

Tractor Supply

Consumer- Retail March 3, 2010

Company Description: Tractor Supply is the leading rural lifestyle retailing participant, a sector dominated by the company. TSCO operates nearly 900 stores in 42 states, and is growing its units by 7-8% annually while delivering double-digit earnings growth. TSCO is based in Nashville, Tennessee.

Store Manager day highlights many leverage points, focus on making a great retailer (TSCO - \$56.94) STRONG BUY

Key Points

- Tractor Supply (TSCO) hosted its annual Store Manager Meeting yesterday, and the investment community was invited. Key takeaways: customer traffic remains robust, many drivers to 2010 sales, and a variety of means to drive margins higher.
- TSCO also hosted concurrent meetings with the investment community. Key takeaways: product deflation likely abating in next few months, repeat of its recently hiked guidance, and discussions suggesting a good company making a transition to becoming a great retailer.
- The day closed with a Store Tour in Hendersonville, Tennessee where we saw some of the implementation of topics discussed in the Store Manager Meeting and Investment Community Meeting.

STORE MANAGERS MEETING

The day started with presentations to over 1000 TSCO store managers, associates, and regional and district managers. President and Chief Merchandising Officer Gregory Sandfort started the meeting by reviewing key 2009 initiatives:

- Emphasizing CUE (consumable, usable, edible) items
- New product introductions
- Implementation of zone pricing
- Mix of marketing strategies

Mr. Sandfort noted areas that need improvement:

- Comp sales
- More big ticket items
- Increased transaction values

For 2010 he identified the following areas of focus:

- Wide open office
- Increase average ticket
- Marketing initiatives

New efforts to support this:

- Branded equine feed - *Purina* and *Nutrena*
- *4health* private label pet food
- Garden and outdoor fun in My Backyard department
- C.E. Schmidt private label apparel – new for her, jeans for him

Revs	2008A	2009A	2010E
Mar	\$576	\$650	\$685E
Jun	\$898	\$947	\$1,018E
Sep	\$734	\$747	\$811E
Dec	\$800	\$863	\$942E
FY	\$3,008	\$3,206	\$3,455E
P/Sales	0.68x	0.64x	0.59x

EPS	2008A	2009A	2010E
Mar	\$(0.05)	\$0.01	\$0.02E
Jun	\$1.15	\$1.50	\$1.54E
Sep	\$0.43	\$0.60	\$0.74E
Dec	\$0.67	\$1.04	\$1.15E
FY	\$2.19	\$3.15	\$3.44E
P/E	26.0x	18.1x	16.6x

Price:	\$56.94
52-Week Range:	\$57.62-\$28.67
Target:	\$64
Rating:	STRONG BUY
Shares Outstanding:	36.0 mil
Mkt. Capitalization:	\$2,050 mil
Ave. Volume:	390,000
Instit. Ownership:	102%
BV / Share:	\$18.46
Debt / Tot. Cap.:	6%
Est. LT EPS Growth:	15%

Areas needing improvement in 2010:

- 30/300 "never out" program
- Chick days – new program with 4H
- New uniforms
- Outdoor power equipment: focus on three brands (Huskee, Cub Cadet, and Bad Boy)

This was followed by a presentation by John Wendler, Senior Vice President, Marketing. Mr. Wendler noted that 2010 was off to a good start, with transaction counts up 8% quarter-to-date. He then noted that TSCO was increasing the marketing effort. TSCO is adding a circular in the 1H:10, increasing the number from six to seven. At the same time the cost of producing each circular has been reduced, with the savings being used to create more distribution. Finally, direct mailings will increase markedly: in 2009 they were 7% of total circulars, in 2010 they will be 31%. TSCO is also changing the look of its circulars. The first three themes: We Will Not Be Undersold, Spring Values, and Demo Days with a Lowest Prices wrap over the cover. In addition, three inserts are planned for 2010: Memorial Day, Thanksgiving weekend, and Christmas.

Mr. Wendel then highlighted three areas of focus in 2010: continuous support for new branded feed, a national 4H sponsorship, and automated special order (ASO) system. He noted that the branded equine feeds are having multiple positive impacts on customers: 24% of 4Q:09 branded equine feed sales were to new customers of TSCO, and a further 10% were to TSCO customers that had not previously purchased feed. The AOS system will automate special orders from customers, arrange for drop shipment to the store or customer location, and act as a product finder.

