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## DELTA REPORT

### 10-K

TSCO - TRACTOR SUPPLY CO /DE/

10-K - DECEMBER 30, 2023 COMPARED TO 10-K - DECEMBER 31, 2022

The following comparison report has been automatically generated

**TOTAL DELTAS** 4399

█ **CHANGES** 470

█ **DELETIONS** 2343

█ **ADDITIONS** 1586

UNITED STATES  
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, 2022** **December 30, 2023**

or

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.)

5401 Virginia Way, Brentwood, Tennessee

37027

(Address of Principal Executive Offices)

(Zip Code)

Registrant's Telephone Number, Including Area Code:

(615) 440-4000

Securities Registered Pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$.008 par value	TSCO	NASDAQ Global Select Market

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  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

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  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of effectiveness of its internal control over financial reporting under section 404(b) of Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act.)

Yes  No

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 Global Select Market on **June 25, 2022** **July 1, 2023**, the last business day of the registrant's most recently completed second fiscal quarter, was approximately **\$18.6** **\$19.8** billion. 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 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 28, 2023** **January 27, 2024**  
Common Stock, \$.008 par value **110,072,658** **107,916,530**

**Documents Incorporated by Reference:**

Portions of the Registrant's definitive Proxy Statement for its **2023 2024 Annual Meeting of Stockholders** are incorporated by reference into Part III hereof.

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#### FORWARD-LOOKING STATEMENTS OR INFORMATION

This Annual Report on Form 10-K and statements included or incorporated by reference in this Annual Report on Form 10-K include certain forward-looking statements, which 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 we expect or anticipate will or may occur in the future, including such things as sales and earnings growth, new store growth, estimated results of operations in future periods (including, but not limited to, net sales, comparable store sales, operating margins or operating margin rates, net income, and earnings per diluted share), the declaration and payment of dividends, the timing and amount of share repurchases, future capital expenditures (including their amount and nature) and acquisitions, business strategy, expansion and growth of our business operations, and other such matters are forward-looking statements. Forward-looking statements are usually identified by or are associated with such words as "will," "intend," "would," "expect," "continue," "believe," "anticipate," "optimistic," "forecasted," and similar terminology. To take advantage of the safe harbor provided by the Act, we have identified certain factors, in Item 1A. "Risk Factors" in this Annual Report on Form 10-K which may cause actual results to differ materially from those expressed in any forward-looking statements. These "Risk Factors" may be updated from time to time in our quarterly reports on Form 10-Q or other subsequent filings with the SEC.

Forward-looking statements made by or on behalf of the Company are based on our knowledge of our business and the environments in which we operate and currently available information and are based on our current expectations and projections about future events. We undertake no 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, except as required by law.

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#### PART I

##### Item 1. 1. Business

###### Overview

Tractor Supply Company (the "Company" or "Tractor Supply" or "we" or "our" or "us") is the largest rural lifestyle retailer in the United States ("U.S."). The Company is focused on supplying the needs of recreational farmers, ranchers, and all those who enjoy living the rural lifestyle (which we refer to as the "Out Here" lifestyle). We operate retail stores under the names Tractor Supply Company and Petsense by Tractor Supply, and Orscheln Farm and Home Supply. Our stores are located primarily in towns outlying major metropolitan markets and in rural communities. We also offer an expanded assortment of products through the Tractor Supply mobile application and online at [TractorSupply.com](https://TractorSupply.com) and [Petsense.com](https://Petsense.com).

The Company has one reportable industry segment which is the retail sale of products that support the rural lifestyle. At ~~December 31, 2022~~ December 30, 2023, we operated ~~2,333~~ 2,414 retail stores in 49 states (~~2,066~~ Tractor Supply retail stores, ~~186~~ Petsense by ~~(2,216~~ Tractor Supply retail stores and ~~81~~ Orscheln Farm and Home ~~198~~ Petsense by Tractor Supply retail stores). Our Tractor Supply stores typically range in size from 15,000 to 20,000 square feet of inside selling space, along with additional outside selling space ("Side Lot"), and our Petsense by Tractor Supply stores have approximately 5,500 square feet of inside selling space. For Tractor Supply retail locations, we use a standard design for most new built-to-suit locations that includes approximately 15,500 square feet of inside selling space. Our online selling websites and our mobile application offer an extended assortment of products beyond those offered in-store and drive traffic into our stores through our buy online and pickup in-store and ship to store programs. Our retail store locations and digital capabilities provide the convenience to allow our customers to engage with us anytime, anywhere and in any way they choose.

On October 12, 2022, the Company completed its acquisition of Orscheln Farm and Home, LLC ("Oorscheln" or "Oorscheln Farm and Home"). The Company acquired 166 Oorscheln stores for approximately ~~\$397.7~~ \$393.4 million, exclusive of cash acquired. Consistent with the remedy reached with the Federal Trade Commission ("FTC"), the Company divested 85 store locations to two buyers, Bomgaars Supply, Inc. (73 stores) and Buchheit Enterprises, Inc. (12 stores), concurrently with the closing of the acquisition. Net proceeds from the store divestitures were approximately \$69.4 million. In addition, Tractor Supply has agreed to sell the Company sold the Oorscheln corporate headquarters and distribution center to Bomgaars Supply, Inc. for approximately \$10 million within 15 months after the closing third quarter of the acquisition, fiscal 2023. The acquisition was financed with cash-on-hand and borrowings under the 2022 Senior Credit Facility (as defined below). The Company plans to rebrand all All Oorscheln stores have been rebranded to Tractor Supply stores by as of the end of fiscal 2023. Therefore, disclosure of the Company's non-financial, normal course business activities are presented without Oorscheln unless otherwise noted.

## Business Strategy for Tractor Supply Company

We believe our sales and earnings growth is the result of executing our multi-year strategy, which includes the following key components:

### Target Market Niche

We have identified a specialized market niche: supplying the lifestyle needs of recreational farmers, ranchers, animal and pet owners, and all those who enjoy living the rural lifestyle. lifestyle remains our primary objective. By focusing our product assortment on these core customers, we believe we are differentiated from general merchandise, home center, and other specialty retailers. We cater to the rural lifestyle and often serve a market by being a trip consolidator for many basic maintenance needs for farm, ranch, and rural customers through convenient shopping options both in-store and online.

### Customers

Our target customers are home, land, pet, animal and livestock owners who generally have above average income and below average cost of living. We seek to serve a customer base that primarily lives in towns outlying major metropolitan markets and in rural communities. This customer base includes recreational farmers, ranchers, and all those who enjoy living the a rural inspired lifestyle. We have seen a trend of consumers migrating to more rural areas and a continuation of shifting consumer behavior trends due to the COVID-19 pandemic as customers focused on the care of their homes, land, and animals, which resulted in a growing demand in everyday merchandise, including consumable, usable, and edible ("C.U.E.") products and seasonal categories.

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### Customer Service

We are committed to providing our customers reliable product availability and a convenient, customer-centric experience across shopping channels. In our stores, we believe the ability of our motivated, well-trained team members to provide friendly, responsive and seasoned advice helps our customers find the right products to satisfy their everyday needs, as well as the specialty items needed to complete their rural lifestyle projects. We also engage with our customers through our e-commerce websites and mobile application, which provide the opportunity to allow customers to shop anytime, anywhere, and in any way they choose, while delivering enhanced product information, research, and decision tools that support product selection and



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informational needs in specific subject areas. Additionally, we maintain a Customer Solutions Center at our Store Support Center located in Brentwood, Tennessee, to support our in-store and online customers, as well as our store team members. We believe this commitment to customer service promotes strong customer loyalty through personalized experiences and provides convenience that our customers expect, which drives repeat shopping experiences.

We use a third-party provider to survey and measure our level of customer service. This process allows customers to provide feedback on their shopping experience. Based on the third-party provider's data, we believe our customer satisfaction scores are among the best-in-class. We carefully evaluate the feedback we receive from our customers and implement improvements at both the Company and the individual store level based on that feedback.

### Store Environment

Our stores are designed and managed to make shopping an enjoyable experience and to maximize sales and operating efficiencies. Stores are strategically arranged to provide an open environment for optimal product placement and visual display. In addition, these layouts allow for departmental space to be easily reallocated and visual displays to be changed for seasonal products and promotions. Display and product placement information is routinely sent to stores to ensure quality and uniformity among the stores, and our Field Activity Support Teams ("FAST") are dedicated to support the stores in creating an enhanced in-store experience for our customers through best-in-class merchandising execution. Our store layouts and visual displays are designed to provide our customers a feeling of familiarity and convenience to enhance the shopping experience. Informative signs are located in key product categories to conveniently assist customers with purchasing decisions and merchandise location. These signs provide customers with a comparison of product qualities, clear pricing, useful information regarding product benefits, and suggestions for appropriate accessories. Also, our store team members wear highly visible red vests or aprons with name tags, and our customer service and checkout counters are conveniently located near the front of the store. Our stores have been equipped

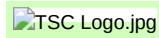
with tools such as team member communication devices, wireless internet, and mobile point-of-sale devices that enable our team members to provide an enhanced shopping experience to our customers. In addition, our buy online and pickup in-store and ship to store programs, including curbside pickup, provide convenient access for customers to pick up merchandise from our store locations. We also offer store delivery in all of our Tractor Supply stores as well as rentable trailers and store delivery in the portion of our stores with delivery trucks and trailers, all to meet our customers' needs.

We are in the midst of a multi-year project that began in 2020 to remodel our existing store base, bringing programs to life with new fixtures, layouts and products that truly enhance the customer shopping experience. The site level site-level space is analyzed category by category and reallocated as needed to align with current merchandising strategies and to drive space productivity. Another space productivity initiative is to transform our Side Lot with an expanded product offering and an enhanced shopping experience. With this investment, the Side Lot space is leveraged to offer a wider product offering in the lawn and garden categories and our new categories within the garden center, and offer greater convenience through the expansion of our buy online and pickup in-store and ship to store capabilities for drive-thru pickup.

#### Merchandising and Purchasing

We offer an extensive assortment of products for all those seeking to enjoy the "Out Here" lifestyle. Our product assortment is tailored to meet the needs of our customers in various geographic markets. Our full line of product offerings includes a broad selection of high quality, reputable brand name and exclusive brand products with approximately 17,000 to 23,000 25,000 products per store as well as over 250,000 300,000 products online. No single product accounted for more than 10% of our sales during fiscal 2022, 2023. Our comprehensive selection of merchandise is comprised of the following major product categories:

- Livestock, Equine & Agriculture: livestock pet, and small animal products, including items necessary for their health, care, growth, equine feed & equipment, poultry, fencing, and containment (i.e., fencing); sprayers & chemicals;
- Hardware, truck, towing, Companion Animal: food, treats and tool equipment for dogs, cats, and other small animals as well as dog wellness;
- Seasonal & Recreation: tractor & rider, lawn & garden, bird feeding, power equipment, and other recreational products;
- Seasonal products, including heating, lawn Truck, Tool, & Hardware: truck accessories, trailers, generators, lubricants, batteries, and garden items, power equipment, gifts, hardware and toys;
- Work/recreational clothing and footwear; tools; and
- Maintenance products for agricultural Clothing, Gift, & Décor: clothing, footwear, toys, snacks, and rural use, decorative merchandise.



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The following table indicates the percentage of net sales represented by each of our major product categories during fiscal 2023, 2022, 2021, and 2020, 2021:

Product Category:	Percent of Net Sales		
	Fiscal Year		
	2022	2021	2020
Livestock and Pet	50 %	47 %	47 %
Seasonal, Gift and Toy Products	21	21	21
Hardware, Tools and Truck	19	21	21
Clothing and Footwear	7	8	7
Agriculture	3	3	4
Total	100 %	100 %	100 %

Product Category:	Percent of Net Sales		
	Fiscal Year		
	2023	2022	2021
Livestock, Equine & Agriculture	27 %	28 %	27 %
Companion Animal	25	23	21
Seasonal & Recreation	22	22	23
Truck, Tool, & Hardware	16	16	18
Clothing, Gift, & Décor	10	11	11
Total	100 %	100 %	100 %

*Note: Net sales by major product categories for prior periods have been reclassified to conform to the current year presentation.*

Our buying team continuously reviews and updates our product assortment as necessary to respond to customer needs and to offer new, relevant products. We are focused on providing key products that our customers use on a regular basis for their lifestyle and maintenance needs with emphasis on C.U.E. products. Examples of C.U.E. product categories include, but are not limited to, livestock feed and bedding, pet food, bird seed, lubricants, propane, and various seasonal products, such as fertilizer, weed control, mulch, pest control, and twine.

Our products are sourced through both domestic and international vendors, each of whom are expected to adhere to a code of conduct that guides our relationship. Our business is not dependent upon any single vendor or particular group of vendors. We purchase our products from a group of approximately 1,000 vendors, with no one vendor representing more than 10% of our purchases during fiscal 2022, 2023. Approximately 400 core vendors accounted for 90% of our merchandise purchases during fiscal 2022, 2023. We have not experienced any significant difficulty in obtaining satisfactory alternative sources of supply for our products to meet customer demands despite the global supply chain disruptions and delays. We believe that adequate sources of supply exist, but they may cost more or require us to incur higher transportation costs.

