liens. In addition, the Company must comply with certain quarterly restrictions (based on a rolling four-quarters basis) regarding net worth, leverage ratio, fixed charge coverage, current ratio requirements and spending limits on capital expenditures. The Company was in compliance with all covenants at December 31, 2005.

Sources and Uses of Cash

The Company's primary source of liquidity is cash provided by operations. Principal uses of cash for investing and financing activities are capital expenditures and payments on debt, respectively. The following table presents a summary of cash flows from operating, investing and financing activities for the last three fiscal years (in thousands):

	2005	2004	2003
Net cash provided by operating activities	$ 99.2	$ 77.1	$ 63.9
Net cash used in investing activities	(90.7)	(87.3)	(43.4)
Net cash provided by (used in) financing activities	(16.2)	19.2	(14.3)
Net increase (decrease) in cash and cash equivalents	$ (7.7)	$ 9.0	$ 6.2

Operating Activities

The $22.1 million increase in net cash provided by operations in fiscal 2005 over fiscal 2004 is primarily due to changes in the following operating activities (in millions):

	2005	2004	Variance
Net income	$ 85.7	$ 64.1	$ 21.6
Depreciation and amortization	34.0	27.2	6.8
Deferred income taxes	(12.7)	(4.6)	(8.1)
Inventories and accounts payable	(34.9)	(44.2)	9.3
Prepaid expenses and other current assets	(7.1)	(2.2)	(4.9)
Accrued expenses	12.8	20.2	(7.4)
Other, net	21.4	16.6	4.8
Net cash provided by operations	$ 99.2	$ 77.1	$ 22.1

The increase in net cash provided by operations in fiscal 2005 compared with fiscal 2004 is primarily due to the improvement in net earnings (exclusive of depreciation and amortization and deferred income taxes) and a net decrease in inventory and accounts payable. Increases in the cash used for prepaid expenses and other current assets and a relative decrease in accrued expenses was primarily due to the growth in the Company's business during the year and the timing of payments.

The $13.2 million increase in net cash provided by operations in fiscal 2004 from fiscal 2003 was primarily due to changes in the following operating activities (in millions):

	2004	2003	Variance
Net income	$ 64.1	$ 55.7	$ 8.4
Depreciation and amortization	27.2	21.6	5.6
Deferred income taxes	(4.6)	6.6	(11.2)
Inventories and accounts payable	(44.2)	(21.6)	(22.6)
Prepaid expenses and other current assets	(2.2)	(10.8)	8.6
Accrued expenses	20.2	7.0	13.2
Other, net	16.6	5.4	11.2
Net cash provided by operations	$ 77.1	$ 63.9	$ 13.2

The increase in net cash provided by operations in fiscal 2004 compared with fiscal 2003 was primarily due to the improvement in net earnings (exclusive of depreciation and amortization), offset by a net increase in inventory and accounts payable. Increases in prepaid expenses and other current assets and accrued expenses also contributed to the growth in cash provided by operations. These increases were primarily due to the growth in the Company's business during fiscal 2004 and the timing of payments.

Investing Activities

Investing activities used $90.7 million, $87.3 million, and $43.4 million in fiscal 2005, 2004 and 2003, respectively. The majority of this cash requirement relates to the Company's capital expenditures and in fiscal 2005, to the acquisition of the assets of Del's Farm Supply in 2005.

The Company's significant store expansion, coupled with required investment in infrastructure, required the following capital expenditures, including capital leases (in thousands):

	2005	2004	2003
New and relocated stores and stores not yet opened	$ 40,525	$ 30,758	$ 18,990
Existing stores	13,936	10,033	9,829
Distribution center capacity and improvements	19,585	41,024	17,217
Information technology	4,100	9,105	3,320
Corporate and other	689	2,069	626
	$ 78,835	$ 92,989	$ 49,982

The Company's long-term growth strategy anticipates continued geographic market expansion and further concentration within existing markets. This growth will also require continuing investment in information technology and people. The costs reflected are typically building improvements as the Company leases the majority of its facilities. The Company currently estimates that capital expenditures will be approximately $80.0 million in fiscal 2006, as follows (in thousands):

	2006
New and relocated stores and stores not yet opened	$ 52,700
Existing store improvements	20,400
Distribution center capacity and improvements	2,500
Information technology	3,300
Corporate and other	1,100
	$ 80,000

Financing Activities

Financing activities used $16.2 million, provided $19.2 million, and used $14.3 million in fiscal 2005, 2004 and 2003, respectively, largely as a result of borrowing requirements created by operations, partially offset by proceeds received from the issuance of stock under stock incentive programs.

The Company believes that its cash flow from operations, borrowings available under the Credit Agreement, and normal trade credit will be sufficient to fund the Company's operations and its capital expenditure needs, including store openings, relocations and renovations, over the next several years.

Significant Contractual Obligations and Commercial Commitments

The following table reflects the Company's future obligations and commitments as of December 31, 2005 (in thousands):

	Payment Due by Period				
	Total Contractual Obligations	Less than 1 year	1-3 years	4-5 years	More than 5 years
Long term debt [a]	$ 8,212	$ --	$ 8,212	$ --	$ --
Operating leases	761,419	83,258	153,575	134,665	389,921
Capital leases [b]	5,676	1,223	1,383	413	2,657
Purchase obligations [c]	448	344	104	--	--
	$ 775,755	$ 84,825	$ 163,274	$ 135,078	$ 392,578

[a] Long term debt balances represent principal maturities, excluding interest. At December 31, 2005, this entire amount relates to the Company's Credit Agreement.
[b] Capital lease obligations include related interest.
[c] The amounts for purchase obligations include commitments for data transfer for information technology use.

The Company had outstanding standby letters of credit of $12.1 million as of December 31, 2005.

Off-Balance Sheet Arrangements

The extent of the Company's off-balance sheet arrangements is operating leases and outstanding letters of credit. The balances for these arrangements are discussed above. Leasing buildings and equipment for retail stores and offices

rather than acquiring these significant assets allows the Company to utilize financial capital to operate the business rather than invest in fixed assets. Letters of credit allow the Company to purchase inventory in a timely manner.

Known Trends, Events, Demands, Commitments and Uncertainties

Litigation

The Company is involved in various litigation matters arising in the ordinary course of business. After consultation with legal counsel, management expects these matters will be resolved without material adverse effect on the Company's consolidated financial position or results of operations. Any estimated loss related to such matters has been adequately provided in accrued liabilities to the extent probable and reasonably estimable. It is possible, however, that future results of operations for any particular quarterly or annual period could be materially affected by changes in circumstances relating to these proceedings.

As previously disclosed, in the Company's Annual Report on Form 10-K for fiscal 2004 filed on March 10, 2005 (which Annual Report was amended by the filing of Amendment No. 1 to the Company's Annual Report on Form 10-K/A on April 21, 2005), in July 2004, a purported shareholder derivative lawsuit was filed in the Chancery Court for Davidson County, Tennessee by the Hawaii Laborers Pension Plan against each of the Company's directors, certain of its officers and one former director. The Company was named as a nominal defendant. On September 17, 2004, the plaintiff filed an amended complaint. On October 8, 2004, the Company moved to dismiss the amended complaint for failure to make a pre-suit demand on the Board of Directors. On December 3, 2004, the Court granted the Company's motion to dismiss and ordered that all claims in the amended complaint be dismissed without prejudice. On February 17, 2005, the Court entered an order denying a motion by the plaintiff to alter or amend the December 3, 2004 order and judgment dismissing the amended complaint. On March 18, 2005, the plaintiff appealed the order to the Tennessee Court of Appeals. On October 3, 2005, plaintiff filed a motion to dismiss the appeal and on October 19, 2005, the Tennessee Court of Appeals dismissed the appeal.