Mr. Wendel then highlighted initiatives for in-store signage. All stores will receive sign kits to organize and store signs. New signage will have five standard themes: Everyday Low Price, Circular Events, Merchandise Events, Manager's Specials, and Clearance. TSCO is working on deploying sign generation capabilities to stores, allowing them to simply access a sign library and print signs in stores.

Later in the day investors were taken on guided tours of the convention floor. Some thoughts from these tours:

- TSCO keeps refining its assortment of branded and private label pet foods and merchandise.
- Bird feeding is becoming an important category, competitively priced with mass merchants.
- Truck boxes, air tools and welding remaining important destination categories for TSCO.
- TSCO is making a big push in outdoor lifestyle products, including unique grills, bushes, gourmet fruits, trees, seeds, and plant packs.
- The riding lawnmower assortment has been focused on three brands and eight models from four brands and 11 models last year; the replacement cycle remains seven years and TSCO employees seemed focused on seeing this business start to turn (although inventories are planned for flat to down slightly sales, reorder capabilities are in place for in-season replenishment).
- Muck boots by The Original Muck Boot Company are being added to stores this year, with price points near \$80 compared to the \$10 to \$30 price points on private label muck boots.
- Improved C.E. Schmidt assortments in women's tops and men's jeans.
- TSCO is testing selling bulk propane in 100+ stores, with a potential rollout to 400 target locations.
- Power Plus warranty sales continue to expand, with shoe sales now seeing extraordinary penetration.

INVESTMENT COMMUNITY MEETING

Concurrent with the Store Managers Meeting TSCO also hosted an Investment Community Meeting that gave updates on the company plans and outlook for 2010 and beyond. The Investment Community Meeting highlighted some of the same data as the Store Managers Meeting in different detail, as well as discussions concerning other areas of interest.

2010 Estimates. TSCO repeated its previously hiked guidance calling for comp store sales gains of 0.5% to 2.5%, sales of \$3.42 to \$3.48 billion, and EPS of \$3.30 to \$3.42 (\$3.50-\$3.62 before LIFO adjustments). Our estimate remains \$3.44, consensus is \$3.38 and the range for 2010 is \$3.20-\$3.46.

2010 Drivers. Sales drivers highlighted for 2010: large animal branded feed, "never out" 30/300 (up from 25/250 a year ago), CUE focus, building the average ticket, enhancement of regional assortments, and improved targeting of direct mail. Margin drivers for 2010 include: price optimization (only 15% deployed at present), direct-to-facility sourcing (eliminating rep groups), convert DCs to a warehouse management system and deploying more efficient picking technologies (a three year process commencing in 2010), increasing the mix of private brands, and reducing seasonal carryover.

Customer Segmentation. TSCO noted its seven customer segments: Living the Lifestyle, Horse Owners, Work Wear, The Basics, Pet Owners, Weekend Warriors, and Do-It-Yourselfers. Of these the Living the Lifestyle customers are the most important: they spend on average over \$900 per year at TSCO and shop the stores 13 times.

Inflation/deflation. TSCO expects the recent deflationary trend to end soon (1Q:10 or 2Q:10), to be followed by modest inflation for the remainder of the year. Previous inflation was most heavily driven by products connected to petroleum, steel, and grain.

Private brand expansion. TSCO plans to keep growing private brands aggressively. The 4health private label brand of pet food was recently introduced to offer its customers a trade up from grocery brands or trade down from vacated branded products. TSCO may seek to rationalize its existing private brands, and will put growth into products that support the seven main categories. Private label was 21% of sales in 2009, management wants to reach 25%.

New branded equine feeds. TSCO is seeing minimal cannibalization from the new branded equine feeds its started offering in late 2009. Market baskets were larger with the branded equine feeds, they are attracting new customers (both completely new and new just to equine feeds), and half of the customers are in the Living the Lifestyle segments, TSCO's most important base.

Store development. TSCO sees a development opportunity for at least 1800 stores in the US, slightly less than double its number now. No competitive threat looms. TSCO sales are multiples larger than those of its next five largest competitors, and in 2009 TSCO opened 75 new stores to 14 at these same five competitors. TSCO is not seeing extensive store development opportunities as developer access to capital has dried up.