Our buying teams focus on merchandise procurement, vendor line reviews, and testing of new products and programs. We also employ a dedicated inventory management team that focuses exclusively on forecasting and inventory replenishment, a committed merchandise planning team that concentrates on assortment planning, and a specialized pricing team that seeks to optimize market-specific pricing for our products. Through the combined efforts of these teams, we continue to focus on improving our overall inventory productivity and in-stock inventory position.

#### *Intellectual Property*

Our subsidiary, Tractor Supply Co. of Texas, LP ("TSCT"), owns registrations with the U.S. Patent and Trademark Office ("USPTO") for various service marks including **TSC®**, **Tractor Supply Co.®**, **TSC Tractor Supply Co.®**, and the trapezium design for retail services. We consider these service marks, and the accompanying goodwill and name recognition, to be valuable assets of our business. TSCT also owns several other service marks for retail services, some of which have been registered with the USPTO and some of which are the subject of applications for registration pending before the USPTO.

In addition to selling products that bear nationally-known manufacturer brands, we also sell products manufactured for us under a number of exclusive brands that we consider to be important to our business. These exclusive brands are manufactured for us by a number of vendors and provide an alternative to the national brands, which helps provide value for our customers and positions us as a destination retailer.



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Excluding Orscheln Farm and Home, our Our exclusive brands represented approximately 29%, 30% of our total sales in fiscal 2022, and 29% of our total sales in each of fiscal 2023, fiscal 2022 and fiscal 2021, and fiscal 2020, respectively. Our exclusive brands include:

<i>4health® (pet foods and supplies)</i>	<i>Producer's Pride Paws &amp; Claws® (livestock and horse feed pet foods and supplies)</i>
<i>American Farmworks® (livestock, farm and ranch equipment)</i>	<i>Red Shed Producer's Pride® (gifts, collectibles, (livestock and outdoor furniture) horse feed and supplies)</i>
<i>Bit &amp; Bridle® (apparel and footwear)</i>	<i>Redstone Red Shed®(heating products) (gifts, collectibles, and outdoor furniture)</i>
<i>Blue Mountain® (apparel)</i>	<i>Retriever Redstone® (pet foods and supplies) (heating products)</i>
<i>C.E. Schmidt® (apparel and footwear)</i>	<i>Retriever® (pet foods and supplies)</i>
<i>Country Lane® (grooming preparations, animal feed and feed supplements)</i>	<i>Ridgecut® (apparel)</i>
<i>Countyline® (livestock, farm and ranch equipment)</i>	<i>Royal Wing® (bird feed and supplies)</i>
<i>Dumor Country Tuff® (livestock (lubricants, fluids and horse feed and supplies) oil treatments)</i>	<i>Strive®(pet foods)</i>
<i>Groundwork Dumor®(lawn (livestock and garden horse feed and supplies)</i>	<i>Traveller® (truck and automotive products)</i>
<i>Huskee Farm Table®(outdoor power equipment) (pet food and treats)</i>	<i>Treeline®(hunting gear and accessories)</i>
<i>JobSmart Groundwork® (tools) (lawn and garden supplies)</i>	<i>TSC Tractor Supply Co® (trailers, truck tool boxes and animal bedding)</i>
<i>Paws &amp; Claws Huskee® (pet foods and supplies) outdoor power equipment)</i>	<i>Untamed® (pet foods)</i>
<i>JobSmart® (tools)</i>	

The exclusive brands identified above have been registered as trademarks with the USPTO for certain products and some are the subject of additional applications for registration pending before the USPTO for other products.

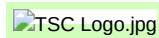
Our trademark and service mark registrations have various expiration dates; however, provided that we continue to use the marks and file appropriate maintenance and renewal documentation with the USPTO in a timely manner, the registrations are potentially perpetual in duration. Our patents (both United States and foreign) have expiration dates ranging from April 2027 to ~~May 2037~~ December 2041 and protect various elements, designs or functions of farm and ranch equipment, as well as light systems for trucks and other vehicles.

We believe our intellectual property, which includes the trademarks and service marks identified above, together with certain trade names, domain names, patents, and copyrights, has significant value and is an important component of our merchandising and marketing strategies.

#### *Distribution*

We currently operate a distribution facility network for supplying stores with merchandise and delivering product ordered through our websites and mobile application. In fiscal ~~2022~~, 2023, our Tractor Supply stores received approximately ~~78%~~ 81% of merchandise through this network while the remaining merchandise shipped directly from our vendors to our stores or customers. We believe this flow facilitates the prompt and efficient distribution of merchandise that allows us to be a dependable supplier to our customers for their "Out Here" lifestyle solutions by enhancing in-stock inventory positions, while minimizing freight expense and improving the inventory turn rate. Our distribution facilities, located in Arizona, Georgia, Indiana, Kentucky, Maryland, Nebraska, New York, ~~Ohio~~ and Texas represent a total distribution center capacity of ~~6.0 million~~ approximately 6.6 million square feet. ~~This excludes the distribution center in Missouri acquired through the acquisition of Orscheln Farm and Home that is anticipated to be sold within 15 months of the closing of the acquisition.~~ We also use third-party operated import centers, mixing centers and pop-up distribution facilities which provide additional distribution capacity. On January 18, 2023, the Company opened its ninth distribution center located in Navarre, Ohio, which expanded the distribution center capacity by approximately 900,000 square feet. In addition, the Company is building a new distribution center in Maumelle, Arkansas. This new facility will expand the Company's distribution center capacity by 1,200,000 square feet and is anticipated to begin operations in the ~~first~~ second quarter of 2024.

We select the locations of our distribution facilities in an effort to minimize logistics costs and optimize the distance from distribution facilities to our stores. Our distribution centers utilize warehouse and labor management tools that support the planning, control, and processing of inventory. We manage our inbound and outbound transportation activity in-house through the use of a transportation management system. We utilize multiple common carriers for store and direct to customer



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deliveries. We manage our transportation costs through carrier negotiations, monitoring of transportation routes, and scheduling of deliveries.

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#### *Marketing*

Leveraging our value-driving offerings from our Neighbor's Club loyalty program, we utilize an "everyday low price" philosophy to consistently offer our products at competitive prices complemented by limited and strategically planned promotions throughout the year. To drive store traffic, build brand consideration, and position ourselves as a destination retailer, we promote a broad selection of merchandise and our "Life Out Here" brand messaging through digital and social media initiatives, targeted digital video (connected TV and streaming programming), e-mail and direct mail. In addition, our rapidly growing Neighbor's Club loyalty program enhances our ability to engage with our customers, recognize and reward our best customers, drive desired purchase behaviors, and create brand advocacy. Vendors frequently support these specific programs by offering temporary cost reductions, additional funding, and honoring coupons. Our vendors also provide assistance with product presentation and fixture design, brochures, support for in-store events, point-of-purchase materials for customer education, and product knowledge for our team members.

#### *Omni-Channel*

Ensuring that our customers can engage with us in the most convenient manner for them whether in our stores, on our website, on our mobile application, or via our Customer Solutions Center, is a high priority for us. Our goal is to be available anytime, anywhere, and in any way our customers choose to engage with our brand. We provide our customers the opportunity to shop in a manner that fits their lifestyle and is most convenient for them. Our focus is on delivering a comprehensive, ~~seamless~~ easy shopping experience, offering the conveniences our customers want and ~~expect~~. ~~expect~~ by driving a personalized experience by leveraging our Neighbor's Club Loyalty program. We offer buy online, pickup in-store, and curbside pickup, which provide convenient access for customers to pick up merchandise from our store locations. Additionally, our online experience offers an expansive product assortment including a direct to consumer assortment. This allows us to extend our aisles beyond our store locations and provides convenient and useful content that is relevant to our customers' lifestyle. We provide our customers the ability to have products shipped directly to our retail store locations or delivered to their homes or offices. For select products, we offer same day delivery. We use our distribution facility network as well as our stores to support our e-commerce activities. Our digital capabilities have further enhanced our in-store shopping experience, allowing us to engage with our customers more effectively, and expanded our target markets outside of our current retail store locations.

## *Continuous Improvement*

We are committed to a continuous improvement program to drive change throughout our organization. Using data analytics and team member engagement, we examine business processes and identify opportunities to reduce costs, drive innovation, and improve effectiveness. We establish annual goals for productivity and cost improvement. Additionally, we have training goals to expand our team's knowledge and understanding of continuous improvement, which is a key pillar in our culture. We have implemented several continuous improvement projects, with team members across our business, to evaluate key operations and implement process changes. Team members are empowered and expected to challenge current paradigms and improve processes. Management encourages the participation of all team members in the decision-making process, regularly solicits input and suggestions from our team members, and incorporates suggestions into our improvement activities.

## *Management Information and Control Systems*

We have invested resources in management information and control systems to provide legendary customer service and to deliver the right products in the right place at the right time. This investment includes use of digital technologies that support the "Out Here" lifestyle and integrate the customer experience in-store, online, and through our Customer Solutions Center, which offers customers the ability to shop anytime, anywhere, and in any way they choose. Our key platforms include:

- Point-of-sale system;
- In-store mobility;
- E-commerce platform;
- Consumer mobile app;
- Replenishment and allocation systems;
- Merchandising presentation and inventory management tools;
- Warehouse and transportation management systems;
- Labor management tools for stores and supply chain;



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- Price optimization system;
- Vendor purchase order control system;
- Human resource information systems;
- Business intelligence and analytics tools; and
- Customer loyalty and campaign management system.

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These systems are integrated through an enterprise resource planning ("ERP") system. This ERP system tracks merchandise from initial order through ultimate sale and interfaces with our financial systems.

We continue to invest in technology to support store, online, and distribution facility expansion and our long-term strategic growth initiatives focused heavily on improving the customer experience across all channels. We also continue to evaluate and improve the functionality of our systems to maximize their effectiveness. Such efforts include ongoing hardware and software evaluations, refreshes, and upgrades to support optimal software configurations, and application performance. We plan to continue to invest in information technology and implement efficiency-driving system enhancements such as in-store mobility, computer vision, labor and task management tools, edge computing and back-office support systems artificial intelligence. We will continue to evaluate the use of emerging technologies to improve productivity such as artificial intelligence, robotics, robotic process automation, software, quantum computing, edge computing and other technologies. We also maintain and continue to strengthen the security of our information systems to help protect and prevent unauthorized access to personal information of our customers, team members, vendors, and other confidential Company data. We are endeavoring to adhere to quickly evolving industry privacy laws and standards. standards, as well as governance as it applies to artificial intelligence. Critical areas of focus include cloud, end point protection and privacy. Collectively, these efforts are directed toward improving business processes, maintaining secure, efficient, and stable systems, and enabling the continued growth and success of our business.

## *Petsense by Tractor Supply*

Petsense by Tractor Supply is a small-box pet specialty supply retailer focused on meeting the needs of pet owners, primarily in small and mid-sized communities, and offering a variety of pet products and services. At December 31, 2022 December 30, 2023, we operated a total of 186 198 Petsense by Tractor Supply stores in 23 states, with approximately 700 full-time and 900 part-time team members, and an e-commerce website ([Petsense.com](https://www.petsense.com)). The Petsense name is registered with the USPTO.

## Human Capital

We believe that our team members are the foundation of our business and that their hard work, passion, commitment, and experience drive our success. As a result of our commitment to our team members, for the third consecutive year, we were recognized by the Great Place to Work Institute as a "Great Place to Work-Certified" company. Additionally, we earned a spot on both the *Nashville Business Journal's 2022 Best Places to Work* and the *Tennessean's 2022 Top Workplaces in Middle Tennessee lists*. lists, as well as national lists including *Fortune's Best Workplaces in Retail*, *Newsweek's America's Greatest Workplaces*, and *Forbes' America's Best Large Employers*. Below are further descriptions of our Company and our focus on the development and support of our team members:

### Management and Team Members

As of December 31, 2022 December 30, 2023, we employed approximately 24,000 25,000 full-time and 25,000 25,000 part-time Tractor Supply and Petsense by Tractor Supply team members. members and use contractors on an as-needed basis. We typically employ additional part-time team members throughout the year during high sales volume periods. We are not party to any collective bargaining agreements.

Eligible team members can participate in one of our various bonus incentive programs, which provide the opportunity to receive additional compensation based upon individual, team, and/or Company performance. In addition to bonus incentive programs, we provide our eligible team members the opportunity to participate in an employee stock purchase plan and a 401(k) retirement savings plan and plan. We offer health insurance for which we share a significant portion of the cost of premiums. We additionally provide our eligible team members with a tuition reimbursement program, paid time off and a six-week parental leave policy for new parents. Our team members also receive a discount on merchandise purchased from the Company.