Sales Tax Compliance

A portion of the Company's sales are with tax-exempt customers. The Company obtains exemption information as a necessary part of each tax exempt transaction. Many of the states in which the Company conducts business will audit the Company to verify its compliance with applicable sales tax laws. The business activities of the Company's customers and the intended use of the unique products sold by the Company create a challenging and complex environment of compliance. These circumstances also create some risk that the Company could be challenged as to the propriety of its sales tax compliance. While the Company believes it reasonably enforces sales tax compliance with its customers and endeavors to fully comply with all applicable sales tax regulations, there can be no assurance that the Company, upon final completion of such audits, would not have a significant liability for disallowed exemptions. Management believes it has adequately provided for such liability based on known assessments and expected settlements.

Recent Accounting Pronouncements

Stock Options
In December 2004, the FASB issued Statement of Financial Accounting Standards ("SFAS") No. 123R, "Share-Based Payment" ("SFAS 123R"). SFAS 123R is a revision of SFAS 123 and supersedes APB 25. Among other items, SFAS 123R eliminates the use of the intrinsic value method of accounting and requires companies to recognize the cost of employee services received in exchange for awards of equity instruments, based on the grant date fair value of those awards. Pro forma disclosure is no longer an alternative under the new standard. The Company has adopted SFAS 123R in fiscal 2006, as required.

SFAS 123R permits the use of either a "modified prospective" method, or a "modified retrospective" method. Under the "modified prospective" method, compensation cost is recognized in the financial statements beginning with the effective date, based on the requirements of SFAS 123R for all share-based payments granted after that date, and based on the requirements of SFAS 123 for all unvested awards granted prior to the effective date of SFAS 123R. Under the "modified retrospective" method, the requirements are the same as under the "modified prospective" method, but also permit the restatement of prior period financial statements based on proforma disclosures made in accordance with SFAS 123.

The Company currently utilizes a standard option pricing model (i.e. *Black-Scholes*) to measure the fair value of stock options granted to Employees. While SFAS 123R permits entities to continue to use such a model, the standard also permits the use of a more complex binomial, or "lattice" model. Based upon research done by the Company on the alternative models available to value option grants, and in conjunction with the type and number of stock options expected to be issued in the future, the Company has determined that it will continue to use a modified *Black-Scholes* model for option valuation.

SFAS 123R includes several modifications to the presentation of income taxes in the financial statements. The expense for certain types of option grants is only deductible for tax purposes at the time that the taxable event takes place, which could cause variability in the Company's effective tax rates recorded throughout the year. SFAS 123R does not allow companies to "predict" when these taxable events will take place. Furthermore, it requires that the benefits associated with the tax deductions in excess of recognized compensation cost be reported as a financing cash flow, rather than as an operating cash flow as required under current rules. This requirement will reduce net operating cash flows and increase net financing cash flows in periods after the effective date. The income tax impact is uncertain and cannot be estimated, because it will depend on, among other things, when employees exercise stock options. The amount of operating cash flows recognized in prior periods for such excess tax deductions, as shown in the Company's Consolidated Statement of Cash Flows, were $12.5 million, $8.7 million, and $4.3 million, respectively, for 2005, 2004, and 2003.

The Company will utilize the "modified prospective" method. The Company expects that the adoption of SFAS 123R on January 1, 2006 will reduce fiscal 2006 net earnings by approximately $7.0 million ($4.4 million after tax). See Note 14 to the Consolidated Financial Statements for further information on the Company's stock-based compensation plans.

Inventory Costs
In November of 2004, the FASB issued SFAS No. 151, "Inventory Costs, an amendment of ARB No. 43, Chapter 4" ("SFAS 151"). The purpose of this statement is to clarify the accounting of abnormal amounts of idle facility expense, freight, handling costs and waste material. ARB No. 43 stated that under some circumstances these costs may be so abnormal that they are required to be treated as current period costs. SFAS 151 requires that these costs be treated as current period costs regardless if they meet the criteria of "so abnormal." The provisions of SFAS 151 shall be effective for inventory costs incurred during fiscal years beginning after June 15, 2005. Adoption of SFAS 151 on January 1, 2006 did not have a material impact on the Company's results of operations or financial position.

Exchange of Nonmonetary Assets
In December 2004, the FASB issued SFAS No. 153, "Exchanges of Nonmonetary Assets, an Amendment of APB Opinion No. 29" ("SFAS 153"). SFAS 153 is based on the principle that exchanges of nonmonetary assets should be measured based on the fair value of the assets exchanged. SFAS 153 was effective for nonmonetary asset exchanges occurring in fiscal periods beginning with the third quarter of 2005, with earlier application permitted. Adoption of SFAS 153 did not have a material impact on the Company's results of operations or financial position.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The Company complies with SFAS Nos. 133, 137, and 138 (collectively "SFAS 133") pertaining to the accounting for derivatives and hedging activities. SFAS 133 requires the Company to recognize all derivative instruments in the balance sheet at fair value. SFAS 133 impacted the accounting for the Company's interest rate swap agreement, which was designated as a cash flow hedge.

The Company is exposed to changes in interest rates primarily from its Credit Agreement. The Credit Agreement bears interest at either the bank's base rate (7.25% and 5.25% December 31, 2005 and December 25, 2004, respectively) or LIBOR (4.39% and 2.42% at December 31, 2005 and December 25, 2004, respectively) plus an additional amount ranging from 0.75% to 1.50% per annum, adjusted quarterly, based on Company performance (0.75% at both December 31, 2005 and December 25, 2004). The Company is also required to pay (quarterly in arrears) a commitment fee ranging from 0.20% to 0.35% based on the daily average unused portion of the Credit Line. A hypothetical 100 basis point adverse move (increase) in interest rates along the entire interest rate yield curve would result in approximately $180,000 of additional annual interest expense and would not impact the fair market value of the long-term debt.

Item 8. Financial Statements and Supplementary Data

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TRACTOR SUPPLY COMPANY

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Management's Report on Internal Control Over Financial Reporting

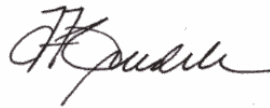
Management of the Company is responsible for establishing and maintaining effective internal control over financial reporting as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934. The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2005. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control — Integrated Framework*. Based on this assessment, management believes that, as of December 31, 2005, the Company's internal control over financial reporting is effective based on those criteria.

Management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2005, has been audited by Ernst & Young LLP, the independent registered public accounting firm which also audited the Company's consolidated financial statements. Ernst & Young's attestation report on management's assessment of the Company's internal control over financial reporting appears on page 28 hereof.

James F. Wright
President and Chief Executive Officer



Anthony F. Crudele
Senior Vice President-Chief Financial Officer

Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting

The Board of Directors and Stockholders
Tractor Supply Company

We have audited management's assessment, included in the accompanying Management's Report on Internal Control Over Financial Reporting, that Tractor Supply Company maintained effective internal control over financial reporting as of December 31, 2005, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Tractor Supply Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

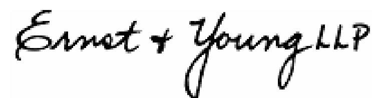
We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that Tractor Supply Company maintained effective internal control over financial reporting as of December 31, 2005, is fairly stated, in all material respects, based on the COSO criteria. Also, in our opinion, Tractor Supply Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2005, based on the COSO criteria**.**

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Tractor Supply Company as of December 31, 2005 and December 25, 2004, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2005 and our report dated March 13, 2006 expressed an unqualified opinion thereon.



Nashville, Tennessee
March 13, 2006

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Tractor Supply Company

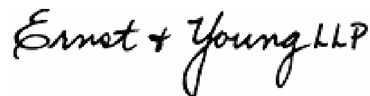
We have audited the accompanying consolidated balance sheets of Tractor Supply Company as of December 31, 2005 and December 25, 2004, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Tractor Supply Company at December 31, 2005 and December 25, 2004, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2005, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 17 to the financial statements, in fiscal 2003 the Company changed its method of accounting for certain consideration received from vendors.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Tractor Supply Company's internal control over financial reporting as of December 31, 2005, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 13, 2006 expressed an unqualified opinion thereon.