Riding mower outlook. It is too early to tell on 2010 season riding lawnmower season. Seeing some early positive trends in Florida, Texas is too wet to judge. Management noted that only area in store base in drought conditions was in central Florida where it has a small number of stores. Heavy moisture winter/spring is generally good for riding mower sales. Mowers offered have been reduced from 11 to 8, but inventory levels per store are the same.

Advertising spend. The advertising spend was down substantially last year as television was eliminated, will increase 8-9 bps this year as circular program builds.

Credit applications and approvals. About one year ago TSCO's credit applications and approvals fell significantly, with applications down 31% for the year. The anniversary of this downturn is occurring now, meaning this negative influence on sales is now starting to flatten.

STORE TOUR

After the Store Managers Meeting and Investment Community Meeting TSCO hosted a tour of its Hendersonville, Tennessee store located just north of Nashville. This store totals 18,500 square feet of total space (most new TSCO stores are this size or 15,500 square feet). The store was built to TSCO specs three years ago, and serves a transition area (from suburb to exurb) of Nashville.

Snack Barn looked more impressive. We have previously noted that we felt the Snack Barn located at the front of TSCO stores was a mixed success. We were pleased with this initiative but frustrated by the static inventory and one-size-fits-all approach to this department. For example, PowerAde drinks appeared to sell poorly while bottled water inventory was almost always depleted in every store we visited. The same snacks sold in Tennessee were sold in Florida, Pennsylvania, and Minnesota, despite regional tastes. The assortment has now morphed more mainstream, and values appear quite compelling. We noted Keebler 12-packs of crackers for \$4, one gallon containers of Vlasic Kosher Dill Pickles for \$5, and 12 ounce beef jerky packages for \$9.

Workwear and Boots. We were impressed with visual merchandising improvements with workwear, especially the metal fixture capped with an orange pylon defining the assortment. Nearby TSCO's expanded rubber boot display was evident, as were the newly added assortment from The Original Muck Boot Co.; as reminder these boots retail for near \$80 versus \$10 to \$30 for most of TSCO's other rubber boots.



Above: TSCO's new workwear display (note the pylon)

Interesting safety and functional eyewear data. TSCO has a fixture that measures less than two feet squared that has about 120 safety glass and sunglass facings at price points ranging from \$9.99 to over \$20 with an ASP probably near \$12-\$13. These facings turn an average of four times annually, **GENERATING ANNUAL SALES PROBABLY NEAR \$5000 to \$6000 FROM LESS THAN FOUR SQUARE FEET.**



Above: TSCO's Snack Barn department

Still stocking farm basics, new AOS system will drive "extra" sales. TSCO walked us through its equine, fencing and farming sectors, noting that its top selling product in all of its stores is a \$0.25 ring clamp used to secure three-point link pins. Other products include maintenance parts for implements and wear items like drive shafts for PTOs. Management noted that its new ordering process will allow it to find and secure orders for non-SKU items from a variety of vendors, with shipment options to the store or directly to the customer.

Management reiterated how the branded equine feed is selling well to new customers (24% of these sales) and to customers who had bought other merchandise at TSCO but not equine feed (about 10% of sales). And management noted that the branded products are serving to reinforce the exceptional value of its private label equine feeds.

Category-dominant in pickup boxes, fluids, welding and air tools. TSCO's dominance in other categories was visually apparent, from a broad and deep assortment of metal and plastic pickup truck boxes to bulk oils, grease, and hydraulic fluids for use in trucks, tractors, and implements.



Above: Some of TSCO's pickup box assortment (note good-better-best presentation)

New 4healthy pet food brands powerfully presented and positioned. TSCO's newly introduced 4healthy upscale private label pet food brand was powerfully presented and positioned throughout the store. *Compare and Save* signage showed a 4healthy product next to a branded product of similar type. For example: a 35 pound bag of Nutro Natural Choice Large Breed Dog Food priced at \$39.99 (previously \$49.99) was compared to a similar size bag of 4healthy Large Breed Adult Dog Food priced at \$24.99 (save \$5).



Above: TSCO's 4healthy pet food displayed with Nutro Natural Choice dog food (note new signage)

NEW DIVIDEND

On March 1, 2010 TSCO board of directors declared an initial quarterly cash dividend of \$0.14 a share or \$0.56 annually. At yesterday's Investment Community Meeting TSCO management noted that the dividend was purposely set at a level that would provide about a 1% yield on its share price. Management further noted that it is likely the dividend will build over a period of years likely providing a higher yield.