We encourage a promote-from-within environment when internal resources permit. We also provide internal leadership development programs designed to prepare our high-potential team members for greater responsibility. Our current team of district managers and store managers has an average tenure of approximately nine and six years, years, respectively. We believe internal promotions, coupled with the hiring of individuals with previous retail experience, provide the management structure necessary to support our long-term strategic growth initiatives.



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#### [Store Personnel and Training Team Member Learning & Development](#)

We seek to hire store team members who live and appreciate the "Out Here" lifestyle, including those with farming recreational farmers, ranchers, homeowners, gardeners and ranching backgrounds, with particular emphasis on general maintenance, equine, and welding, pet enthusiasts. We endeavor to staff our stores with courteous, highly motivated team members and devote considerable resources to training store team members, often in cooperation with our vendors. Our training learning & development programs include:

- A thorough on-boarding process to prepare new team members for their new role;
- Productive workplace environment training that is intended to educate team members on Company policies and procedures covering topics such as harassment, discrimination, and retaliation;
- Diversity, equity, and inclusion training which is intended to advance a diverse and inclusive culture built on one of our core values of respect, in order to foster different perspectives, ideas and innovative thinking;
- New store opening training that prepares our store managers to open new stores to Company standards;
- A management training program which covers all aspects of our store operations, including delivering superior service and managing the team member experience;
- Structured training on customer service and selling skills;
- Online product knowledge training produced in conjunction with key vendors;
- Leadership development programs that prepare leaders to expand their current contributions;
- Quarterly Periodic all store team member meetings; and
- An annual store manager meeting with vendor product presentations.

#### [Workplace Health and Safety](#)

We strive to provide At Tractor Supply, maintaining a healthy, safe and healthy workplace environment for all our team members and drive customers is embedded in our mission and values. Team members are empowered to do the "right thing" and encourage the same of others. We are committed to driving a culture of safe practices safety for our team members, customers and continuous communities through role-based training specific to TSC's operations, the use of technology to deliver training, and an attitude of continual improvement. We provide role-based safety training during the onboarding process and through other specific safety programs.

#### [Diversity, Equity, and Inclusion](#)

Tractor Supply is committed to the principles of diversity, equity, and inclusion ("DE&I"). We have built a strong and diverse team by purposefully seeking highly qualified diverse candidates with different backgrounds, experience, perspectives, ideas and skill sets. As we move forward, we are working to implement new DE&I initiatives that will result in an

even more diverse team across the entire company.

We are committed to providing a diverse and inclusive culture supported by our Mission & Values where we welcome diverse backgrounds and experiences and respectfully foster different perspectives, ideas and innovative thinking. We are stronger together, and we believe in the authenticity our team members bring to work every day. By focusing on our team members, we know that our customers, communities and suppliers will be well served. Diversity and inclusion play a key role in moving our business forward. Our workforce is approximately 51% male and 49% female. **Minorities** **Racial and ethnic minorities** comprise approximately 18% of our workforce. Women serve in key leadership roles within the Company, including as Executive Vice President, Chief Human Resources Officer, Senior Vice President, General Counsel and Corporate Secretary, Senior Vice President of Investor Relations and Public Relations, Senior Vice President, Chief Marketing Officer and Senior Vice President, of E-Commerce. **General Merchandise**. We have taken several steps over the past twelve months to further enhance our diversity, equity, and inclusion strategy including publishing external DE&I goals aligned with our environmental, social, and governance ("ESG") efforts, enhancing our DE&I Strategy to include supplier **diversity inclusion** efforts, and continuing activation of our various team member engagement groups supporting development, community involvement, and allyship within our Company. We will continue to build on these initiatives to enhance our culture of respect and teamwork across our organization.

#### **Growth Strategy**

Tractor Supply believes we can grow our business by being an integral part of our customers' lives as the dependable supplier of "Out Here" lifestyle solutions, creating customer loyalty through personalized experiences, our Neighbor's Club loyalty program and providing convenience that our customers expect at anytime, anywhere, and in any way they choose. Our long-term growth strategy is to: (1) expand and deepen our customer base by providing personal, localized, and memorable customer engagements by leveraging content, social media, and digital shopping experiences, attracting new customers and driving loyalty, (2) evolve customer experiences by digitizing our business processes and furthering our omni-channel capabilities, (3) offer relevant assortments and services across all channels through exclusive and national brands and continue to grow our total



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addressable market by introducing new products and services through our test and learn strategy, (4) drive operational excellence and productivity through continuous improvement, increasing space utilization, and implementing advanced supply

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chain capabilities to support growth, scale and agility, and (5) expand through selective acquisitions, as such opportunities arise, to add complementary businesses and to enhance penetration into new and existing markets to supplement organic growth.

Achieving this strategy will require a foundational focus on: (1) connecting, empowering and growing our team to enhance our team members' lives and the communities in which they live, enabling them to provide legendary service to our customers, and (2) allocating resources in a disciplined and efficient manner to drive profitable growth and build stockholder value, including leveraging technology and automation, to align our cost structure to support new business capabilities for margin improvement and cost reductions.

Over the past five years, we have experienced considerable sales growth, resulting in a compounded annual growth rate of approximately **14.4% 13.0%**. We plan to open approximately **70** **80** new Tractor Supply and 10 to 15 new Petsense by Tractor Supply stores in fiscal **2023** **2024**, a selling square footage increase of approximately **3% 4%**. In addition, fiscal **2023**, we plan to rebrand all **81** Orscheln stores to **opened** **70** new Tractor Supply stores in fiscal **2023** and **13** new Petsense by Tractor Supply stores. In fiscal **2022**, we opened **63** new Tractor Supply stores, **and** **nine** new Petsense by Tractor Supply stores and acquired **81** Orscheln Farm and Home stores. In fiscal **2021**, we opened **80** new Tractor Supply stores and **seven** new Petsense by Tractor Supply stores. This represents a selling square footage increase of approximately **3%** during fiscal **2023** and **11%** during fiscal **2022** and **4%** during fiscal **2021**, **2022**.

At **December 31, 2022** **December 30, 2023**, we operated **2,333** **2,414** retail stores in 49 states **(2,066)** **(2,216** Tractor Supply retail stores **186** and **198** Petsense by Tractor Supply retail stores, and **81** Orscheln Farm and Home retail stores set to be rebranded to Tractor Supply retail stores by the end of **2023**) stores). Given the size of the communities that we target, we believe there is ample opportunity for new store growth in many existing and new markets. We believe we have developed a proven method for selecting store sites and have significant additional opportunities for new Tractor Supply stores. We also believe that there is opportunity for continued growth for Petsense by Tractor Supply stores.

Approximately **59%** **60%** of our stores are in freestanding buildings and **41%** **40%** are located in shopping centers. We lease approximately **95%** **96%** of our stores and own the remaining **5%** **4%**.

In addition to new store expansion, we will continue to support our strategic growth through expansion of our distribution network and initiatives including, among others, space productivity and Side Lot improvements in certain existing stores as well as continued improvements in technology and infrastructure at our existing stores, and ongoing investments to enhance our digital and omni-channel capabilities to better serve our customers.

#### **Competition**

We operate in a competitive retail industry. We believe the principal competitive factors include location of stores, fulfillment options, price, quality of merchandise, in-stock inventory consistency, merchandise assortment and presentation, product knowledge, and customer service. We compete with general merchandise retailers, home center retailers, pet retailers, specialty and discount retailers, independently owned retail farm and ranch stores, numerous privately-held regional farm store chains and farm cooperatives, as well as internet-based retailers. However, we believe we successfully differentiate ourselves from many of these retailers by focusing on our specialized market niche for customers living the rural lifestyle. See further discussion of competition in 1A. "Risk Factors" of this Annual Report on Form 10-K.

#### Seasonality and Weather

Our business is seasonal. Historically, our sales and profits are the highest in the second and fourth fiscal quarters due to the sale of seasonal products. We usually experience our highest inventory and accounts payable balances during our first fiscal quarter for purchases of seasonal products to support the higher sales volume of the spring selling season, and again during our third fiscal quarter to support the higher sales volume of the cold-weather selling season. We believe that our business can be more accurately assessed by focusing on the performance of the halves, not the quarters, due to the fact that different weather patterns from year-to-year can shift the timing of sales and profits between quarters, particularly between the first and second fiscal quarters and the third and fourth fiscal quarters.

Historically, weather conditions, including unseasonably warm weather in the fall and winter months and unseasonably cool weather in the spring and summer months, have unfavorably affected the timing and volume of our sales and results of operations. In addition, extreme weather conditions, including snow and ice storms, flood and wind damage, hurricanes, tornadoes, extreme rain, and droughts have impacted operating results both negatively and positively, depending on the severity and duration of these conditions. See further discussion in 1A. "Risk Factors - Weather and Climate Risks" of this Annual Report on Form 10-K. Our strategy is to manage product flow and adjust merchandise assortments and depth of inventory to capitalize on seasonal demand trends.



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#### Stewardship and Compliance with Environmental Matters

Our operations are subject to numerous federal, state, and local environmental laws and regulations, enacted or adopted regulating the discharge of materials into the environment or otherwise relating to the protection of protect the environment. We are committed to complying with all applicable environmental laws and regulations. We are also committed to becoming a more environmentally sustainable company. This commitment is demonstrated through our Stewardship Program, which is our comprised of environmental sustainability program. Through this program, the Company has implemented a number of and sustainability-related initiatives designed to reduce lessen our impact on the environment, environmental footprint. These initiatives include the installation of energy management systems, LED lighting, high efficiency heating/air conditioning systems, and systems; recycling programs in our stores, distribution facilities, centers and Store Support Center, Center; and the installation of rooftop solar arrays at the Store Support Center in Brentwood, Tennessee, our Tractor Supply store in Hendersonville, Tennessee and our newest distribution centers in Navarre, Ohio and Maumelle, Arkansas.

We are investing in sustainable buildings with the design, construction and operation of facilities that meet LEED (Leadership in Energy and Environmental Design) standards. Our Store Support Center and our distribution centers in Casa Grande, Arizona, and Frankfort, New York are all LEED (Leadership in Energy and Environmental Design) Silver certified for environmentally sustainable design, construction, and operation. certified. We also installed solar arrays at the Store Support Center in Brentwood, Tennessee, and opened our Tractor Supply store in Hendersonville, Tennessee. The Company also opened its ninth distribution center in Navarre, Ohio on January 18, 2023. The This distribution center is the first Tractor Supply facility built to LEED Gold standards. The facility features a rooftop solar array system consisting of more than 10,000 solar panels that will produce five megawatts of electricity per year, which will satisfy is enough energy to power the electricity needs and will utilize of the building as well as electric fork trucks powered by lithium-ion batteries to pick and move inventory. In 2023, the Company began construction of our 10th distribution center in Maumelle, Arkansas. This new facility will include many of the same sustainable attributes as found in the Navarre, Ohio distribution center including LEED Gold certified construction as well as a large solar array.

The Company has been a SmartWay Transport partner since 2013. SmartWay Transport is a public-private initiative between the U.S. Environmental Protection Agency, large and small trucking companies, retailers, and other federal and state agencies. Its purpose is to improve fuel efficiency and the environmental performance (reduction of supply chains by way of reducing both greenhouse gas emissions and air pollution) of supply chains. pollution.

In December 2018, 2021, we announced a goal set decarbonization goals meant to reduce carbon absolute emissions from our facilities by 25% by 2025 from our 2015 baseline as part operational footprint. While these goals were an important first step, we have come to believe that setting a carbon reduction goal in alignment with Science Based Targets initiative (SBTi) criteria will create a reduction pathway that enables future generations to steward the land for years to come. In November of the Company's Stewardship Program. In December 2020, 2023, we announced that we had reached this goal five years early, have submitted our letter of commitment to the Science Based Targets initiative, outlining our intention to set a science-based target. This new target will replace existing carbon reduction targets, cover all three scopes, and hold us accountable for more meaningful reductions.

On December 15, 2022, In addition to our carbon emissions targets, we released announced an ambitious 3-year goal in April of 2022 to conserve 25 million gallons of water by 2025. These commitments to climate and society reinforce Tractor Supply's vision that a healthy environment, properly managed resources, and vibrant communities are all key for a secure and prosperous future. Our commitment to publicly disclose our 2021 Task climate-related data remains strong. The company discloses information regarding Scope 1, Scope 2 and Scope 3 emissions, including disclosure of Scope 3 emissions by category as presented in our 2022 ESG Tearsheet and 2022 TCFD (Task Force on Climate-Related Financial Disclosures Disclosures) Report following the announcement and filing of our goal in September 2021 to reduce our carbon footprint by 20% by 2025 and 50% by 2030

and achieve net zero missions across 2022 CDP report, all operations by 2040. In the report, we discussed our approach to evaluating and managing climate change risks and identifying opportunities. We also detailed the next phase of our sustainability journey, including increasing efforts to procure renewable energy, continuing investments in energy efficiency and cleaner technologies, avoiding future emissions through better design of both stores and distribution centers, and refining our Scope 3 emissions through our new supplier engagement program with the intent to reduce value chain emissions.

Additional information which can be found in our ESG Tear Sheet and on our website ([TractorSupply.com](http://TractorSupply.com)). The information provided on our 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.