Nashville, Tennessee
March 13, 2006

TRACTOR SUPPLY COMPANY
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share amounts)

	2005	2004	2003
Net sales	$ 2,067,979	$ 1,738,843	$ 1,472,885
Cost of merchandise sold	1,428,428	1,214,156	1,023,985
Gross margin	639,551	524,687	448,900
Selling, general and administrative expenses	469,087	395,955	331,630
Depreciation and amortization	34,020	27,186	21,597
Income from operations	136,444	101,546	95,673
Interest expense, net	1,632	1,440	3,444
Income before income taxes and cumulative effect of change in accounting principle	134,812	100,106	92,229
Income tax expense	49,143	36,037	34,647
Income before cumulative effect of change in accounting principle	85,669	64,069	57,582
Cumulative effect of change in accounting principle, net of income taxes (Note 17)	--	--	(1,888)
Net income	$ 85,669	$ 64,069	$ 55,694
Net income per share – basic, before cumulative effect of change in accounting principle	$ 2.19	$ 1.68	$ 1.55
Cumulative effect of accounting change, net of income taxes	--	--	(0.05)
Net income per share – basic	$ 2.19	$ 1.68	$ 1.50
Net income per share – assuming dilution, before cumulative effect of change in accounting principle	$ 2.09	$ 1.57	$ 1.43
Cumulative effect of accounting change, net of income taxes	--	--	(0.05)
Net income per share – assuming dilution	$ 2.09	$ 1.57	$ 1.38

The accompanying notes are an integral part of these financial statements.

TRACTOR SUPPLY COMPANY
CONSOLIDATED BALANCE SHEETS
(in thousands, except share amounts)

	Dec. 31, 2005	Dec. 25, 2004
ASSETS		
Current assets:		
Cash and cash equivalents	$ 21,203	$ 28,941
Inventories	460,751	385,127
Prepaid expenses and other current assets	38,380	32,753
Deferred income taxes	11,079	11,584
Total current assets	531,413	458,405
Property and Equipment:		
Land	17,319	15,481
Buildings and improvements	223,585	171,279
Furniture, fixtures and equipment	115,784	88,222
Computer software and hardware	32,311	27,283
Construction in progress	9,842	24,316
	398,841	326,581
Accumulated depreciation and amortization	(140,366)	(112,947)
Property and equipment, net	258,475	213,634
Goodwill	12,436	--
Deferred income taxes	7,530	--
Other assets	4,941	6,446
Total assets	$ 814,795	$ 678,485
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 185,397	$ 147,950
Other accrued expenses	102,814	90,247
Current portion of capital lease obligations	1,049	882
Income taxes currently payable	1,421	--
Total current liabilities	290,681	239,079
Revolving credit loan	8,212	32,279
Capital lease obligations, less current maturities	2,527	2,465
Deferred income taxes	--	5,710
Straight line rent liability	18,502	16,979
Other long-term liabilities	17,175	11,389
Total liabilities	337,097	307,901
Stockholders' equity:		
Preferred Stock, 40,000 shares authorized; $1.00 par value; no shares issued	--	--
Common Stock, 100,000,000 shares authorized, $.008 par value; 39,433,449 and 38,302,373 shares issued and outstanding in 2005 and 2004, respectively	315	306
Additional paid-in capital	99,047	77,600
Other comprehensive loss	(11)	--
Retained earnings	378,347	292,678
Total stockholders' equity	477,698	370,584
Total liabilities and stockholders' equity	$ 814,795	$ 678,485

The accompanying notes are an integral part of these financial statements.

TRACTOR SUPPLY COMPANY
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands, except share amounts)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
Stockholders' equity at December 28, 2002	$ 292	$ 52,028	$ 172,915	$ (973)	$ 224,262
Issuance of common stock under employee stock purchase plan (52,900 shares)		935			935
Exercise of stock options (871,661 shares)	7	4,832			4,839
Tax benefit on disqualifying disposition of stock options		4,288			4,288
Unrealized gain on interest rate swap agreement, net of income tax expense of $603				973	973
Net income			55,694		55,694
Stockholders' equity at December 27, 2003	299	62,083	228,609	--	290,991
Issuance of common stock under employee stock purchase plan (41,282 shares)	1	1,454			1,455
Exercise of stock options (870,622 shares)	6	5,380			5,386
Tax benefit on disqualifying disposition of stock options		8,683			8,683
Net income			64,069		64,069
Stockholders' equity at December 25, 2004	306	77,600	292,678	--	370,584
Issuance of common stock under employee stock purchase plan (42,065 shares)		1,648			1,648
Exercise of stock options (1,089,011 shares)	9	7,282			7,291
Tax benefit on disqualifying disposition of stock options		12,517			12,517
Foreign currency translation adjustment				(11)	(11)
Net income			85,669		85,669
Stockholders' equity at December 31, 2005	$ 315	$ 99,047	$ 378,347	$ (11)	$ 477,698

The accompanying notes are an integral part of these financial statements.

TRACTOR SUPPLY COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	2005	2004	2003
Cash flows from operating activities:			
Net income	$ 85,669	$ 64,069	$ 55,694
Tax benefit of stock options exercised	12,517	8,683	4,288
Adjustments to reconcile net income to net cash provided by operating activities:			
Cumulative effect of change in accounting principle	--	--	1,888
Depreciation and amortization	34,020	27,186	21,597
Gain on disposition of property and equipment	(1,824)	(862)	(3,172)
Asset impairment related to closed stores and relocations	290	485	423
Deferred income taxes	(12,735)	(4,642)	6,557
Foreign currency translation adjustment	(11)	--	--
Change in assets and liabilities, net of acquisition:			
Inventories	(71,302)	(60,609)	(38,318)
Prepaid expenses and other current assets	(7,097)	(2,150)	(10,827)
Accounts payable	36,413	16,386	16,713
Accrued expenses	12,817	20,201	4,476
Income taxes currently payable	1,421	--	(1,446)
Other	9,003	8,319	6,035
Net cash provided by operating activities	99,181	77,066	63,908
Cash flows from investing activities:			
Capital expenditures	(77,507)	(91,313)	(49,982)
Proceeds from sale of property and equipment	4,413	3,966	6,539
Acquisition of Del's Farm Supply	(17,603)	--	--
Net cash used in investing activities	(90,697)	(87,347)	(43,443)
Cash flows from financing activities:			
Borrowings under revolving credit agreement	242,992	364,569	536,285
Repayments under revolving credit agreement	(267,059)	(351,693)	(550,424)
Repayment of long term debt	--	--	(5,537)
Principal payments under capital lease obligations	(1,094)	(475)	(356)
Net proceeds from issuance of common stock	8,939	6,841	5,774
Net cash provided by (used in) financing activities	(16,222)	19,242	(14,258)
Net increase (decrease) in cash	(7,738)	8,961	6,207
Cash and cash equivalents at beginning of year	28,941	19,980	13,773
Cash and cash equivalents at end of year	$ 21,203	$ 28,941	$ 19,980
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest	$ 1,715	$ 1,271	$ 3,043
Income taxes	47,191	28,917	31,840
Supplemental disclosure of non-cash activities:			
Equipment acquired through capital leases	$ 1,328	$ 1,676	$ --

The accompanying notes are an integral part of these financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Significant Accounting Policies:

Nature of Business

The Company is the largest operator of retail farm and ranch stores in the United States. The Company is focused on supplying the lifestyle needs of recreational farmers and ranchers and serving the maintenance needs of those who enjoy the rural lifestyle, as well as tradesmen and small businesses. Stores are located in towns outlying major metropolitan markets and in rural communities. At December 31, 2005 the Company operated 595 retail farm and ranch stores in 37 states (including one store in British Columbia).

Fiscal Year

The Company's fiscal year includes 52 or 53 weeks and ends on the last Saturday of the calendar year. References to fiscal year mean the year in which that fiscal year ended. The fiscal year ended December 31, 2005 consisted of 53 weeks while the fiscal years ended December 25, 2004 and December 27, 2003 consist of 52 weeks.

Reclassifications

Certain amounts in previously issued financial statements were reclassified to conform to the fiscal 2005 presentation.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries. All material intercompany accounts and transactions have been eliminated.

Management Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States inherently requires estimates and assumptions by management that affect the reported amounts of assets and liabilities, revenues and expenses and related disclosures. Actual results could differ from those estimates.