INVESTMENT RECOMMENDATION:

Tractor Supply has performed well through the difficult economic environment, driving strong EPS growth amidst negative comps. As an economic recovery takes place and consumer spending starts to accelerate, TSCO should be well positioned to benefit through accelerating same-store sales strength. In particular, strong sales in the spring of 2010 could drive significant model upside. Our target price of \$64 assumes TSCO trades inline to the valuation of its peer group, and our rating is Strong Buy. TSCO is well-funded and could easily grow unit development faster.

Tractor Supply

Earnings Model Summary
\$ in millions except per share

Feltl and Company

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Income Statement:

	1Q-07	2Q-07	3Q-07	4Q-07	1Q-08	2Q-08	3Q-08	4Q-08	1Q-09	2Q-09	3Q-09	4Q-09	1Q-10 (E)	2Q-10 (E)	3Q-10 (E)	4Q-10 (E)	2007	2008	2009	2010 (E)
Net sales	\$ 559.8	\$ 790.9	\$ 629.2	\$ 723.3	\$ 576.2	\$ 898.3	\$ 733.9	\$ 799.5	\$ 650.2	\$ 946.5	\$ 747.7	\$ 862.5	\$ 684.5	\$ 1,017.8	\$ 811.1	\$ 941.6	\$ 2,703.2	\$ 3,007.9	\$ 3,206.9	\$ 3,454.9
Cost of merchandise sold	391.7	540.5	430.6	487.8	400.7	624.8	515.7	554.5	449.1	644.3	501.7	576.8	473.1	695.4	540.8	629.1	1,850.5	2,095.7	2,172.0	2,338.5
Gross margin	168.2	250.4	198.6	235.5	175.5	273.5	218.2	245.0	201.0	302.2	246.0	285.7	211.3	322.3	270.2	312.5	852.7	912.3	1,035.0	1,116.4
Selling, general & administrative	147.2	167.0	156.1	171.4	163.2	187.3	176.8	188.7	183.7	197.8	193.8	208.8	193.5	213.2	209.0	226.7	641.6	716.0	784.1	842.4
Depreciation & amortization	12.0	12.4	12.9	13.8	14.4	15.0	15.3	16.0	16.2	16.1	16.4	17.5	16.2	16.4	16.6	16.8	51.1	60.7	66.3	66.0
Income (loss) from operations	9.0	71.1	29.7	50.3	(2.0)	71.2	26.1	40.4	1.2	88.3	35.8	59.4	1.6	92.8	44.7	69.1	160.0	135.6	184.6	208.0
Interest expense, net	0.9	0.6	1.5	2.0	1.2	0.6	(0.1)	0.4	0.4	0.3	0.5	0.5	0.5	0.5	0.5	0.5	5.0	2.1	1.6	2.0
Income (loss) before income taxes	8.1	70.5	28.2	48.3	(3.3)	70.6	26.1	40.0	0.8	88.0	35.3	58.9	1.1	92.3	44.2	68.6	155.0	133.4	183.0	206.0
Income tax expense (benefit)	3.1	26.7	10.7	18.3	(1.3)	27.2	10.3	15.3	0.3	33.3	13.4	20.6	0.4	35.5	17.0	26.4	58.8	51.5	67.5	79.3
Net income (loss)	\$ 5.0	\$ 43.8	\$ 17.5	\$ 30.0	\$ (2.0)	\$ 43.4	\$ 15.9	\$ 24.7	\$ 0.5	\$ 54.8	\$ 22.0	\$ 38.3	\$ 0.6	\$ 56.7	\$ 27.2	\$ 42.2	\$ 96.2	\$ 81.9	\$ 115.5	\$ 126.71
EPS:																				
Basic	\$ 0.12	\$ 1.10	\$ 0.45	\$ 0.79	\$ (0.05)	\$ 1.17	\$ 0.44	\$ 0.68	\$ 0.01	\$ 1.53	\$ 0.61	\$ 1.06	\$ 0.02	\$ 1.57	\$ 0.75	\$ 1.17	\$ 2.45	\$ 2.22	\$ 3.21	\$ 3.51
Diluted	\$ 0.12	\$ 1.08	\$ 0.44	\$ 0.77	\$ (0.05)	\$ 1.15	\$ 0.43	\$ 0.67	\$ 0.01	\$ 1.50	\$ 0.60	\$ 1.04	\$ 0.02	\$ 1.54	\$ 0.74	\$ 1.15	\$ 2.40	\$ 2.19	\$ 3.15	\$ 3.44
Weighted average shares (millions):																				
Basic	40.2	39.6	39.0	38.1	37.5	37.2	36.4	36.2	36.0	35.9	36.0	36.1	36.1	36.1	36.1	36.1	39.2	36.8	36.0	36.1
Diluted	41.1	40.6	39.8	38.8	37.5	37.8	37.1	36.8	36.6	36.5	36.7	36.8	36.8	36.8	36.8	36.8	40.1	37.5	36.6	36.8
Gross profit margin	30.04%	31.66%	31.57%	32.56%	30.46%	30.45%	29.73%	30.65%	30.92%	31.93%	32.90%	33.12%	30.87%	31.67%	33.32%	33.19%	31.54%	30.33%	32.27%	32.31%
Operating margin	1.60%	8.99%	4.72%	6.95%	-0.35%	7.92%	3.55%	5.05%	0.18%	9.33%	4.79%	6.88%	0.23%	9.11%	5.51%	7.33%	5.92%	4.51%	5.76%	6.02%
Net margin	0.89%	5.53%	2.78%	4.15%	-0.35%	4.83%	2.16%	3.09%	0.07%	5.79%	2.94%	4.43%	0.09%	5.57%	3.35%	4.48%	3.56%	2.72%	3.60%	3.67%