#### Information about our Executive Officers

Pursuant to General Instruction G(3) of Form 10-K, the following list is included 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 11, 2023** **May 9, 2024**.



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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
Harry A. Lawton, III	President and Chief Executive Officer	48 49
Kurt D. Barton	Executive Vice President – Chief Financial Officer and Treasurer	51 52
Robert D. Mills	Executive Vice President – Chief Technology, Digital Commerce and Strategy Officer	50 51
John P. Ordus	Executive Vice President – Chief Stores Officer	47 48
Jonathan S. Estep	Executive Vice President – Chief Merchandising Officer	43 44
Melissa D. Kersey	Executive Vice President – Chief Human Resources Officer	48 49
Colin W. Yankee	Executive Vice President – Chief Supply Chain Officer	45 46
Noni L. Ellison	Senior Vice President – General Counsel and Corporate Secretary	51 52
Kimberley S. Gardiner	Senior Vice President – Chief Marketing Officer	54 55
Matthew L. Rubin	Senior Vice President and General Manager of Petsense by Tractor Supply	43 44

Harry A. Lawton, III was appointed has served as President and Chief Executive Officer in since January 2020. Mr. Lawton served as President of Macy's, Inc. from September 2017 to December 2019. Prior to that time, Mr. Lawton served as Senior Vice President, North America at eBay, Inc. since May 2015. Mr. Lawton previously held a number of leadership positions at Home Depot, Inc. from 2005 to 2015, including Senior Vice President of Merchandising and head of Home Depot's online business. Since January 2019, Mr. Lawton has served as a director of Sealed Air Corporation and previously served as a director of Buffalo Wild Wings, Inc. from October 2016 to February 2018.

Kurt D. Barton was promoted to has served as Executive Vice President – Chief Financial Officer and Treasurer in since February 2019, after having served as the Company's Senior Vice President – Chief Financial Officer and Treasurer since March 2017. Prior to that time, Mr. Barton served as Senior Vice President – Controller of the Company since February 2016. Mr. Barton previously served as Vice President – Controller of the Company from February 2009, after having served as the Company's Director, Internal Audit from July 2002 to February 2009. Mr. Barton has served in various other leadership roles in accounting since he joined the Company in 1999. Mr. Barton, a Certified Public Accountant, began his career in public accounting in 1993, spending six years at Ernst & Young, LLP.

Robert D. Mills has served as Executive Vice President – Chief Technology, Digital Commerce and Strategy Officer since August 2018, prior to which he served as the Company's Senior Vice President – Chief Information Officer since February 2014. Mr. Mills previously served as Chief Information Officer for Ulta Beauty, Inc. from October 2011 until he joined the Company. From 2005 to 2011, Mr. Mills was Vice President, Chief Information Officer for the online business unit at Sears Holdings Corporation where he began as an Information Technology Customer Relationship Leader in 2001. Prior to 2001, Mr. Mills held roles at The Allstate Corporation, Rockwell International, Telecommunications Division, and Household Finance Corporation. Since March 2018, Mr. Mills has served as a director of B&G Foods, Inc.

John P. Ordus was promoted to has served as Executive Vice President – Chief Stores Officer in since February 2020, after having served as the Company's Senior Vice President - Store Operations since August 2015. Prior to that time, Mr. Ordus served as Regional Vice President for the Company from June 2010 and as a Regional Director for the Company since from September 2008. Mr. Ordus joined the Company as a District Manager in February 2002 after the acquisition of Quality Farm & Fleet, Inc. with which Mr. Ordus held roles since January 1998.

Jonathan S. Estep was promoted to has served as Executive Vice President – Chief Merchandising Officer in since February 2020, after having served as the Company's Senior Vice President, General Merchandising since April 2017. Prior to that time, Mr. Estep served the Company as a Vice President, Divisional Merchandise Manager from February 2014. Mr. Estep also previously served in various other leadership roles in merchandising since he re-joined the Company in January 2008.

Melissa D. Kersey **was appointed** has served as Executive Vice President – Chief Human Resources Officer **in** **since** July 2020. Ms. Kersey was previously Senior Vice President and Chief People Officer for McDonald's USA, LLC from 2017 until July 2020. Ms. Kersey also previously held a number of executive level roles with Walmart Inc. (previously Walmart Stores, Inc.) from 2008 to 2017, including Senior Vice President of Global Human Resource Transformation and People Services, Senior Vice President and Chief Human Resources Officer for U.S. Stores, and Senior Vice President of Learning and Human Resources Strategy. Prior to that time, Ms. Kersey spent eight years with Alltel Wireless and four years with the Target Corporation in Operations, Distribution, Human Resources and Technology roles.



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Colin W. Yankee **was promoted to** has served as Executive Vice President - Chief Supply Chain Officer **in** **since** February 2020, after having served as the Company's Senior Vice President, Supply Chain since November 2015 when he joined the Company. Mr. Yankee was previously Vice President of Logistics for Neiman Marcus Group LLC from 2013 to 2015. Prior to that time, Mr. Yankee held various leadership roles in logistics and supply chain with the Target Corporation since 2004. He began his career as a Cavalry Officer, Captain in the United States Army.

Noni L. Ellison **was appointed** has served as Senior Vice President – General Counsel and Corporate Secretary **in** **since** January 2021. Ms. Ellison was previously General Counsel, Chief Compliance Officer and Corporate Secretary for Carestream Dental LLC from August 2017 until January 2021. Ms. Ellison also previously served as Associate General Counsel and Assistant Corporate Secretary at W.W. Grainger, Inc. from February 2015 until July 2017. Prior to that time, Ms. Ellison held roles of increasing responsibility at Turner Broadcasting System, Inc. and Scripps Networks Interactive, Inc. and practiced law with two national law firms as a corporate finance and securities associate.

Kimberley S. Gardiner **was appointed** has served as Senior Vice President - Chief Marketing Officer **in** **since** July 2022. Ms. Gardiner was previously Chief Marketing Officer and Senior Vice President at Volkswagen Group of America from November 2020 until July 2022. Prior to that time, Ms. Gardiner served as the Chief Marketing Officer for Mitsubishi Motors North America from January 2019 to November 2020 and as Director of Marketing for Kia Motors America from March 2016 to January 2019. Prior to 2019, Ms. Gardiner held various marketing and strategy roles with increasing responsibility at 5th Kind and Toyota North America.

Matthew L. Rubin **was appointed** has served as Senior Vice President and General Manager of Petsense by Tractor Supply **in** **since** February 2021. Mr. Rubin previously served as Senior Vice President of Business Development & Growth at The Michaels Stores, Inc. from October 2018 until January 2021. Mr. Rubin was previously an executive in Accenture plc's North America Retail Practice from April 2015 to October 2018. Before April 2015, Mr. Rubin was a Partner at Consolidated Venture Partners & Consolidated Marketing and a Co-Founder & Finance Partner at OnTrend Products. Mr. Rubin also previously served as Vice President of Specialty Business Operations at BJ's Wholesale Club Holding, Inc.. Mr. Rubin began his career at Office Depot, Inc. where he had multiple merchandising and strategic project leadership roles of increasing responsibility.

#### **Additional Information**

We file 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. We are an electronic filer and the SEC maintains an Internet website at [sec.gov](http://sec.gov) that contains the reports, proxy and information statements, and other information we file.

We make available, free of charge through our Internet website, [TractorSupply.com](http://TractorSupply.com), our 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 our 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.



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#### **Item 1A. 1A. Risk Factors**

Our business faces many risks. Certain risks of which we are currently aware and deem to be material are described below. If any of the events or circumstances described in the following risk factors occur, our business, financial condition or results of operations may significantly suffer, and the trading price of our common stock could decline. These risk factors should be read in conjunction with the other information in this Annual Report on Form 10-K.

##### **Strategic and Competitive Risks**

*Failure to protect our reputation could have a material adverse effect on our brand name or any of our exclusive brands.*

Our success depends in part on the value and strength of the Tractor Supply name, including our exclusive brands. The Tractor Supply name is integral to our business, as well as to the implementation of our strategies for expanding our business. Maintaining, promoting, and positioning our brand will depend largely on the success of our marketing and merchandising efforts and our ability to provide high quality merchandise and a consistent, high quality customer experience. Our brand could be adversely affected if we fail to achieve these objectives or if our public image or reputation were to be tarnished by negative publicity, whether or not based on fact. Any failure to comply or accusation of our failure to comply with ethical, social, product, labor, data privacy, environmental, and environmental other regulatory and industry standards could also jeopardize our reputation and potentially lead to various adverse consumer actions. Customers are also increasingly using social media to provide feedback and information about our Company, including our products and services, in a manner that can be quickly and broadly disseminated. Further, adverse publicity about our merchandise products, whether valid or not, may discourage consumers from buying the products we offer. Additionally, our proprietary rights in our trademarks, trade names, service marks, domain names, copyrights, patents, trade secrets and other intellectual property rights are valuable assets of our business. We may not be able to prevent or even discover every instance of unauthorized third party uses of our intellectual property or dilution of our brand names, such as when a third party uses trademarks that are identical or similar to our own. Any of these events could result in decreased revenue or otherwise adversely affect our business.

*We may be unable to increase sales at our existing stores.*

We experience fluctuations in our comparable store sales at our existing stores, defined as sales in stores which have been open for at least twelve months. See Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" for a further discussion of comparable store sales. Various factors affect the comparable store sales at our existing stores, including, among others, the general retail sales environment, our ability to efficiently source and distribute products, global supply chain disruptions, changes in our merchandise assortment, competition, proximity of our locations to one another or to the locations of other competing retailers, increased presence of online retailers, current economic conditions, customer satisfaction with our products, retail pricing, the timing of promotional events, the release of new merchandise, the success of marketing programs, weather conditions, and our ability to attract and retain qualified team members. These factors may cause the comparable store sales results at our existing stores to differ materially from prior periods and from expectations. Past comparable store sales are not an indication of future results, and there can be no assurance that our comparable store sales will not decrease in the future.

Furthermore, the considerable positive impact of the COVID-19 pandemic on the demand for our products in fiscal 2021 and 2020 resulted in a significant increase in new or reacquired customers and in comparable store sales growth. Our sales performance in fiscal 2021 and 2020 may present a greater risk to our ability to increase comparable store sales in the following year(s) and in our ability to maintain our new or reacquired customers gained in those years. Therefore, we may not be able to sustain or increase our comparable store sales in fiscal 2023 2024 and beyond.

*Failure to open and manage new stores in the number and manner currently contemplated could adversely affect our financial performance.*

An integral part of our business strategy includes the expansion of our store base through new store openings. This expansion strategy is dependent on our ability to find suitable locations, and we face competition from many retailers and other businesses for such sites. If we are unable to implement this strategy, our ability to increase our sales, profitability, and cash flow could be impaired. To the extent that we are unable to open new stores in the manner we anticipate (due to, among other reasons, site approval or unforeseen delays in construction), our sales growth may be impeded.

Although we have a rigorous real estate site selection and approval process, there can be no assurance that our new store openings will be successful or result in incremental sales and profitability for the Company. New stores build their sales volumes and refine their merchandise selection over time and, as a result, generally have lower gross margins and higher

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operating expenses as a percentage of net sales than our more mature stores. As we continue to open new stores, there may be a negative impact on our results from a lower contribution margin of these new stores until their sales levels ramp to chain average, if at all, as well as from the impact of related pre-opening costs. Additionally, new stores can also impact the sales and contribution margins of existing stores located in close proximity.

As we execute this expansion strategy, we may also experience managerial or operational challenges which may prevent any expected increase in sales, profitability, or cash flow. Our ability to manage our planned expansion depends on the adequacy of our existing information systems, the efficiency and expansion of our distribution systems, the adequacy of the hiring and training process for new personnel (especially store managers), the effectiveness of our controls and procedures, and the ability to identify customer demand and build market awareness in different geographic areas. There can be no assurance that we will be able to achieve our planned expansion, that the new stores will be effectively integrated into our existing operations or that such stores will be profitable.

*Our merchandising and marketing initiatives may not provide expected results.*

We believe our past performance has been based upon, and future success will depend in part upon, the ability to develop and execute merchandising initiatives with effective marketing programs. These merchandising initiatives and marketing programs may not deliver expected results, and there is no assurance that we will correctly identify and respond in a timely manner to evolving trends and consumer preferences and expectations. If we misjudge the market or our marketing programs are not successful, we may overstock unpopular products and be forced to take inventory impairment or retail price reductions that have a material adverse effect on our profitability. Failure to execute and promote such initiatives in a timely manner could harm our ability to grow the business and could have a material adverse effect on our results of operations and financial condition. Shortages of key merchandise could also have a material adverse effect on our financial condition and results of operations.