Significant estimates and assumptions by management primarily impact the following key financial statement areas:

> Inventory Valuation
> The Company identifies potentially excess and slow-moving inventory by evaluating turn rates and overall inventory levels. Potentially excess quantities are identified through the application of benchmark turn targets and historical sales experience. Further, exposure to inadequate realization of carrying value is identified through analysis of gross margin achievement and markdown experience, in combination with all merchandising initiatives. The estimated reserve is based on management's current knowledge with respect to inventory levels, sales trends and historical experience relating to the sale of the potentially excess and/or slow-moving inventory. Management does not believe the Company's merchandise inventories are subject to significant risk of obsolescence in the near-term, and management has the ability to adjust purchasing practices based on anticipated sales trends and general economic conditions. However, changes in consumer purchasing patterns could result in the need for additional reserves.
>
> The Company estimates its expected shrinkage of inventory between physical inventory counts by assessing the chain-wide average shrinkage experience rate, applied to the related periods' sales volumes. Such assessments are updated on a regular basis for the most recent individual store experiences.

The Company receives funding from its vendors for promotion of the Company's brand as well as the sale of their products. Vendor funding is accounted for as a discount on the purchase price of inventories and is recognized as a reduction of cost of merchandise as inventory is sold. The amount of expected funding is estimated based upon initial guaranteed commitments, as well as anticipated purchase levels with applicable vendors. The estimated purchase volume and related vendor funding is based on management's current knowledge with respect to inventory levels, sales trends and expected customer demand, as well as planned new store openings and relocations. Although management believes it has the ability to reasonably estimate its purchase volume and related vendor funding, it is possible that actual results could significantly differ from the estimated amounts.

Sales Returns

The Company generally honors customer refunds within 30 days of the original purchase, with the supporting receipt. However, the Company also has a "satisfaction guaranteed" policy, such that if customers are not satisfied, store employees are authorized, at their discretion, to offer to repair or exchange the product, or to offer store credits or refunds, irrespective of when the product was purchased. The Company estimates its reserve for likely customer returns based on the average refund experience in relation to sales for the related period. Due to the seasonality of the Company's sales, the refund experience can vary, depending on the fiscal quarter of measurement.

Self-insurance

The Company is self-insured for certain losses relating to workers' compensation, medical and general liability claims. However, the Company has stop-loss limits and umbrella insurance coverage for certain risk exposures subject to specified limits. Self-insurance claims filed and claims incurred but not reported are accrued based upon management's estimates of the aggregate liability for uninsured claims incurred using actuarial reports and assumptions followed in the insurance industry and historical experience. Although management believes it has the ability to adequately record estimated losses related to claims, it is possible that actual results could significantly differ from recorded self-insurance liabilities.

Revenue Recognition

The Company recognizes revenue when sales transactions occur and customers take possession of the merchandise. A provision for anticipated merchandise returns is provided in the period during which the related sales are recorded. Revenues from the sale of gift cards are deferred and recognized when the cards are redeemed. Residual amounts related to the expiration of gift cards are immaterial.

Credit Cards/Accounts Receivable

Sales generated through the Company's private label credit cards are not reflected as accounts receivable. Under an agreement with Citi Commerce Solutions, a division of Citigroup ("Citigroup"), consumer and business credit is extended directly to customers by Citigroup. All credit program and related services are performed and controlled directly by Citigroup.

Pre-opening Costs

Non-capital expenditures incurred in connection with start-up for store and distribution center activities are expensed as incurred.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Store Closing Costs

The Company recognizes store closing costs in accordance with the provisions of Statement of Financial Accounting Standards 146, "Accounting for Costs Associated with Exit or Disposal Activities," (“SFAS 146”) which requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred.

Cash and Cash Equivalents

The Company considers temporary cash investments, with a maturity of three months or less when purchased, to be cash equivalents. The majority of payments due from banks for customer credit card transactions process within 24-48 hours and are accordingly classified as cash and cash equivalents.

Fair Value of Financial Instruments

The Company’s financial instruments consist of cash and cash equivalents, short-term receivables and payables and long-term debt instruments, including capital leases. The carrying values of cash and cash equivalents, receivables and trade payables equal current fair value. The terms of the Company's revolving credit agreement (the “Credit Agreement”) include variable interest rates, which approximate current market rates.

Derivative Instruments and Hedging Activities

The Company complies with SFAS Nos. 133, 137, and 138 (collectively “SFAS 133”) pertaining to the accounting for derivatives and hedging activities. SFAS 133 requires the Company to recognize all derivative instruments in the balance sheet at fair value.

Inventories

The value of the Company's inventories is determined using the lower of last-in, first-out (LIFO) cost or market. Inventories are not in excess of market value. Quarterly inventory determinations under LIFO are based on assumptions as to projected inventory levels at the end of the fiscal year, sales for the year and the rate of inflation/deflation for the year. If the first-in, first-out (FIFO) method of accounting for inventory had been used, inventories would have been approximately $14,168,000 and $9,619,000 higher than reported at December 31, 2005 and December 25, 2004, respectively.

Vendor Concentration

Approximately 130 vendors accounted for 80% of the Company’s purchases for fiscal 2005, with one vendor representing 13% of purchases.

Freight Costs

The Company incurs various types of transportation and delivery costs in connection with inventory purchases and distribution. Such costs are included as a component of the overall cost of inventories and recognized as a cost of merchandise sold as inventory is sold.

Warehousing and Distribution Costs

Costs incurred at the Company’s distribution centers for receiving, warehousing and preparing product for delivery are expensed as incurred. These costs are included in selling, general and administrative expenses in the accompanying statements of income at the time the costs are incurred.

Property and Equipment

Property and equipment are carried at cost. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets. Improvements to leased premises are amortized using the straight-line method over the initial term of the lease or the useful life of the improvement, whichever is lesser. Leasehold improvements added late in the lease term are amortized over the term of the lease (including the first renewal option, if the renewal is reasonably assured) or the useful life of the improvement, whichever is lesser. The following estimated useful lives are generally applied:

	Life
Buildings	30 – 35 years
Leasehold and building improvements	5 – 15 years
Furniture, fixtures and equipment	5 – 10 years
Computer software and hardware	3 – 5 years

Leases

Assets under capital leases are amortized in accordance with the Company's normal depreciation policy for owned assets or over the lease term (regardless of renewal options), if shorter, and the charge to earnings is included in depreciation expense in the consolidated financial statements.

Certain leases include rent increases during the initial lease term. For these leases, the Company recognizes the related rental expense on a straight-line basis over the term of the lease (which includes the pre-opening period of construction, renovation, fixturing and merchandise placement) and records the difference between the amounts charged to operations and amounts paid as a rent liability.

The Company occasionally receives reimbursements from landlords to be used towards construction of improvements to the store the Company intends to lease. The reimbursement is primarily for the purpose of performing work required to divide a much larger location into smaller segments, one of which the Company will use for its store. This work could include the addition of demising walls, separation of plumbing, utilities, electric work, entrances (front and back) and other work as required. Leasehold improvements are recorded at their gross costs including items reimbursed by landlords. The reimbursements are amortized on a straight-line basis as a reduction of rent expense over the initial lease term.

Impairment of Long-Lived Assets

The Company reviews long-lived assets for impairment when circumstances indicate the carrying amount of the asset may not be recoverable. The Company applies the provisions of SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" to assets held for sale. Impairments on long-lived assets are valued on an asset by asset basis and are recognized by writing down the related assets to their fair value (less costs to sell, as appropriate), when the criteria have been met for the asset to be classified as held for sale or disposal.

Goodwill

In accordance with SFAS No. 142 "Goodwill and Other Intangible Assets", goodwill and intangible assets with indefinite lives are not amortized but instead are measured for impairment at least annually, or when events indicate that an impairment exists.

Advertising Costs

Advertising costs consist of expenses incurred in connection with newspaper circulars, television and radio, as well as direct mail, newspaper advertisements and other promotions. Costs are expensed when incurred with the exception of television advertising and circular and direct mail promotions, which are expensed upon first showing. Advertising expenses for fiscal 2005, 2004 and 2003 were approximately $47,369,000, $42,198,000 and $38,235,000 respectively.