Sales Model:

Stores at period end	698	717	738	764	791	814	834	855	882	895	912	930	950	970	991	1,005	764	855	930	1,005
Same-store sales	0.0%	1.0%	1.9%	3.7%	-6.7%	3.4%	6.2%	1.3%	4.2%	-2.7%	-5.1%	0.7%	-1.0%	0.0%	1.0%	1.5%	3.4%	1.4%	-1.1%	0.6%

Growth:

Sales					2.93%	13.58%	16.64%	10.54%	12.84%	5.36%	1.88%	7.88%	5.28%	7.53%	8.47%	9.17%		11.27%	6.62%	7.73%
Gross margin					4.36%	9.22%	9.84%	4.07%	14.54%	10.49%	12.76%	16.59%	5.12%	6.67%	9.39%	9.82%		6.98%	13.45%	7.87%
Operating margin					-122.77%	0.07%	-12.11%	-19.71%	-157.95%	24.08%	37.27%	47.01%	31.10%	5.05%	24.80%	16.33%		-15.29%	36.20%	12.67%
Net income					-140.17%	-0.93%	-9.15%	-17.67%	-123.41%	26.32%	38.49%	54.80%	37.86%	3.60%	23.61%	10.21%		-14.87%	40.94%	9.74%
EPS																				

Balance Sheet Summary:

Cash and cash equivalents	\$ 20.4	\$ 30.9	\$ 14.7	\$ 13.7	\$ 17.4	\$ 63.0	\$ 16.6	\$ 37.2	\$ 37.4	\$ 91.8	\$ 94.9	\$ 172.9	\$ 13.7	\$ 145.6	\$ 227.3	\$ 235.4	\$ 13.7	\$ 37.2	\$ 172.9	\$ 235.4
Inventories	722.9	692.4	699.3	636.0	746.1	683.3	716.8	603.4	730.1	644.9	704.0	601.2	667.4	712.4	567.7	659.1	636.0	603.4	601.2	659.1
Property & equipment, net	306.0	321.5	331.8	332.9	345.1	357.2	357.3	362.0	364.7	363.9	362.7	370.2	374.0	377.6	382.0	379.3	332.9	362.0	370.2	379.3
Total assets	\$ 1,120.6	\$ 1,123.3	\$ 1,122.6	\$ 1,058.0	\$ 1,186.7	\$ 1,176.3	\$ 1,165.0	\$ 1,076.0	\$ 1,200.4	\$ 1,171.5	\$ 1,242.1	\$ 1,230.8	\$ 1,112.0	\$ 1,305.9	\$ 1,240.1	\$ 1,342.3	\$ 1,058.0	\$ 1,076.0	\$ 1,230.8	\$ 1,112.0
Accounts payable	320.9	348.0	281.2	258.3	360.8	394.0	366.1	286.8	382.6	294.8	356.8	273.2	225.9	315.5	251.4	291.9	258.3	286.8	273.2	291.9
Accrued expenses	110.6	110.2	111.5	115.6	98.3	101.3	108.0	113.5	103.1	109.5	119.4	137.4	82.1	119.6	95.3	110.6	115.6	113.5	137.4	110.6
Total liabilities	535.3	529.0	537.8	492.6	621.9	584.6	564.2	465.9	594.8	507.1	548.6	497.6	378.1	515.3	422.3	482.4	492.6	465.9	497.6	482.4
Stockholders' equity	585.3	594.3	584.8	565.3	564.8	591.7	600.8	610.1	605.7	664.4	693.5	733.2	733.9	790.6	817.8	859.9	565.3	610.1	733.2	859.9