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*We may not timely identify or effectively respond to consumer needs, expectations, or trends, which could adversely affect our relationship with customers, the demand for our products and services, and our market share.*

The success of our business depends in part on our ability to identify and respond promptly to evolving trends in demographics; consumer preferences, expectations and needs; and unexpected weather conditions, public health issues (including pandemics and quarantines and related shut-downs, re-openings, or other actions by the government) or natural disasters, while also managing appropriate inventory levels in our stores and distribution or fulfillment centers and managing an excellent customer experience. It is difficult to successfully predict the products and services our customer will demand. As our customers begin to expect a more personalized experience, our ability to collect, use, and protect relevant customer data is important to our ability to effectively meet their expectations. Our ability to collect and use that data, however, is subject to a number of external factors, including the impact of legislation or regulations governing data privacy and security. In addition, each of our primary customer groups has different needs and expectations, many of which evolve as the demographics in a particular customer group change. We also need to offer more localized assortments of our merchandise to appeal to local cultural and demographic tastes within each customer group. If we do not successfully differentiate the shopping experience to meet the individual needs and expectations of or within a customer group, we may lose market share with respect to those customers.

Customer expectations about the methods by which they purchase and receive products or services are also becoming more demanding. Customers routinely use technology and a variety of electronic devices and digital platforms to rapidly compare products and prices, read product reviews, determine real-time product availability, and purchase products. Once products are purchased, customers are seeking alternate options for delivery of those products, and they often expect quick, timely, and low-price or free delivery and/or convenient pickup options. We must continually anticipate and adapt to these changes in the purchasing process.

In addition, a greater concentration of online sales with direct fulfillment or curbside pickup could result in a reduction in the amount of traffic in our stores, which would, in turn, reduce the opportunities for cross-selling of merchandise that such traffic creates and could reduce our overall sales and adversely affect our financial performance.

Failure to provide a compelling online presence; to timely identify or respond to changing consumer preferences, expectations and home improvement needs; to maintain appropriate inventory; to provide quick and low-price or free delivery alternatives and convenient pickup options; to differentiate the customer experience for our primary customer groups; and to effectively implement an increasingly localized merchandising assortment could adversely affect our relationship with customers, the demand for our products and services, and our market share.

*Failure to open and manage new stores in the number and manner currently contemplated could adversely affect our financial performance.*

An integral part of our business strategy includes the expansion of our store base through new store openings. This expansion strategy is dependent on our ability to find suitable locations, and we face competition from many retailers and other businesses for such sites. If we are unable to implement this strategy, our ability to increase our sales, profitability, and cash flow could be impaired. To the extent that we are unable to open new stores in the manner we anticipate (due to, among other reasons, site approval or unforeseen delays in construction), our sales growth may be impeded.

Although we have a rigorous real estate site selection and approval process, there can be no assurance that our new store openings will be successful or result in incremental sales and profitability for the Company. New stores build their sales volumes and refine their merchandise selection over time and, as a result, generally have lower gross margins and higher operating expenses as a percentage of net sales than our more mature stores. As we continue to open new stores, there may be a negative impact on our results from a lower contribution margin of these new stores until their sales levels ramp to chain average, if at all, as well as from the impact of related pre-opening costs. Additionally, new stores can also impact the sales and contribution margins of existing stores located in close proximity.

As we execute this expansion strategy, we may also experience managerial or operational challenges which may prevent any expected increase in sales, profitability, or cash flow. Our ability to manage our planned expansion depends on the adequacy of our existing information systems, the efficiency and expansion of our distribution systems, the adequacy of the hiring and training process for new personnel (especially store managers), the effectiveness of our controls and procedures, and the ability to identify customer demand and build market awareness in different geographic areas. There can be no assurance that we will be able to achieve our planned expansion, that the new stores will be effectively integrated into our existing operations or that such stores will be profitable.

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*Competition may hinder our ability to execute our business strategy and adversely affect our operations.*

We operate in the highly competitive retail merchandise sector with numerous competitors. These competitors include general merchandise retailers, home center retailers, pet retailers, specialty and discount retailers, independently-owned retail farm and ranch stores, numerous privately-held regional farm store chains, and farm cooperatives, as well as internet-based retailers. We compete for customers, merchandise, real estate locations, and team members. This competitive environment subjects us to various other risks,

including the inability to continue our store and sales growth and to provide attractive merchandise to our customers at competitive prices that allow us to maintain our profitability. Our failure to compete effectively in this environment could adversely impact our financial performance.

*We may pursue strategic acquisitions and the failure of an acquisition to produce the anticipated results or the inability to fully integrate the acquired companies could have an adverse impact on our business.*

We may, from time to time, acquire businesses we believe to be complementary to our business, for example, the acquisition of Orscheln Farm and Home. Home in 2022. The success of an acquisition is based on our ability to make accurate assumptions regarding the valuation, operations, growth potential, integration, and other factors relating to the target business. Acquisitions may result in difficulties in assimilating acquired companies and may result in the diversion of our capital and our management's attention from other business issues and opportunities. We may not be able to successfully integrate an organization that we acquire, including their personnel, financial systems, distribution, operations, and general operating procedures. If we fail to successfully integrate acquisitions, we could experience increased costs associated with operating inefficiencies which could have an adverse effect on our financial results. Also, while we employ several different methodologies to assess potential business opportunities, acquired businesses may not achieve desired profitability objectives or other expectations, causing lower than expected earnings and cash flows which could adversely affect our financial performance and subsequently require impairment of long-lived assets, goodwill and other intangible assets.

#### **Weather and Climate Risks**

*Unseasonal and extreme weather conditions, natural disasters, and climate change may have a significant impact on our financial results.*

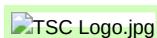
Weather conditions affect the demand for, timing of demand for, and in some cases the supply of, products, which in turn has an impact on prices. Historically, weather conditions, including unseasonably warm weather in the fall and winter months and unseasonably cool weather in the spring and summer months, have affected the timing and volume of our sales and results of operations. In addition, extreme weather conditions, such as more frequent or intense hurricanes and tropical storms, thunderstorms, tornadoes, flood, fires, droughts, earthquakes, and snow or ice storms, as well as rising sea levels, have impacted operating results both positively and negatively and may positively or negatively impact our business in the future. While extreme weather conditions can positively impact our operating results by increasing demand in affected locations for products needed to cope with the weather condition and its effects, they can also negatively affect our business depending on the severity and length of these conditions, as a result of store closings, damage to our stores or merchandise, or the inability of customers to shop at our stores due to weather conditions. Our strategy is to manage product flow and adjust merchandise assortments and depth of inventory to capitalize on seasonal demand trends. Should such a strategy not be effective, the weather may have a material adverse effect on our financial condition and results of operations.

Furthermore, the long-term impacts of climate change, whether involving physical risks (such as extreme weather conditions or rising sea levels) or transition risks (such as regulatory or technology changes) are expected to be widespread and unpredictable. These changes over time could affect, for example, consumer behavior and preferences, the availability and cost of certain consumer products and commodities, and energy (including utilities), which, in turn, may impact our ability to procure certain goods or services required for the operation of our business at the quantities and levels we or our customers require.

As a consequence of these or other catastrophic or uncharacteristic events, we may experience interruption to our operations, increased costs, or losses of property, equipment or inventory, which would adversely affect our revenue and profitability.

*Weather conditions may cause a disruption in our distribution and transportation network that would adversely affect our ability to conduct our operations.*

We rely on our distribution and transportation network, including third-party logistics providers, to provide goods to our stores and to our customers in a timely and cost-effective manner through deliveries to our distribution facilities from vendors and



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then from the distribution facilities or direct ship vendors to our stores or customers by various means of transportation, including shipments by sea, air, rail, and truck. Although we believe that our operations are efficient, disruptions due to extreme weather conditions, including snow and ice storms, flood and wind damage, hurricanes, tornadoes, extreme rain, fires and droughts may result in delays in the transportation and delivery of merchandise to our distribution centers, our stores, or our customers. Significant disruptions or delays in our distribution and transportation network could adversely affect sales and the satisfaction of our customers which could have a material adverse impact on our financial condition and results of operations.

*We may be adversely affected by legal, regulatory or market responses to global climate change.*

Growing concern over climate change has led policy makers in the U.S. to consider the enactment of legislative and regulatory proposals that would impose mandatory requirements on greenhouse gas emissions. Such laws, if enacted, are likely to impact our business in a number of ways. For example, we use natural gas, diesel fuel, gasoline and electricity in conducting our operations. Increased government regulations to limit carbon dioxide and other greenhouse gas emissions may result in increased compliance costs and legislation or regulation affecting energy inputs, which could materially affect our profitability. We may also be subject to additional and more complex reporting requirements in the future. For example, the State of California recently passed the Climate Corporate Data Accountability Act and the Climate-Related Financial Risk Act that will impose broad climate-related disclosure obligations on companies doing business in California. The SEC has included in its regulatory agenda potential rulemaking on climate change disclosures that, if adopted, could significantly increase compliance burdens and associated regulatory costs and complexity. Compliance with any new or more stringent laws or requirements, or stricter interpretations of existing laws, could require additional expenditures by us or our suppliers. Our inability to appropriately respond to such changes could adversely impact

our business, financial condition, results of operations or cash flows. Additionally, we could suffer adverse reputational impacts if we are not able to respond to any new regulatory or market changes in a timely fashion, on the same timeline as our peers, or at all.

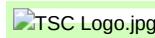
*We may be unable to meet our ESG goals, particularly with respect to the reduction of carbon emissions, or otherwise meet the expectations of our stakeholders with respect to ESG and/or DE&I matters.*

We have announced certain aspirations and goals related to ESG matters, such as plans to reduce our carbon footprint by 20% by 2025, by 50% by 2030, and achieve net zero emissions across all operations by 2040. Additionally, we have published DE&I goals aligned with our ESG efforts and enhanced our DE&I Strategy to include supplier diversity efforts and established our DE&I Customer Promise. Achievement of these aspirations, targets, plans and goals is subject to numerous risks and uncertainties, many of which are outside of our control. These risks and uncertainties include, but are not limited to: our ability to successfully identify and implement relevant strategies on a timely and cost-effective basis; our ability to achieve the anticipated benefits and cost savings of such strategies and actions; and the availability and cost of existing and future technologies, such as alternative fuel vehicles, off-site renewable energy, and other materials and components. It is possible that we may be unsuccessful in the achievement of our ESG and/or DE&I goals on a timely basis or at all. Furthermore, our stakeholders may not be satisfied with our efforts or the speed at which we are progressing towards any such aspirations and goals. A delay, failure or perceived failure or delay to meet our goals and aspirations could adversely affect public perception of our business, employee morale, customer or stockholder support as well as business and/or financial performance. Certain challenges we face in the achievement of our ESG objectives are also captured within our ESG reporting, which is not incorporated by reference into and does not form any part of this Annual Report on Form 10-K or our other filings with the SEC.

#### **Macroeconomic Risks**

*General economic conditions may adversely affect our financial performance.*

Our results of operations may be sensitive to changes in overall economic conditions that impact consumer spending, including discretionary spending. A weakening of economic conditions affecting disposable consumer income such as lower employment levels, uncertainty or changes in business or political conditions, social and political causes and movements, higher interest rates, **inflation/deflation**, higher tax rates, higher fuel and energy costs, higher labor and healthcare costs, the impact of natural disasters or acts of terrorism, general health epidemics (such as COVID-19), and other matters could reduce consumer spending or cause consumers to shift their spending to competitors. Certain of these risks, such as risks arising from political volatility, may be enhanced in 2024 and other election years. A general reduction in the level of discretionary spending, shifts in consumer discretionary spending to our competitors or shifts in discretionary spending to less profitable products sold by us could result in lower net sales, slower inventory turnover, greater markdowns on inventory, and a reduction in profitability due to lower margins.



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*Purchase price volatility, including inflationary and deflationary pressures, may adversely affect our financial performance.*

Although we cannot determine the full effect of inflation and deflation on our operations, we believe our sales and results of operations are affected by both. We are subject to market risk with respect to the pricing of certain products and services, which include, among other items, grain, corn, steel, petroleum, cotton, and other commodities, as well as duties, tariffs, diesel fuel, and transportation services. Therefore, we may experience both inflationary and deflationary pressure on product cost, which may impact consumer demand and, as a result, sales and gross margin. Our strategy is to reduce or mitigate the effects of purchase price volatility principally by taking advantage of vendor incentive programs, economies of scale from increased volume of purchases, adjusting retail prices, and selectively buying from the most competitive vendors while maintaining product quality. Should our strategy to mitigate purchase price volatility be ineffective, our financial performance could be adversely impacted.

#### **Team Member Risks**

*Our failure to attract and retain qualified team members, increases in wage, and labor costs, and changes in laws and other labor issues could adversely affect our financial performance.*

Our ability to maintain and continue expanding operations depends on our ability to attract and retain a large and growing number of qualified team members. Our ability to meet labor needs 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, increases in legally required minimum wage rates, changing demographics, health and other insurance costs, changes in employment legislation and the potential for changes in local labor practices or union activities. If we are unable to locate, attract or retain qualified personnel, or if costs of labor or related costs increase significantly, our financial performance could be adversely affected.