Income Taxes

The Company accounts for income taxes using the liability method, whereby deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to be recovered or settled.

Foreign Currency Translation

Adjustments resulting from translating foreign functional currency financial statements into U.S. dollars are included in the foreign currency translation adjustment, a component of accumulated other comprehensive loss in shareholders' equity. The assets and liabilities of the Company's store in British Columbia, which was acquired as part of the acquisition of the assets of Del's, are translated at year-end rates of exchange, while revenues and expense items are translated at average rates for the period.

Stock-based Compensation Plans

The Company accounts for stock-based compensation utilizing the intrinsic value method in accordance with the provisions of Accounting Principles Board Opinion No. 25 ("APB 25"), "Accounting for Stock Issued to Employees" and related Interpretations. Accordingly, no compensation expense is recognized for fixed option plans because the exercise price of employee stock options equal or exceed the market prices of the underlying stock on the dates of grant. Effective January 1, 2006, the Company adopted SFAS No. 123R, "Share-Based Payments". (See Note 2.)

The following table represents the effect on net income and earnings per share if the Company had applied the fair value based method and recognition provisions of SFAS 123 to stock-based employee compensation:

	2005	2004	2003
Net income – as reported	$ 85,669	$ 64,069	$ 55,694
Pro-forma compensation expense, net of income taxes	(3,943)	(4,083)	(2,734)
Net income – pro-forma	$ 81,726	$ 59,986	$ 52,960
Net income per share – basic:			
As reported	$ 2.19	$ 1.68	$ 1.50
Pro-forma	$ 2.09	$ 1.57	$ 1.43
Net income per share – diluted:			
As reported	$ 2.09	$ 1.57	$ 1.38
Pro-forma	$ 2.00	$ 1.49	$ 1.33

As required, the pro forma disclosures above include options granted since January 1, 1995. For purposes of pro forma disclosures, the estimated fair value of stock-based compensation plans and other options is amortized to expense primarily over the vesting period. For options with graded vesting, expense is recognized on a straight-line basis over the vesting period.

Pro forma information regarding net income and net income per share, has been determined as if the Company had accounted for its employee stock-based compensation plans and other stock options under the fair value method of SFAS 123. The fair value of each option grant is estimated on the date of grant using a modified *Black-Scholes* option pricing model with the following weighted-average assumptions used for grants under the fixed option plans:

	2005	2004	2003
Expected volatility	48.0%	47.7%	44.2%
Risk-free interest rate	3.9%	3.5%	3.7%
Average expected life (years)	7.1	7.1	7.0
Dividend yield	0.0%	0.0%	0.0%
Weighted average fair value	$ 20.32	$ 22.16	$ 10.13

Net Income Per Share

The Company presents both basic and diluted earnings per share ("EPS") on the face of the income statement. As provided by SFAS No. 128, "Earnings per Share", basic EPS is calculated as income available to common stockholders divided by the weighted average number of shares outstanding during the period. Diluted EPS is calculated using the treasury stock method for options.

Note 2 - Share-based Compensation:

In December 2004, the FASB issued Statement of Financial Accounting Standards No. 123R, "Share-Based Payment" ("SFAS 123R"). SFAS 123R is a revision of SFAS 123 and supersedes APB 25. Among other items, SFAS 123R eliminates the use of the intrinsic value method of accounting and requires companies to recognize the cost of employee services received in exchange for awards of equity instruments based on the grant date fair value of those awards. Pro forma disclosure is no longer an alternative under the new standard. The Company adopted SFAS 123R on January 1, 2006, as required.

SFAS 123R permits the use of either a "modified prospective" method, or a "modified retrospective" method. Under the "modified prospective" method, compensation cost is recognized in the financial statements beginning with the effective date, based on the requirements of SFAS 123R for all share-based payments granted after that date, and based on the requirements of SFAS 123 for all unvested awards granted prior to the effective date of SFAS 123R. Under the "modified retrospective" method, the requirements are the same as under the "modified prospective" method, but also permit the restatement of prior period financial statements based on proforma disclosures made in accordance with SFAS 123.

The Company currently utilizes a standard option pricing model (i.e. *Black-Scholes*) to measure the fair value of stock options granted to Employees. While SFAS 123R permits entities to continue to use such a model, the standard also permits the use of a more complex binomial, or "lattice" model. Based upon research done by the Company on the alternative models available to value option grants, and in conjunction with the type and number of stock options expected to be issued in the future, the Company has determined that it will continue to use a modified *Black-Scholes* model for option valuation.

SFAS 123R includes several modifications to the presentation of income taxes in the financial statements. The expense for certain types of option grants is only deductible for tax purposes at the time that the taxable event takes place, which could cause variability in the Company's effective tax rates recorded throughout the year. SFAS 123R does not allow companies to "predict" when these taxable events will take place. Furthermore, it requires that the benefits associated with the tax deductions in excess of recognized compensation cost be reported as a financing cash flow, rather than as an operating cash flow as required under current rules. This requirement will reduce net operating cash flows and increase net financing cash flows in periods after the effective date. These future amounts cannot be estimated, because they depend on, among other things, when employees exercise stock options. The amount of operating cash flows recognized in prior periods for such excess tax deductions, as shown in the

Company's Consolidated Statement of Cash Flows, were $12.5 million, $8.7 million, and $4.3 million, respectively, for 2005, 2004, and 2003.

The Company will utilize the "modified prospective" method. The Company expects that the adoption of SFAS 123R on January 1, 2006, will reduce fiscal 2006 net earnings by approximately $7.0 million ($4.4 million after tax). See Note 14 for further information on the Company's stock-based compensation plans.

Note 3 – Acquisition of Del's Farm Supply:

On November 10, 2005, the Company acquired the assets of privately-held Del's Farm Supply, Inc. ("Del's") for $17.6 million and the assumption of certain liabilities. Based in Lakewood, Washington, Del's operates 16 stores, primarily in the Pacific Northwest, that offer a wide selection of products tailored to those who enjoy the rural lifestyle. Del's specializes in the equine, animal and pet category. Historical pro forma results of operations have not been provided due to the overall immateriality of these operations to the consolidated results of operations. The purchase price was preliminarily allocated as follows (in thousands):

Inventory	$ 4,300
Current assets	803
Fixed assets	1,500
Goodwill	12,400
Current liabilities	(1,400)
	$ 17,603

The fair values of the assets and liabilities acquired were estimated at December 31, 2005 due to the time it takes to obtain pertinent information to finalize the acquired company's balance sheet (frequently with implications for the price of the acquisition). Upon completion of the Company's procedures, the initial estimates may be revised by immaterial amounts. The resulting goodwill of $12.4 million is deductible for income tax purposes.

Note 4 - Credit Agreement:

In August 2002, the Company entered into a credit agreement with Bank of America, N.A., as agent for a lender group (the "Credit Agreement"), whereby the Company is permitted to borrow up to $155 million. The Credit Agreement was subsequently amended on January 28, 2004 and September 30, 2004. Both amendments included changes to certain financial covenants, primarily to provide flexibility for capital expenditures, and extended the maturity to February 27, 2008. The outstanding borrowings under the Credit Agreement totaled $8.2 million at December 31, 2005 and $32.3 million at December 25, 2004. The balance of funds available under the Credit Agreement may be utilized for borrowings and up to $50 million for letters of credit, of which $12.1 million and $12.7 million were outstanding at December 31, 2005 and December 25, 2004, respectively. These letters of credit were issued primarily for the purchase of inventory. The Credit Agreement bears interest at either the bank's base rate (7.25% at December 31, 2005) or the London Inter-Bank Offer Rate ("LIBOR") (4.39% at December 31, 2005) plus an additional amount ranging from 0.75% to 1.5% per annum, adjusted quarterly based on Company performance (0.75% at December 31, 2005). The Company is also required to pay, quarterly in arrears, a commitment fee ranging from 0.20% to 0.35% per annum (0.20% at December 31, 2005) and adjusted quarterly based on Company performance, on the average daily unused portion of the credit line. There are no compensating balance requirements associated with the Credit Agreement.