Analyst Certification

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Strong Buy: The stock is expected to have total return potential of at least 30%. Catalysts exist to generate higher valuations, and positions should be initiated at current levels.

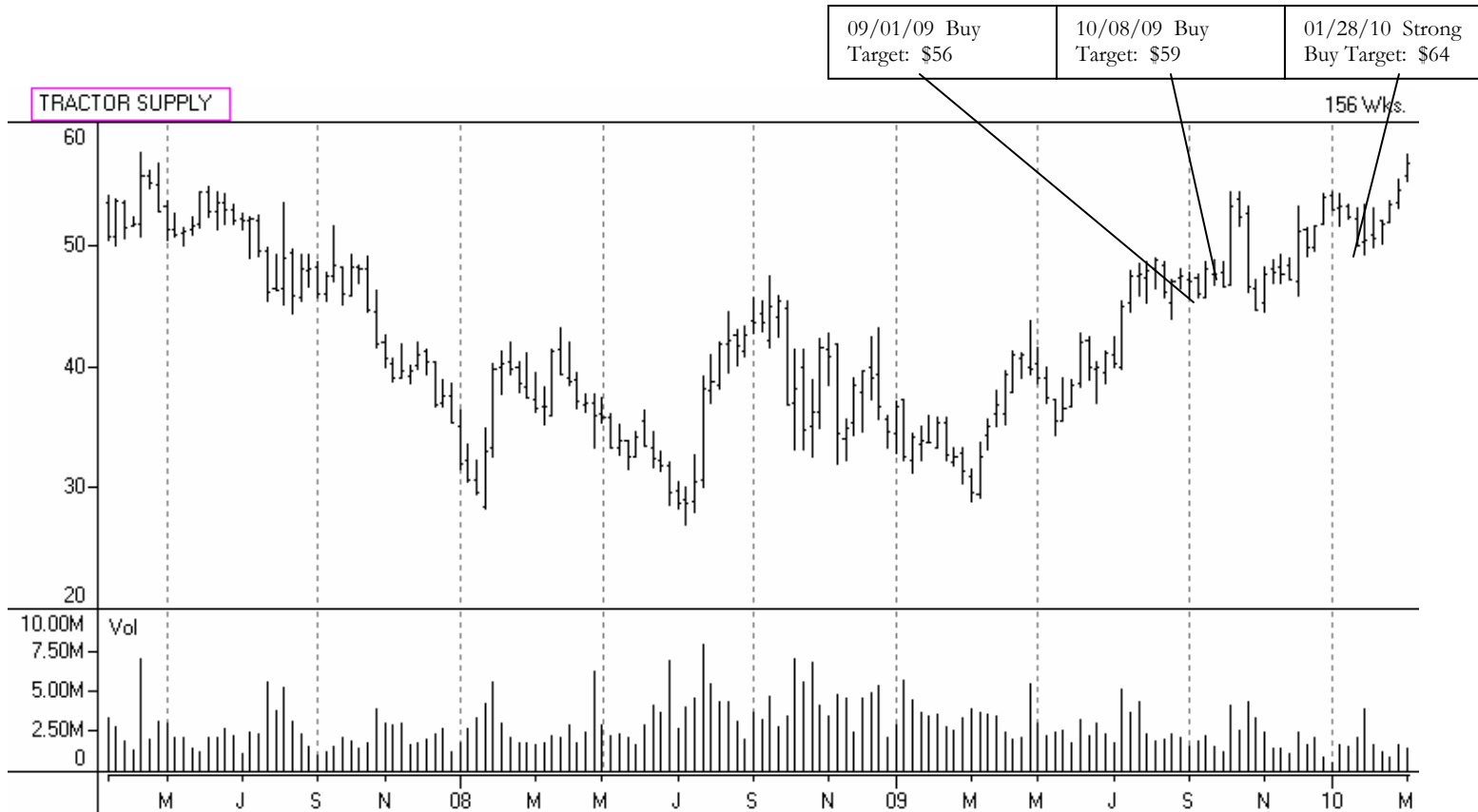
Buy: The stock is expected to have total return potential of at least 15%. Near term catalysts may not exist and the common stock needs further time to develop. Investors requiring time to build positions may consider current levels attractive.