We are subject to federal, state, and local laws governing employment practices and working conditions. These laws cover wage and hour practices, labor relations, paid and family leave, workplace safety and immigration, among others. The laws and regulations being passed at the state and local level create unique challenges for a multi-state employer. We must continue to monitor and adapt our employment practices to comply with these various laws and regulations. If our costs of labor or related costs increase significantly as new or revised labor laws, rules or regulations or healthcare laws are adopted or implemented, our financial performance could be adversely affected.

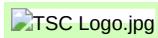
*The loss of current members of our senior management team and other key team members or the failure to successfully manage an executive officer transition may adversely affect our operating results.*

Our success depends in large part on the continued availability and service of our executive officers, senior management, and other key team members. Competition for senior management and key team members in our industry is strong and we may not be able to retain our key team members or attract new qualified team members. We must continue to recruit, retain, and motivate management and other team members sufficiently, both to maintain our current business and to execute our long-term strategic growth initiatives. The loss of any of our executive officers or other key senior management without sufficient advance notice could prevent or delay the implementation and completion of our strategic initiatives or divert management's attention to seeking qualified replacements. Additionally, any failure by us to manage a successful leadership transition of an executive officer and to timely identify a qualified permanent replacement could harm our business and have a material adverse effect on our results of operations.

#### **Supply Chain and Third-Party Vendor Risks**

*We face risks associated with vendors from whom our products are sourced.*

The products we sell are sourced from a variety of domestic and international vendors. We have agreements with our vendors in which the vendors agree to comply with applicable laws, including labor and environmental laws, and to indemnify us against certain liabilities and costs. Our ability to recover liabilities and costs under these vendor agreements is dependent upon the financial condition and integrity of the vendors. We rely on long-term relationships with our suppliers but have no significant long-term contracts with such suppliers. Our future success will depend in large measure upon our ability to maintain our existing supplier relationships or to develop new ones. This reliance exposes us to the risk of inadequate and untimely supplies of various products due to political, economic, social, health (including, but not limited to, the COVID-19 coronavirus), or environmental conditions, transportation delays, or changes in laws and regulations affecting distribution. Our vendors may be forced to reduce their production, shut down their operations or file for bankruptcy protection, which could make it difficult for us to serve the market's needs and could have a material adverse effect on our business.



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While the Company selects these third-party vendors carefully, it does not control their actions or the components or manufacture of their products. Any problems caused by these third-parties, or issues associated with their products or workforce, including customer or governmental complaints, breakdowns or other disruptions in communication services provided by a vendor, failure of a vendor to handle current or higher volumes, and cyber attacks or security breaches at a vendor could subject the Company to litigation and adversely affect the Company's ability to deliver products and services to its customers and have a material adverse effect on our results of operations and financial condition.

We rely on foreign manufacturers for various products that we sell. In addition, many of our domestic suppliers purchase a portion of their products from foreign sources. As an importer, our business is subject to the risks generally associated with doing business internationally, such as domestic and foreign governmental regulations, economic disruptions, global or regional health epidemics, delays in shipments, transportation capacity and costs, currency exchange rates, and changes in political or economic conditions in countries from which we purchase products. If any such factors were to render the conduct of business in particular countries undesirable or impractical or if additional U.S. quotas, duties, tariffs, taxes, or other charges or restrictions were imposed upon the importation of our products in the future, our financial condition and results of operations could be materially adversely affected.

The political landscape in the U.S. contains uncertainty with respect to tax and trade policies, tariffs and regulations affecting trade between the U.S. and other countries. We source a portion of our merchandise from manufacturers located outside the U.S., primarily in Asia and Central America. Major developments in tax policy or trade relations, such as the disallowance of tax deductions for imported merchandise or the imposition of tariffs on imported products, could have a material adverse effect on our business, results of operations, and financial condition.

*We rely on manufacturers located in foreign countries, including China, for merchandise. Additionally, a portion of our domestically purchased merchandise is manufactured abroad. Our business may be materially adversely affected by risks associated with international trade, including the impact of current or potential tariffs by the U.S. with respect to certain consumer goods imported from China.*

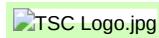
We source a portion of our merchandise from manufacturers located outside the U.S., primarily in Asia and Central America, and many of our domestic vendors have a global supply chain. The U.S. has imposed tariffs on certain products imported into the U.S. from China and could propose additional tariffs. The imposition of tariffs on imported products has increased our costs and could result in reduced sales and profits. The changes in certain tax and trade policies, tariffs and other regulations affecting trade between the U.S. and other countries enacted under the prior U.S. administration increased the cost of our merchandise sourced from outside of the U.S., which represents a large percentage of our overall merchandise. It remains unclear how tax or trade policies, tariffs or trade relations may change under the current U.S. administration, which could adversely affect our business, results of operations, effective income tax rate, liquidity and net income.

In addition, the imposition of tariffs by the U.S. has resulted in the adoption of tariffs by China on U.S. exports and could result in the adoption of tariffs by other countries as well. A resulting trade war could have a significant adverse effect on world trade and the world economy. Further, the imposition of tariffs or other changes in world trade could have an impact on certain U.S. industries and consumers and could negatively impact the consumer demand for products that we sell.

We continue to evaluate the impact of the effective and potential tariffs on our supply chain, costs, sales, and profitability as well as our strategies to mitigate any negative impact, including negotiating with our vendors, seeking alternative sourcing options, and adjusting retail selling prices. Given the uncertainty regarding the scope and duration of the current and potential tariffs, as well as the potential for additional trade actions by the U.S. or other countries, the impact on our business, results of operations, and financial condition is uncertain but could be significant. Thus, we can provide no assurance that any strategies we implement to mitigate the impact of such tariffs or other trade actions will be successful in whole or in part. To the extent that our supply chain, costs, sales, or profitability are negatively affected by the tariffs or other trade actions, our business, financial condition, and results of operations may be materially adversely affected.

*A significant disruption to our distribution network or to the timely receipt of inventory could adversely impact sales or increase our transportation costs, which would decrease our profits.*

We rely on our distribution and transportation network, including third-party logistics providers, to provide goods to our stores in a timely and cost-effective manner through deliveries to our distribution facilities from vendors and then from the distribution facilities or direct ship vendors to our stores or customers by various means of transportation, including shipments by sea, air, rail, and truck. Any disruption, unanticipated expense, or operational failure related to this process could negatively affect our operations. For example, unexpected delivery delays (including delays due to weather, fuel shortages, work



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stoppages, global or regional health epidemics, product shortages from vendors, or other reasons) or increases in transportation costs (including increased fuel costs or a decrease in transportation capacity for overseas shipments) could significantly decrease our ability to provide adequate products to meet increased customer demand for certain products, or products at a desired price, resulting in lower sales and profitability. In addition, labor shortages or work stoppages in the transportation industry or long-term disruptions to the national and international transportation infrastructure that lead to delays or interruptions of deliveries could negatively affect our business. Also, a fire, tornado, or other disaster at one of our distribution facilities could disrupt our timely receiving, processing, and shipment of merchandise to our stores which could adversely affect our business. While we believe there are adequate reserve quantities and alternative suppliers available, shortages or interruptions in the receipt or supply of products caused by unanticipated demand, such as occurred during, and as the economy recovers from, the COVID-19 pandemic, problems in production or distribution, financial or other difficulties of supplies, inclement weather or other economic conditions, including the availability of qualified drivers and distribution center team members, could adversely affect the availability, quality and cost of products, and our operating results.

*The implementation of our supply chain initiatives could disrupt our operations in the near term, and these initiatives might not provide the anticipated benefits or might fail.*

We maintain a network of distribution facilities and have plans to build new distribution facilities and expand existing facilities to support our long-term strategic growth initiatives. Delays in opening new or expanded distribution facilities could adversely affect our future operations by slowing store growth or negatively impacting our fulfillment capabilities, which may in turn reduce revenue growth. In addition, distribution-related construction or expansion projects entail risks which could cause delays and cost overruns, such as: shortages of materials; shortages of skilled labor or work stoppages; unforeseen construction, scheduling, engineering, environmental, or geological problems; weather interference; fires or other casualty losses; and unanticipated cost increases. The completion date and ultimate cost of future projects could differ significantly from initial expectations due to construction-related or other reasons. We cannot guarantee that all projects will be completed on time or within established budgets.

We continue to make significant technology investments in our supply chain. These initiatives are designed to streamline our distribution process so that we can optimize the delivery of goods and services to our stores, distribution facilities, and customers in a timely manner and at a reasonable cost. The cost and potential problems and interruptions associated with the implementation of these initiatives, including those associated with managing third-party service providers and employing new web-based tools and services, could disrupt or reduce the efficiency of our operations in the near term. In addition, our improved supply chain technology might not provide the anticipated benefits, it might take longer than expected to realize the anticipated benefits, or the initiatives might fail altogether.

**Technology, Data Security, Cybersecurity, Business Continuity and Disaster Recovery Risks**

*Any failure to maintain the security of the information relating to our business, customers, team members, and vendors that we hold, whether as a result of cybersecurity attacks or otherwise, could damage our reputation with customers, team members, and vendors. Such a failure could also cause us to incur substantial additional costs and to become subject to litigation, and could materially affect our operating results, financial condition, and liquidity.*

We depend on information systems and technology, some of which are managed or provided by third-parties, for many activities important to our business. As do most retailers, we receive and store in our information systems certain personal and other sensitive information about our business, customers, team members, and vendors. Additionally, we also receive and process information permitting cashless payments as part of our in-store and online operations at [TractorSupply.com](#) and [Petsense.com](#) and on our mobile application, some of which depend upon the secure transmission of confidential information over public networks. The information that we receive and store makes us subject to cybersecurity attacks and cyber incidents, which are occurring more frequently, are constantly evolving in nature, are becoming more sophisticated, and are being made by groups and individuals with a wide range of expertise and motives. We are the target of attempted cyber and other security threats and we continuously monitor our information technology networks and infrastructure in an effort to prevent, detect, address and mitigate the risk of unauthorized access, misuse, computer viruses and other events that could have a security impact. While we have enhanced our cybersecurity processes and procedures in response to the general cybersecurity threat environment in recent years, we are not aware of any discrete cybersecurity threat, including as a result of any previous cybersecurity incidents, that has materially affected or is reasonably likely to materially affect us, including our business strategy, results of operations, or financial condition. However, these security measures cannot provide absolute assurance or guarantee that we will be successful in preventing, detecting, or responding to every such breach or disruption and/or preventing the misuse of confidential information of our business, customers, team members, or vendors. Similar risks exist with respect to the third-party vendors on which we rely for aspects of our information technology support services and administrative functions, even if the attack or breach does not directly impact our systems or information.

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A compromise of our information security and privacy controls, or those of businesses and vendors with whom we interact, which results in confidential information being accessed, obtained, damaged, or used by unauthorized or improper parties; loss

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or unavailability of data; disruptions to our business activities; or any other outcome stemming from a cybersecurity incident could materially adversely affect our reputation with our customers, team members, and vendors, as well as our operations, results of operations, financial condition, and liquidity, and could result in significant legal and financial exposure beyond the scope or limits of insurance coverage. Moreover, a security breach could require that we expend significant additional resources to respond to the attack or breach and could result in a disruption of our operations.

In addition, states and the federal government have enacted laws and regulations relating to privacy, data breaches, and theft of team member and customer data. These laws have increased the costs of doing business and, if we fail to comply with these laws and regulations to implement appropriate safeguards or to detect and provide prompt notice of unauthorized access as required by some of these new laws, we could be subject to potential claims for damages and other remedies, which could harm our business.

*We are subject to payments-related risks that could increase our operating costs, expose us to fraud, subject us to potential liability, and potentially disrupt our business.*

We accept payments using a variety of methods, including credit cards, debit cards, credit accounts, our private label credit cards, gift cards, direct debit from a customer's bank account, consumer invoicing, and physical bank checks, and we may offer different payment options over time. These payment options subject us to many compliance requirements, including, but not limited to, compliance with payment card association operating rules, including data security rules, certification requirements, rules governing electronic funds transfers, and Payment Card Industry Data Security Standards. They also subject us to potential fraud by criminal elements seeking to discover and take advantage of security vulnerabilities that may exist in some of these payment systems. For certain payment methods, including credit and debit cards, we pay interchange and other fees, which may increase over time and raise our operating costs and lower profitability. We rely on third parties to provide payment processing services, including the processing of credit cards, debit cards, electronic checks, gift cards and promotional financing, and it could disrupt our business if these companies become unwilling or unable to provide these services to us. If we fail to comply with these rules or requirements, adequately encrypt payment transaction data, or if our data security systems are breached or compromised, we may be liable for card issuing banks' costs, subject to fines and higher transaction fees, and lose our ability to accept credit and debit card payments from our customers, process electronic funds transfers, or facilitate other types of online payments, and our business and operating results could be adversely affected.