The Credit Agreement contains certain restrictions regarding additional indebtedness, capital expenditures, business operations, guarantees, investments, mergers, consolidations and sales of assets, transactions with subsidiaries or affiliates, and liens. In addition, the Company must comply with certain quarterly restrictions (based on a rolling four-quarters basis) regarding net worth, leverage ratio, fixed charge coverage, current ratio requirements and spending limits on capital expenditures. The Company was in compliance with all covenants at December 31, 2005.

Note 5 - Other Long-term Debt:

In June 1998, the Company entered into an unsecured loan agreement (the "Loan Agreement") and term note (the "Term Note") pursuant to which the Company borrowed $15 million. There were no compensating balance requirements associated with the Loan Agreement. The Loan Agreement and Term Note matured in November 2003 and were paid in full.

Note 6 - Leases:

The Company leases the majority of its office space and most of its retail store locations, transportation equipment and other equipment under various noncancellable operating leases. The leases have varying terms and expire at various dates through 2029 and 2021 for capital leases and operating leases, respectively. Store leases typically have initial terms of between 10 and 15 years, with two to four renewal periods of five years each, exercisable at the Company's option. Some leases require the payment of contingent rent that is based upon store sales above agreed upon sales levels for the year. The sales levels vary for each store and are established in the lease agreements. Generally, most of the leases require the Company to pay taxes, insurance and maintenance costs.

Total rent expense for fiscal 2005, 2004 and 2003 was approximately $83,266,000, $67,960,000 and $59,869,000 respectively. Total contingent rent expense for fiscal 2005, 2004, and 2003 was insignificant.

Future minimum payments, by year and in the aggregate, under leases with initial or remaining terms of one year or more consist of the following (in thousands):

	Capital Leases	Operating Leases
2006	$ 1,223	$ 83,258
2007	892	78,690
2008	491	74,885
2009	267	69,471
2010	146	65,194
Thereafter	2,657	389,921
Total minimum lease payments	5,676	$ 761,419
Amount representing interest	(2,100)	
Present value of minimum lease payments	3,576	
Less: Current portion	1,049	
Long-term capital lease obligations	$ 2,527	

Assets under capital leases were as follows (in thousands):

	2005	2004
Building and improvements	$ 3,181	$ 3,756
Computer software and hardware	2,996	1,676
Less: Accumulated depreciation and amortization	(2,800)	(2,451)
	$ 3,377	$ 2,981

Note 7 - Derivative Financial Instruments:

During fiscal 2000, the Company entered into an interest rate swap agreement as a means of managing its interest rate exposure. This agreement, which matured in November 2003, had the effect of converting certain of the Company's variable rate obligations to fixed rate obligations.

The Company complies with SFAS 133 and recognized the fair value of the interest rate swap in its consolidated balance sheet. The Company regularly adjusted the carrying value of the interest rate swap to reflect its current fair

value. The related gain or loss on the swap was deferred in stockholders' equity (as a component of comprehensive income) to the extent that the swap was an effective hedge. The deferred gain or loss was recognized in income in the period in which the related interest rate payments being hedged were recognized as an expense. However, to the extent that the change in value of an interest rate swap contract did not perfectly offset the change in the interest rate payments being hedged, the ineffective portion was immediately recognized as an expense. Net amounts paid or received were reflected as adjustments to interest expense.

Note 8 - Income Taxes:

The provision for income taxes, before cumulative effect of change in accounting principle, consists of the following (in thousands):

	2005	2004	2003
Current tax expense:			
Federal	$ 56,917	$ 38,488	$ 25,662
State	4,961	2,191	2,428
Total current	61,878	40,679	28,090
Deferred tax expense (benefit):			
Federal	(10,513)	(3,800)	6,122
State	(2,222)	(842)	435
Total deferred	(12,735)	(4,642)	6,557
Total provision	$ 49,143	$ 36,037	$ 34,647

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities are as follows (in thousands):

	2005	2004
Current tax assets:		
Inventory valuation	$ 5,860	$ 9,312
Accrued employee benefit costs	6,775	5,058
Other	4,649	5,651
	17,284	20,021
Current tax liabilities:		
Inventory basis difference	(6,205)	(8,146)
Other	--	(291)
	(6,205)	(8,437)
Net current tax asset	$ 11,079	$ 11,584
Non-current tax assets:		
Capital lease obligation basis difference	$ 866	$ 924
Rent expenses in excess of cash payments required	10,041	3,122
Property and equipment basis difference	--	1,569
Deferred compensation	1,203	1,006
Other	1,052	249
	13,162	6,870
Non-current tax liabilities:		
Depreciation	(4,915)	(11,809)
Capital lease assets basis difference	(662)	(717)
Other	(55)	(54)
	(5,632)	(12,580)
Net non-current tax asset (liability)	$ 7,530	$ (5,710)

Management has evaluated the need for a valuation allowance for all or a portion of the deferred tax assets and believes that all of the deferred tax assets will more likely than not be realized through the future earnings of the Company.

A reconciliation of the provision for income taxes to the amounts computed at the federal statutory rate is as follows (in thousands):

	2005	2004	2003
Tax provision at statutory rate	$ 47,173	$ 35,037	$ 32,280
Tax effect of:			
State income taxes, net of federal tax benefits	1,780	876	1,859
Permanent differences	190	154	359
Other	--	(30)	149
	$ 49,143	$ 36,037	$ 34,647

Note 9 - Capital Stock:

The authorized capital stock of the Company consists of common stock and preferred stock. The Company is authorized to issue 100,000,000 shares of Common Stock. The Company is also authorized to issue 40,000 shares of Preferred Stock, with such designations, rights and preferences as may be determined from time to time by the Board of Directors.

Note 10 - Comprehensive Income:

Comprehensive income for each fiscal year is as follows (in thousands):

	2005	2004	2003
Net income – as reported	$ 85,669	$ 64,069	$ 55,694
Unrealized gain on interest rate swap agreement, net of income taxes of $603 in fiscal 2003	--	--	973
Foreign currency translation adjustment	(11)	--	--
Comprehensive income	$ 85,658	$ 64,069	$ 56,667

Note 11 - Net Income Per Share:

Net income per share is calculated as follows (in thousands, except per share amounts):

	2005		
	Income	Shares	Per Share Amount
Basic net income per share:			
Net income	$ 85,669	39,062	$ 2.19
Dilutive stock options outstanding	--	1,918	(0.10)
Diluted net income per share	$ 85,669	40,980	$ 2.09

	2004		
	Income	Shares	Per Share Amount
Basic net income per share:			
Net income	$ 64,069	38,148	$ 1.68
Dilutive stock options outstanding	--	2,541	(0.11)
Diluted net income per share	$ 64,069	40,689	$ 1.57

	2003		
	Income	Shares	Per Share Amount
Basic net income per share:			
Net income, before cumulative effect of accounting change	$ 57,582	37,076	$ 1.55
Cumulative effect of accounting change, net of income taxes	(1,888)	37,076	(0.05)
Net income	$ 55,694	37,076	$ 1.50
Diluted net income per share:			
Net income, before cumulative effect of accounting change	$ 57,582	40,271	$ 1.43
Cumulative effect of accounting change, net of income taxes	(1,888)	40,271	(0.05)
Net income	$ 55,694	40,271	$ 1.38

Anti-dilutive stock options excluded from the above calculations totaled 19,853, 53,559 and 16,687 in 2005, 2004 and 2003 respectively.

Note 12 - Related Party Transactions:

In 2003, the Company sold certain recreational property acquired in 1982 to the Company's then Chief Executive Officer. The Company obtained independent appraisals of the property and utilized an independent agent and bidding process. The property was sold for $2,650,000 and the related gain of $2,100,000 was recognized in 2003 and included in selling, general and administrative expenses in the accompanying statement of income.