Hold: The stock is expected to have total return potential of less than 15%. Fundamental events are not present to make it either a Buy or a Sell. The stock is an acceptable longer-term holding.

Sell: Expect a negative total return. Current positions may be used as a source of funds.

3/3/2010				
Ratings Distribution for Feltl and Company				
Rating	Number of Stocks	Percent of Total	----- Investment Banking -----	
			Number of Stocks	Percent of Rating category
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Hold	15	30%	0	0%
Sell	2	4%	0	0%
	50	100%	2	4%

The above represents our ratings distribution on the stocks in the Feltl and Company research universe, together with the number in (and percentage of) each category for which Feltl and Company provided investment-banking services in the previous twelve months.



Date	Nature of Report	Rating	Price Target
09/01/09	Initiation@\$47.53	Buy	\$56
10/08/09	Comps Below Expectations, Raising Target	Buy	\$59
10/19/09	Q3:09 Preview	Buy	\$59
10/22/09	3Q Profits Driven by Exceptional GPM	Buy	\$59
12/03/09	Store Visits Suggest Positive Sales and GPM Trends	Buy	\$59
01/06/10	Brr:Coats and boats are selling well	Buy	\$59
01/28/10	Exceptional 4Q:09; raising rating and target	StrongBuy	\$64
03/03/10	Store Manager day highlight many leverage points	StrongBuy	\$64

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Valuation and Price Target Methodology:

Our price target on TSCO is based on a multiple of FY2010 EPS that is a 7% discount to the average multiple accorded Lifestyle Retailing participants. We believe the discounted multiple reflects TSCO's recently weak same-store sales performance. Eventually, we believe a premium multiple is likely because of TSCO's strong growth, high operating margins, profit growth, and exceptional return on assets and equity. Such valuation would also place TSCO's EV/EBITDA multiple in the mid-point of the range for the same peer group.

Risks to Achievement of Estimates and Price Target:

- Tractor Supply's (TSCO) merchandise assortment includes a large proportion of discretionary items that have and could continue to negatively impact sales results. So far through this recession TSCO has minimized this issue by successfully focusing on margin and expense management, minimizing the impact of the difficult sales environment for discretionary items.
- TSCO competes with several retailers that are massively larger in terms of total sales, including Home Depot, Lowe's, Menard's and PetSmart. Competitive moves by any or all of these retailers could negatively affect TSCO's operational results.
- Sales of certain TSCO products are heavily influenced by weather. Riding lawnmower sales, for example, have been weak for several years in the southeast and southwest regions of the country as a result of drought conditions in those areas.
- TSCO is dependent on finding appropriate real estate for its growth strategy, which involves adding a net 75-80 stores annually to its store base. Although TSCO is well-funded internally, the difficult economic environment is slowing real estate development and could limit TSCO's growth opportunities.

Other Disclosures:

The information contained in this report is based on sources considered to be reliable, but not guaranteed, to be accurate or complete. Any opinions or estimates expressed herein reflect a judgment made as of this date, and are subject to change without notice. This report has been prepared solely for informative purposes and is not a solicitation or an offer to buy or sell any security. The securities described may not be qualified for purchase in all jurisdictions. Because of individual requirements, advice regarding securities mentioned in this report should not be construed as suitable for all accounts. This report does not take into account the investment objectives, financial situation and needs of any particular client of Feltl and Company. Some securities mentioned herein relate to small speculative companies that may not be suitable for some accounts. Feltl and Company suggests that prior to acting on any of the recommendations herein, the recipient should consider whether such a recommendation is appropriate given their investment objectives and current financial circumstances. Past performance does not guarantee future results. Additional information is available upon request.

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