*Our business and operations could suffer material losses in the event of system interruptions or failures.*

Our information technology systems, some of which are dependent on services managed or provided by third-parties, serve an important role in the operation and administration of our business. These systems are vulnerable to damages from any number of sources, including, but not limited to, human error, cybersecurity attacks, computer viruses, unauthorized access, fire, flood, power outages, telecommunication failures, facility or equipment damage, natural disasters, terrorism, and war. In addition, we continually make investments in technology to implement new processes and systems, as well as to maintain and update our existing processes and systems. Implementing process and system changes increases the risk of disruption. If our information technology systems are interrupted or fail and our redundant systems or recovery plans are not adequate to address such interruptions or failures on a timely basis, our revenues and profits could be reduced and the reputation of our brand and our business could be materially adversely affected. Additionally, remediation of any problems with our systems could result in significant, unplanned expenses.

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*Customer-facing technology systems are an important part of our sales and marketing strategy and the failure of those systems to perform effectively and reliably could keep us from delivering positive customer experiences.*

Through our continued information technology enhancements, **including the use of artificial intelligence**, we believe we are able to provide an improved overall shopping environment and an omni-channel experience that empowers our customers to shop and interact with us from computers, tablets, smart phones, and other mobile communication devices. We use our websites, [TractorSupply.com](#) and [PetSense.com](#), and our mobile application as both a sales channel for our products and as a method of providing product, project, and other relevant information to our customers to drive in-store and online sales. Omni-channel retailing is continually evolving and expanding, and we must effectively respond to changing customer expectations and new developments. The portion of total consumer expenditures with retailers occurring online and through mobile applications has continued to increase. The pace of this increase could further accelerate in the future. Our business has evolved from an in-store experience to interaction with customers across numerous channels, including in-store, online, mobile and social media, among others. Omni-channel retailing is rapidly evolving, and we must keep pace with changing customer expectations and new developments by our competitors. Our customers are increasingly using mobile phones, tablets, computers, and other devices to shop and to interact with us through social media. We are making investments in our websites and mobile applications. If we are unable to make, improve, or develop relevant customer-facing technology in a

timely manner, our ability to compete and our results of operations could be adversely affected. Disruptions, failures, or other performance issues with these customer-facing technology systems, including any artificial intelligence or machine learning systems we use now or may use in the future, could impair the benefits that they provide to our in-store and online business and negatively affect our relationship with our customers.

*If we are unable to maintain or upgrade our management information systems and software programs or if we are unable to convert to alternate systems in an efficient and timely manner, our operations may be disrupted or become less efficient and our long-term strategic growth initiatives may not be successful.*

We depend on management information systems for many aspects of our business. We rely on certain software vendors to maintain and periodically upgrade many of these systems so that we can continue to support our business. We could be materially adversely affected if we experienced a disruption or data loss relating to our management information systems and are unable to recover timely. We could also be adversely impacted if we are unable to improve, upgrade, maintain, and expand our management information systems, particularly in light of the contemplated continued store growth.

The success of our long-term strategic growth initiatives designed to increase our sales and improve margin are dependent in varying degrees on the timely delivery and the functionality of information technology systems to support them. Extended delays or cost overruns in securing, developing, and otherwise implementing technology solutions to support the long-term strategic growth initiatives would delay and possibly even prevent us from realizing the projected benefits of those initiatives.

#### **Financial Risks**

*Changes in market conditions or in our credit rating could restrict capital and adversely affect our business operations and growth initiatives.*

We rely on the positive cash flow we generate from our operating activities and our access to the credit and capital markets to fund our operations, growth strategy, capital expenditures, and return of cash to our stockholders through share repurchases and dividends. Changes in the credit and capital markets, including market disruptions, limited liquidity and interest rate fluctuations, may increase the cost of financing or restrict our access to these potential sources of future liquidity. Our continued access to liquidity sources on favorable terms depends on multiple factors, including our operating performance and credit ratings. There can be no assurance that we will be able to maintain and/or improve our current credit ratings. A rating organization may lower our rating, or change our ratings' outlook, or decide not to rate our securities, temporarily or permanently, in its sole discretion. In the event that our current credit ratings are downgraded or removed, we would most likely incur higher borrowing costs and experience greater difficulty in obtaining additional financing, which in turn would have a material adverse impact on our financial condition, results of operations, cash flows, and liquidity. We can make no assurances that our ability to obtain additional financing through the debt and equity markets will not be adversely affected by economic conditions or that we will be able to maintain or improve our current credit ratings.

In addition, tight lending practices may make it difficult for our real estate developers to obtain financing under acceptable loan terms and conditions. Unfavorable lending conditions could impact the timing of our store openings and materially adversely affect our ability to open new stores in desirable locations.



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Longer-term disruptions in the capital and credit markets as a result of uncertainty, changing or increased regulation, reduced funding alternatives, or failures of significant financial institutions could adversely affect our access to liquidity needed for our business. Any disruption could require us to take measures to conserve cash until the markets stabilize or until alternative credit

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arrangements or other funding for our business needs can be arranged. Such measures could include deferring capital expenditures and reducing or eliminating future share repurchases, cash dividends, or other discretionary uses of cash.

*Our level of indebtedness could limit our cash flow available for operations and could adversely affect our ability to service our debt or obtain additional financing.*

As of **December 31, 2022** December 30, 2023, our total outstanding consolidated debt was approximately **\$1.16** **\$1.73** billion. Our level of indebtedness could restrict our operations and make it more difficult for us to satisfy our debt obligations. Our ability to make payments on our indebtedness, to refinance our indebtedness, and to fund planned capital expenditures will depend on our ability to generate cash in the future. This ability, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory, and other factors that are beyond our control. Our business may not be able to generate sufficient cash flow from operations, and future borrowings may not be available to us in an amount sufficient to enable us to pay our indebtedness or to fund our other liquidity needs. We may need to refinance all or a portion of our indebtedness on or before maturity. Our ability to refinance all or a portion of our indebtedness on acceptable terms, or at all, will be dependent upon a number of factors, including our degree of leverage, the value of our assets, borrowing and other financial restrictions imposed by lenders and conditions in the credit markets at the time we refinance. If we are unable to refinance our indebtedness on acceptable terms, we may be forced to agree to otherwise unfavorable financing terms. This could have a material adverse effect on our business, financial condition and results of operations.

In addition, so long as we comply with any existing limitations in our credit and debt agreements while they are in effect, we may issue an indeterminate amount of debt securities from time to time. If new debt is added to our and our subsidiaries' current debt levels, the related risks that we and they now face could intensify.

*Our credit facilities, the indenture related to our 1.75% Senior Notes, 5.25% Senior Notes, and other debt instruments have restrictive covenants and change of control provisions that could limit our financial and business flexibility.*

Our credit agreement governing our senior credit facilities and our note purchase and private shelf agreement governing our senior unsecured notes due August 14, 2029 (the "2029 notes") each contain financial, operative and other restrictive covenants in addition to the restrictive covenants contained in the **indenture indentures** governing our 1.75% Senior Notes and 5.25% Senior Notes (as defined in the Notes to the Consolidated Financial Statements). Our failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of all of our debt, which would have a material adverse effect on our financial condition. In addition, upon certain events constituting a change of control, as that term is defined in the indenture for our 1.75% Senior Notes, 5.25% Senior Notes, and in our note purchase and private shelf agreement for our 2029 notes, we are required to make an offer in cash to repurchase all or any part of each holder's 1.75% Senior Notes as well as 5.25% Senior Notes at a repurchase price equal to 101% of the principal thereof, plus accrued interest, and to prepay all of each holder's 2029 notes at a prepayment price equal to 100% of the principal thereof, plus accrued interest. Sufficient funds may not be available to us, however, at the time of any change of control event to repurchase and prepay, as applicable, all or a portion of the tendered notes pursuant to these requirements. Our failure to offer to repurchase the 1.75% Senior Notes and the 5.25% Senior Notes and prepay 2029 notes, or to repurchase and prepay, as applicable, notes tendered, following a change of control will result in a default under the indentures for our 1.75% Senior Notes, 5.25% Senior Notes, and the note purchase and private shelf agreement for our 2029 notes, which could lead to a cross-default under our credit agreement for our senior credit facilities.



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*We cannot provide any guaranty of future dividend payments or any guaranty that we will continue to repurchase our common stock pursuant to our stock repurchase program.*

Although our Board of Directors has indicated an intention to pay future quarterly cash dividends on our common stock, any determination to pay or increase cash dividends on our common stock in the future will be based primarily upon our financial condition, results of operations, business requirements, and our Board of Directors' continuing determination that the declaration of dividends is in the best interests of our stockholders and is in compliance with all laws and agreements applicable to the dividend. Furthermore, although our Board of Directors has authorized a share repurchase program of up to \$6.50 billion, we may temporarily pause or permanently discontinue this program at any time or significantly reduce the amount of repurchases under the program. **The authorized amount reflects a \$2.00 billion increase to the share repurchase program which was approved by our Board of Directors on January 26, 2022.** The share repurchase program does not have an expiration date. As of **December 31, 2022** **December 30, 2023**, the Company had remaining authorization under the share repurchase program of **\$1.65 billion** **\$1.05 billion**, exclusive of any fees, commissions or other expenses.

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*The market price for our common stock might be volatile and could result in a decline in value.*

The price at which our common stock trades may be volatile and could be subject to significant fluctuations in response to our operating results, general trends and prospects for the retail industry, announcements by our competitors, analyst recommendations, our ability to meet or exceed analysts' or investors' expectations, the condition of the financial markets, and other factors. The Company's stock price is dependent in part on the multiple of earnings that investors are willing to pay. That multiple is in part dependent on investors' perception of the Company's future earnings growth prospects. If investors' perception of the Company's earnings growth prospects change, the Company's earnings multiple may decline and its stock price could be adversely affected.

In addition, the stock market has at times experienced extreme price and volume fluctuations that often have been unrelated or disproportionate to the operating performance of companies. These fluctuations, as well as general economic and market conditions, may adversely affect the market price of our common stock notwithstanding our actual operating performance.

*Impairment of the carrying value of our goodwill or other intangible assets could adversely affect our financial condition and results of operations.*

Goodwill represents the difference between the purchase price of an acquired company and the related fair value of net assets acquired. A significant amount of judgment is involved in determining if an indication of impairment of goodwill exists. As with goodwill, we also test our indefinite-lived intangible assets for impairment annually and whenever events or changes in circumstances indicate that their carrying value may not be recoverable. Factors indicating impairment of goodwill or other intangible assets may include, among others: a significant decline in our expected future cash flows; a sustained, significant decline in our stock price and market capitalization; a significant adverse change in legal factors or in the business climate; unanticipated or changing competition; the testing for recoverability of a significant asset group within a reporting unit; and reduced growth rates. Any adverse change in these factors could have a significant impact on the recoverability of these assets and negatively affect our financial condition and results of operations. To the extent that business conditions deteriorate or if changes in key assumptions and estimates differ significantly from management's expectations, it may be necessary to record additional impairment charges in the future which could have an adverse effect on our financial condition and results of operations.

[Table of Contents](#)**Legal, Regulatory and Compliance Risks**

*We are subject to personal injury, workers' compensation, product liability, discrimination, harassment, wrongful termination, wage and hour, and other claims in the ordinary course of business.*

Our business involves a risk of personal injury, workers' compensation, product liability, discrimination, harassment, wrongful termination, wage and hour, and other claims in the ordinary course of business. Product liability claims from customers and product recalls for merchandise alleged to be defective or harmful could lead to the disposal or write-off of merchandise inventories, the incurrence of fines or penalties, and damage to our reputation. We maintain general liability with a self-insured retention and workers' compensation insurance with a deductible for each occurrence. We also maintain umbrella limits above the primary general liability and product liability coverage. In many cases, we have indemnification rights against the manufacturers of the products and their products liability insurance, as well as the property owners of our leased buildings. Our ability to recover costs and damages under such insurance or indemnification arrangements is subject to the financial viability of the insurers, manufacturers, and landlords and the specific allegations of a claim. No assurance can be given that our insurance coverage or the manufacturers' or landlords' indemnity will be available or sufficient in any claims brought against us.

Additionally, we are subject to U.S. federal, state, and local employment laws that expose us to potential liability if we are determined to have violated such employment laws, including but not limited to, laws pertaining to minimum wage rates, overtime pay, discrimination, harassment, and wrongful termination. Compliance with these laws, including the remediation of any alleged violation, may have a material adverse effect on our business or results of operations.

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*Our business could be negatively impacted as a result of federal, state, local, or foreign laws and regulations.*

We are subject to numerous federal, state, local, and foreign laws and governmental regulations including those relating to competition, environmental protection, personal injury, intellectual property, consumer product safety, building, land use and zoning requirements, workplace regulations, wage and hour, privacy and information security, **pricing, record management**, and employment law matters.

Our operations, including our outsourced exclusive brand manufacturing partners, are subject to regulation by the Occupational Safety and Health Administration ("OSHA"), the Food and Drug Administration (the "FDA"), the Department of Agriculture (the "USDA"), the Environmental Protection Agency (the "EPA") and by various other federal, state, local and foreign authorities regarding the processing, packaging, storage, distribution, advertising, labeling and export of our products, including food safety standards.