Note 13 - Retirement Benefit Plans:

The Company has a defined contribution benefit plan, the Tractor Supply Company 401(k) Retirement Savings Plan (the "Plan"), which provides retirement and other benefits for the Company's employees. Employees become eligible at the first quarterly entry period following their fulfillment of the eligibility requirements. To be eligible, an employee must be at least 21 years of age, have completed 12 consecutive months of employment, and performed 1,000 hours of service in a year of service as defined by the Plan. The Company matches (in cash) 100% of the employee's elective contributions up to 3% of the employee's eligible compensation plus 50% of the employee's elective contributions from 3% to 6% of the employee's eligible compensation. In no event shall the total Company match made on behalf of the employee exceed 4.5% of the employee's eligible compensation. All current employer

contributions are immediately 100% vested. Employer contributions in years prior to 2000 did not vest immediately and accordingly, as certain employees leave employment with the Company, they forfeit their employer match. Company contributions, net of forfeitures, to the Plan during fiscal 2005, 2004 and 2003, were approximately $1,805,000, $1,772,000, and $1,724,000, respectively.

The Company offers, through a deferred compensation program, the opportunity for certain qualifying employees to elect a deferral of up to 40% of their annual base salary and up to 100% of their annual incentive bonus under their respective incentive bonus programs. To be eligible for the salary deferral, each participant must contribute the maximum amount of salary to the Tractor Supply Company 401(k) Retirement Savings Plan subject to the Company's match. Under the deferred compensation program, the participants' salary deferral is matched by the Company, 100% on the first $3,000 of base salary contributed and 50% on the next $3,000 of base salary contributed limited to a maximum annual matching contribution of $4,500. Each participant's account earns simple annual interest at the prime rate as in effect on January 1 each year. Each participant is fully vested in all amounts credited to their deferred compensation account. Payments under the program, which are made in cash and paid in ten annual installments or in a single lump sum payment at the election of the participant, are made within 30 days following the earlier of the participant's (i) death, (ii) retirement, (iii) total and permanent disability, (iv) separation from service, or (v) some other date designated by the participant at the time of the initial deferral. The Company's contributions, including accrued interest, were $257,000, $173,000 and $119,000 for fiscal 2005, 2004 and 2003, respectively.

Note 14 - Stock-based Compensation Plans:

Fixed Stock Option Plan

The Company has a stock option plan for officers, directors (including non-employee directors) and key employees which currently reserves a total of 4,000,000 shares of common stock for future issuance. As of December 31, 2005, there were 1,115,966 shares of common stock remaining available for future issuance. According to the terms of the plan, the per share exercise price of options granted shall not be less than the fair market value of the stock on the date of grant and such options will expire no later than ten years from the date of grant. In the case of a stockholder owning more than 10% of the outstanding voting stock of the Company, the exercise price of an incentive stock option may not be less than 110% of the fair market value of the stock on the date of grant and such options will expire no later than five years from the date of grant. Also, the aggregate fair market value of the stock with respect to which incentive stock options are exercisable on a tax deferred basis for the first time by an individual in any calendar year may not exceed $100,000. Vesting of options commences at various anniversary dates following the dates of grant and options expire after ten years.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Plan activity is summarized as follows:

	Plan Shares	Average Exercise Price
Outstanding at December 28, 2002	4,540,634	$ 5.29
Exercised	(871,661)	$ 5.59
Granted	724,600	$ 20.26
Canceled	(336,788)	$ 6.72
Outstanding at December 27, 2003	4,056,785	$ 7.80
Exercised	(870,622)	$ 6.10
Granted	418,600	$ 42.21
Canceled	(125,269)	$ 10.30
Outstanding at December 25, 2004	3,479,494	$ 12.28
Exercised	(1,089,011)	$ 6.67
Granted	449,100	$ 37.31
Canceled	(66,305)	$ 25.10
Outstanding at December 31, 2005	2,773,278	$ 18.30

The following table summarizes information concerning currently outstanding and exercisable options:

Year	Range of Exercises Prices	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
1998	$ 3.61	668	2.05	3.61	668	3.61
1999	$ 6.45	36,602	3.05	6.45	36,602	6.45
2000	$ 3.73 - $ 3.79	78,170	4.07	3.73	78,170	3.73
2000	$ 2.24	88,658	4.83	2.24	88,658	2.24
2001	$ 3.36	692,252	5.07	3.36	312,770	3.36
2002	$ 8.91 - $ 9.80	569,518	6.06	9.22	569,518	9.22
2002	$ 14.22	9,334	6.54	14.22	9,334	14.22
2003	$ 19.64 - $ 25.11	470,873	7.07	20.19	267,551	20.29
2003	$ 38.98	10,000	7.79	38.98	6,666	38.98
2004	$ 39.29 - $ 46.92	343,401	8.06	43.20	109,436	43.22
2004	$ 32.68	37,500	8.75	32.68	12,500	32.68
2005	$36.40 - $42.68	414,300	9.10	36.89	--	--
2005	$48.21 - $50.95	22,002	9.75	48.45	--	--
		2,773,278	6.62	$ 18.30	1,491,873	$ 12.06

The following summarizes information concerning stock option grants during fiscal 2005, 2004 and 2003:

	2005	2004	2003
Options granted with exercise price equal to market value:			
Weighted average exercise price	$ 36.97	$ 41.57	$ 20.05
Weighted average fair value	$ 20.84	$ 22.84	$ 10.63
Stock options granted	399,100	368,600	624,600
Options granted with exercise price greater than market value: [a]			
Weighted average exercise price	$ 40.03	$ 46.92	$ 21.61
Weighted average fair value	$ 16.10	$ 17.14	$ 7.03
Stock options granted	50,000	50,000	100,000

(a) According to the terms of the Company's stock option plan, in the case of a stockholder owning more than 10% of the outstanding voting stock of the Company, the exercise price of an incentive stock option may not be less than 110% of the fair market value of the stock on the date of grant and such options will expire no later than five years from the date of grant.

Associate Stock Purchase Plan

The Company provides an Associate Stock Purchase Plan (the "ASPP") whereby eligible employees of the Company have the opportunity to purchase, through payroll deductions, shares of common stock of the Company at a 15% discount. Pursuant to the terms of the ASPP, the Company issued 42,065, 41,282 and 52,900 shares of common stock in fiscal 2005, 2004 and 2003, respectively. The total cost to the Company of the 15% discount was approximately $247,000, $220,000 and $140,000 in fiscal 2005, 2004 and 2003, respectively.

Note 15 - Contingencies:

Litigation

The Company is involved in various litigation matters arising in the ordinary course of business. After consultation with legal counsel, management expects these matters will be resolved without material adverse effect on the Company's consolidated financial position or results of operations. Any estimated loss related to such matters has been adequately provided in accrued liabilities to the extent probable and reasonably estimable. It is possible, however, that future results of operations for any particular quarterly or annual period could be materially affected by changes in circumstances relating to these proceedings.

In July 2004, a purported shareholder derivative lawsuit was filed in the Chancery Court for Davidson County, Tennessee by the Hawaii Laborers Pension Plan against each of the Company's directors, certain of its officers and one former director. The Company was named as a nominal defendant. On September 17, 2004, the plaintiff filed an amended complaint. On October 8, 2004, the Company moved to dismiss the amended complaint for failure to make a pre-suit demand on the Board of Directors. On December 3, 2004, the Court granted the Company's motion to dismiss and ordered that all claims in the amended complaint be dismissed without prejudice. On February 17, 2005, the Court entered an order denying a motion by the plaintiff to alter or amend the December 3, 2004 order and judgment dismissing the amended complaint. On March 18, 2005, the plaintiff appealed the order to the Tennessee Court of Appeals. On October 3, 2005, plaintiff filed a motion to dismiss the appeal and on October 19, 2005, the Tennessee Court of Appeals dismissed the appeal.

Sales Tax Compliance

A portion of the Company's sales are with tax-exempt customers. The Company obtains exemption information as a necessary part of each tax exempt transaction. Many of the states in which the Company conducts business will audit the Company to verify its compliance with applicable sales tax laws. The business activities of the Company's customers and the intended use of the unique products sold by the Company create a challenging and complex

environment of compliance. These circumstances also create some risk that the Company could be challenged as to the propriety of its sales tax compliance. While the Company believes it reasonably enforces sales tax compliance with its customers and endeavors to fully comply with all applicable sales tax regulations, there can be no assurance that the Company, upon final completion of such audits, would not have a significant liability for disallowed exemptions. Management believes it has adequately provided for such liability based on known assessments and expected settlements.

Note 16 – Move of Corporate Facility:

In July 2004, the Company relocated its existing Store Support Center to consolidate multiple headquarter facilities within one facility. The Company recognized incremental after-tax costs of approximately $2.1 million primarily related to remaining facility and technology lease obligations and other moving costs.

Note 17 - Change in Accounting Principle:

Emerging Issues Task Force Issue No. 02-16 ("EITF 02-16") provides guidance for the accounting treatment and income statement classification for consideration given by a vendor to a retailer in connection with the sale of the vendor's products or for the promotion of sales of the vendor's products. The EITF concluded that such consideration received from vendors should be reflected as a decrease in prices paid for inventory and recognized in cost of sales as the related inventories are sold, unless specific criteria are met qualifying the consideration for treatment as reimbursement of specific, identifiable incremental costs. Prior to adopting this pronouncement, the Company classified all vendor-provided marketing support funds as a reduction in selling, general and administrative expenses.

The effect of applying the consensus of EITF 02-16 on prior-period financial statements would have resulted in a change to previously reported net income. Thus, the Company has reported the adoption of EITF 02-16 as a cumulative effect adjustment in accordance with APB Opinion No. 20, "Accounting Changes" and SFAS No. 3, "Reporting Accounting Changes in Interim Financial Statements" and as permitted by EITF 02-16. During the first quarter of fiscal 2003, the Company recognized a charge against net income of $3,053,000 ($1,888,000 net of income taxes), that resulted from the cumulative effect on prior years.

Note 18 - Impact of Recently Issued Accounting Standards:

In December 2004, the FASB published Statement No. 123 (revised 2004), "Share-Based Payment". The impact of this Statement on the Company's financial position and operations has been discussed in Note 2.

In November of 2004, the FASB issued SFAS No. 151, "Inventory Costs, an amendment of ARB No. 43, Chapter 4" ("SFAS 151"). The purpose of this statement is to clarify the accounting of abnormal amounts of idle facility expense, freight, handling costs and waste material. ARB No. 43 stated that under some circumstances these costs may be so abnormal that they are required to be treated as current period costs. SFAS 151 requires that these costs be treated as current period costs regardless if they meet the criteria of "so abnormal." The provisions of SFAS 151 shall be effective for inventory costs incurred during fiscal years beginning after June 15, 2005. Adoption of SFAS 151 on January 1, 2006 did not have a material impact on the Company's results of operations or financial position.

In December 2004, the FASB issued SFAS No. 153, "Exchanges of Nonmonetary Assets, an Amendment of APB Opinion No. 29" ("SFAS 153"). SFAS 153 is based on the principle that exchanges of nonmonetary assets should be measured based on the fair value of the assets exchanged. SFAS 153 was effective for nonmonetary asset exchanges occurring in fiscal periods beginning with the third quarter of 2005, with earlier application permitted. Adoption of SFAS 153 did not have a material impact on the Company's results of operations or financial position.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We carried out an evaluation required by the Securities Exchange Act of 1934, as amended (the "1934 Act"), under the supervision and with the participation of our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rule 13a-15(e) of the 1934 Act, as of December 31, 2005. Based on this evaluation, our principal executive officer and principal financial officer concluded that, as of December 31, 2005, our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in the reports that we file or submit under the 1934 Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

Management's Report on Internal Control Over Financial Reporting

Management's assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2005 and the attestation report of Ernst & Young LLP on management's assessment of the Company's internal control over financial reporting are contained on pages 27 and 28, respectively, of this report.

Change in Internal Control Over Financial Reporting

There were no changes in the Company's internal control over financial reporting that occurred during the Company's last fiscal quarter that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

Item 9B. Other Information

None

PART III

Item 10. Directors and Executive Officers of the Registrant

The information set forth under the captions "Corporate Governance – Code of Ethics," "Item 1: Election of Directors," "Board Meetings and Committees," and "Section 16(a) Beneficial Ownership Reporting Compliance" on pages 4 through 6, 7 through 12, and 24, respectively, of the Company's Proxy Statement for its Annual Meeting of Stockholders to be held on May 4, 2006 is incorporated herein by reference.

The information set forth under the caption "Executive Officers of the Registrant" in Part I of this Form 10-K is incorporated herein by reference.

Item 11. Executive Compensation

The information set forth under the captions "Compensation of Directors", "Compensation Committee Interlocks and Insider Participation", "Executive Compensation", "Compensation Committee Report on Executive Compensation", "Summary Compensation", "Option Grants in Last Fiscal Year", "Aggregated Option Exercises in Last Fiscal Year and Fiscal Year-End Option Values" and "Stock Performance Chart" on pages 11 through 23 of the Company's Proxy Statement for its Annual Meeting of Stockholders to be held on May 4, 2006 is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information set forth under the caption "Security Ownership of Certain Beneficial Owners and Management" on pages 24 and 25 of the Company's Proxy Statement for its Annual Meeting of Stockholders to be held on May 4, 2006 is incorporated herein by reference.

Following is a summary of the Company's equity compensation plans as of December 31, 2005, under which equity securities are authorized for issuance, aggregated as follows:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants, and Rights	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance
Equity compensation plans approved by security holders:			
2000 Stock Incentive Plan	2,071,066	$ 15.77	1,115,966
1994 Stock Option Plan [b]	702,212	$ 19.15	---
Employee Stock Purchase Plan [a]	--	--	3,384,411
Equity Compensation Plans not approved by security holders...........	--	--	--
Total	2,773,278	$ 18.30	4,500,377

[a] Represents shares available as of January 1, 2006.
[b] The 1994 Stock Option Plan expired in February 2004.

The information set forth under the caption "Stock-Based Compensation Plans" in the "Notes to Consolidated Financial Statements" contained in this Report, provides further information with respect to the material features of each plan.

Item 13. Certain Relationships and Related Transactions

The information set forth under the caption "Related-Party Transactions with Tractor Supply Company" on page 12 of the Company's Proxy Statement for its Annual Meeting of Stockholders to be held on May 4, 2006 is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

The information set forth under the caption “Item 3 – Ratification of Reappointment of Independent Auditors” on page 34 of the Company’s Proxy Statement for its Annual Meeting of Stockholders to be held on May 4, 2006, is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) (1) Financial Statements

See Consolidated Financial Statements under Item 8 on pages 25 through 47 of this Report.

(a) (2) Financial Statement Schedules

None

Financial statement schedules have been omitted because they are not applicable or because the required information is otherwise furnished.

(a) (3) Exhibits

The exhibits listed in the Index to Exhibits, which appears on pages 52 through 56 of this Form 10-K, are incorporated herein by reference or filed as part of this Form 10-K.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TRACTOR SUPPLY COMPANY

Date: March 16, 2006

By: / s / Anthony F. Crudele
Anthony F. Crudele
Senior Vice President – Chief Financial Officer and Treasurer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Anthony F. Crudele Anthony F. Crudele	Senior Vice President – Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)	March 16, 2006
/s/ James F. Wright James F. Wright	President and Chief Executive Officer and Director (Principal Executive Officer)	March 16, 2006
/s/ Joseph H. Scarlett, Jr. Joseph H. Scarlett, Jr.	Chairman of the Board	March 16, 2006
/s/ Jack Bingleman Jack Bingleman	Director	March 16, 2006
/s/ S.P. Braud S.P. Braud	Director	March 16, 2006
/s/ Cynthia T. Jamison Cynthia T. Jamison	Director	March 16, 2006
/s/Gerard E. Jones Gerard E. Jones	Director	March 16, 2006
/s/ Joseph D. Maxwell Joseph D. Maxwell	Director	March 16, 2006
/s/ Edna K. Morris Edna K. Morris	Director	March 16, 2006
/s/ Sam K. Reed Sam K. Reed	Director	March 16, 2006
/s/ Joseph M. Rodgers Joseph M. Rodgers	Director	March 16, 2006