If we fail to comply with existing or future laws or regulations, or if these laws or regulations are violated by importers, manufacturers or distributors, we may be subject to governmental or judicial fines or sanctions, while incurring substantial legal fees and costs. In addition, our capital expenditures could increase due to remediation measures that may be required if we are found to be noncompliant with any existing or future laws or regulations.

We are also subject to the Foreign Corrupt Practices Act (the "FCPA"), which prohibits U.S. companies and their intermediaries from making improper payments to foreign officials for the purposes of obtaining or retaining business, and the anti-bribery laws of other jurisdictions. Failure to comply with the FCPA and similar laws could subject us to, among other things, penalties and legal expenses that could harm our reputation and have a material adverse effect on our business, financial condition, and results of operations.

*Potential noncompliance with environmental regulations could materially impact our results of operations or financial condition.*

Our business is subject to various federal, state, and local laws, regulations, and other requirements pertaining to protection of the environment and public health, including, for example, regulations governing the management of waste materials and waste waters. Governmental agencies on the federal, state, and local levels have, in recent years, increasingly focused on the retail sector's compliance with such laws and regulations, and have at times pursued enforcement activities. We periodically receive information requests and notices of potential noncompliance with environmental laws and regulations from governmental agencies, which are addressed on a case-by-case basis with the relevant agency. Any of these events could have a material adverse effect on our results of operations or financial condition.

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*Failure to maintain an effective system of internal control over financial reporting could materially impact our business and results.*

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. An internal control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect

the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all internal control systems, internal control over financial reporting may not prevent or detect misstatements. Any failure to maintain an effective system of internal control over financial reporting could limit our ability to report our financial results accurately and timely or to detect and prevent fraud, and could expose us to litigation or adversely affect the market price of our common stock.

*Effective tax rate changes and results of examinations by taxing authorities could materially impact our results.*

Our future effective tax rates could be adversely affected by legislative tax reform, changes in statutory rates or changes in tax laws, or interpretations thereof. Additionally, our future effective tax rates could be adversely affected by the earnings mix being lower than historical results in states where we have lower statutory rates and higher than historical results in states where we have higher statutory rates or by changes in the measurement of our deferred tax assets and liabilities.

We are subject to periodic audits and examinations by the Internal Revenue Service ("IRS"), as well as state and local taxing authorities. Like many retailers, a portion of our sales are to tax-exempt customers. The business activities of our customers and the intended use of the unique products sold by us create a challenging and complex compliance environment. These circumstances create risk that we could be challenged as to the propriety of our sales tax compliance. Our results could be

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materially impacted by the determinations and expenses related to these and other proceedings by the IRS and other state and local taxing authorities.

**Item 1B. 1B. Unresolved Staff Comments**

None.

**Item 1C. Cybersecurity**

Cybersecurity is among the most critical risks to the Company. For many activities important to its business, the Company depends on the confidentiality, integrity, and availability of information systems and data, some of which are provided or managed by third parties.

The Company's Information Security and Privacy teams reduce first and third-party risk by maintaining a proactive security posture aligned with current threats, detecting cybersecurity events and responding quickly, and building procedures to rapidly recover. These teams are managed by the Vice President, Information Security and Privacy, who reports to the Executive Vice President, Chief Technology, Digital Commerce, and Strategy Officer. The Company's cybersecurity leaders have more than 25 years of relevant experience and multiple professional certifications.

On behalf of the Board, the Audit Committee provides oversight of the Company's management of cybersecurity risk. The Audit Committee regularly reviews the Company's cybersecurity risks, incidents, audits, assessments, crisis readiness, awareness activities, and compliance with cybersecurity and privacy laws and regulations. The Company's Executive Vice President, Chief Technology, Digital Commerce, and Strategy Officer briefs the Audit Committee quarterly, and more often, if necessary, on active and emerging cybersecurity threats and efforts to strengthen the Company's defenses against these threats.

Internal and third-party risks are reviewed, monitored, and managed by the Company's Cybersecurity and Privacy teams, audited by an Internal Audit team and various external experts, and tracked within an Enterprise Risk Management framework. The Company regularly engages third-party experts to assess the effectiveness of its cybersecurity programs. Biennially, an external independent consultancy team conducts a comprehensive review of the Company's cybersecurity program using the NIST Cybersecurity Framework. Targeted assessments are conducted regularly by internal and third-party experts to ensure compliance with specific federal and state laws and regulations. Additionally, the Company is assessed annually by an independent third party for compliance with the PCI-DSS standard, for which the Company receives an attestation of compliance.



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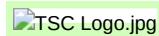
The Company's processes for identifying and managing first and third-party risks from cybersecurity threats include:

- Continuous monitoring of the Company's systems and network for cybersecurity events;
- Regular testing of the Company's Security Incident Response Plan, Business Continuity plans, and Disaster Recovery plans;
- Required annual security training for team members with access to Company email, as well as tailored training for team members in more sensitive roles. Periodic testing to ensure the security training is effective.

An external managed security services provider and industry-leading security tools continuously monitor the Company's systems and network for cybersecurity threats. The Company's cybersecurity teams evaluate the escalated threats, and if necessary, take steps to contain and recover from pervasive threats in accordance with the Company's Security Incident Response Plan. The plan includes reporting and escalation procedures to inform the Executive Committee, Audit Committee, and full Board, as appropriate to

enable them to carry out their oversight responsibilities, and to ensure timely compliance with applicable reporting rules. The Company's Business Continuity Management and Disaster Recovery plans include procedures for business recovery and are tested regularly.

The Company's security awareness program seeks to create a culture of shared responsibility for the security of sensitive data and systems. This is accomplished through mandatory annual security training for team members with access to Company email as well as tailored training for team members in more sensitive roles. Periodic testing ensures the training is effective. In addition, all team members have access to a variety of training materials on security topics through the Company's training management system.



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**Item 2. 2. Properties**

At December 31, 2022 As of December 30, 2023, the Company operated 2,333 2,414 stores in 49 states (2,066 2,216 Tractor Supply retail stores 186 and 198 Petsense by Tractor Supply retail stores, and 81 Orscheln Farm and Home retail stores). The Company leases approximately 95% 96% of its stores. Store leases typically have initial terms of between 10 and 20 years, with two to four optional renewal periods of five years each, exercisable at our option. No single lease is material to the Company's operations. Approximately 59% 60% of our stores are in freestanding buildings and 41% 40% are located in shopping centers. The following is a count of store locations by state:

State	State	Number of Stores		Number of Stores		Number of Stores	State	Number of Stores
		Stores	State	Stores	State			
Texas	Texas	245	New Jersey	29	Texas	253	New Jersey	30
North Carolina	North Carolina	115	Illinois	29	North Carolina	118	West Virginia	30
Florida	Florida	106	Nebraska	26	Florida	111	Washington	29
Pennsylvania					Pennsylvania	110	Nebraska	26
Georgia	Georgia	106	Massachusetts	25	Georgia	108	Massachusetts	25
Pennsylvania		104	Maryland	25				
Tennessee	Tennessee	104	Washington	25	Tennessee	105	Maryland	25
Ohio	Ohio	101	Maine	23	Ohio	103	New Hampshire	24
			New					
Michigan	Michigan	98	Hampshire	23	Michigan	102	Maine	23
New York	New York	97	Colorado	22	New York	98	Colorado	22
California	California	77	Connecticut	21	California	82	Iowa	22
Virginia					Virginia	74	Connecticut	21
Kentucky	Kentucky	73	Iowa	21	Kentucky	73	Minnesota	17
Alabama	Alabama	71	Minnesota	17	Alabama	72	Utah	16
Virginia		71	Utah	16				
Missouri	Missouri	70	North Dakota	14	Missouri	71	North Dakota	14
Indiana	Indiana	66	Oregon	13	Indiana	66	Oregon	13
South Carolina					South Carolina	64	Vermont	10
Oklahoma					Oklahoma	63	Idaho	10
Louisiana	Louisiana	60	Vermont	10	Louisiana	62	South Dakota	9
Oklahoma		60	South Dakota	9				
South Carolina		59	Wyoming	8				
Mississippi	Mississippi	53	Idaho	7	Mississippi	57	Wyoming	8
Arkansas					Arkansas	46	Montana	7
Kansas	Kansas	43	Delaware	6	Kansas	43	Nevada	7
Arkansas		40	Montana	6				
Arizona	Arizona	37	Nevada	6	Arizona	39	Delaware	6
Wisconsin					Wisconsin	32	Rhode Island	4
Illinois					Illinois	31	Hawaii	2

New Mexico	New Mexico	30	Rhode Island	4	
Wisconsin		30	Hawaii	2	
West Virginia		30			
				2,333	
					2,414



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The following is a list of distribution locations including the approximate square footage and if the location is leased or owned at **December 31, 2022** **December 30, 2023**:

Distribution Facility Location	Approximate Square Footage	Owned/Leased Facility
Frankfort, New York	924,000	Owned
Navarre, Ohio	898,000	Owned
Franklin, Kentucky	833,000	Owned
Pendleton, Indiana	764,000	Owned
Macon, Georgia	684,000	Owned
Waco, Texas	666,000	Owned
Casa Grande, Arizona	650,000	Owned
Hagerstown, Maryland	623,000	Owned
Waverly, Nebraska	592,000	Owned

(a) The leased distribution center in Hagerstown is treated as an extension of the existing owned Hagerstown location and is not considered a separate distribution center.

The Company's Store Support Center occupies approximately 260,000 square feet of owned building space in Brentwood, Tennessee, and the Company's Merchandising Innovation Center occupies approximately 32,000 square feet of leased building space in Nashville, Tennessee.

As part of the Orscheln Farm and Home transaction that closed on October 12, 2022, the Company acquired the Orscheln corporate headquarters and distribution center in Moberly, Missouri. These facilities are anticipated to be sold to Bomgaars Supply, Inc. during fiscal 2023. Refer to [Note 3](#) to the Condensed Consolidated Financial Statements included under Part II, Item 8 of this Annual Report on Form 10-K.

On January 18, 2023, the Company opened its ninth distribution center located in Navarre, Ohio, which expanded the distribution center capacity by approximately 900,000 square feet. In addition, the Company is building a new distribution center in Maumelle, Arkansas and anticipates that the new facility will begin operations in the **first** **second** quarter of 2024.

The Company also uses third-party operated import centers, mixing centers and pop-up distribution facilities which provide additional distribution capacity.

While the Company believes its properties are suitable and adequate for its current business operations, it remains focused on new store growth in many existing and new markets and regularly evaluates its portfolio to determine if new or different properties would be beneficial to the Company.

**Item 3. 3. Legal Proceedings**

For a description of the Company's legal proceedings, refer to [Note 12](#) to the Condensed Consolidated Financial Statements included under Part II, Item 8 of this Annual Report on Form 10-K.

**Item 4. 4. Mine Safety Disclosures**

Not applicable.

[Index](#) [Table of Contents](#)**PART II****Item 5. 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities****Common Stock**

The Company's common stock trades on the NASDAQ Global Select Market under the symbol "TSCO."

As of **January 28, 2023** **January 27, 2024**, the number of record holders of our common stock was **761** **799** (excluding individual participants in nominee security position listings).

**Dividends**

We paid cash dividends totaling **\$409.6 million** **\$449.6 million** and **\$239.0 million** **\$409.6 million** in fiscal **2022** **2023** and **2021**, **2022**, respectively. In fiscal **2022**, **2023**, we declared and paid cash dividends to stockholders of **\$3.68** **\$4.12** per common share outstanding as compared to **\$2.08** **\$3.68** per common share outstanding in fiscal **2021**, **2022**. These payments reflect an increase in the quarterly dividend to **\$0.92** **\$1.03** in all four quarters of fiscal **2022** **2023** from **\$0.52** **\$0.92** per share in all four quarters of fiscal **2021**, **2022**.

On **February 8, 2023** **February 5, 2024**, the Company's Board of Directors declared a quarterly cash dividend of **\$1.03** **\$1.10** per share of the Company's outstanding common stock. The dividend will be paid on **March 14, 2023** **March 12, 2024**, to stockholders of record as of the close of business on **February 27, 2023** **February 26, 2024**.

It is the present intention of the Company's Board of Directors to continue to pay a quarterly cash dividend; however, the declaration and payment amount of future dividends will be determined by the Company's Board of Directors in its sole discretion and will depend upon the earnings, financial condition, and capital needs of the Company, along with any other factors which the Company's Board of Directors deem relevant.

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**Issuer Purchases of Equity Securities**

The Company's Board of Directors has authorized common stock repurchases under a share repurchase program which was announced in February 2007. The authorization amount of the program, which has been increased from time to time, is currently authorized for up to \$6.50 billion, exclusive of any fees, commissions or other expenses related to such repurchases. The authorized amount reflects a \$2.00 billion increase to the repurchase program which was approved by the Company's Board of Directors on January 26, 2022. The share repurchase program does not have an expiration date. As of **December 31, 2022** **December 30, 2023**, the Company had remaining authorization under the share repurchase program of **\$1.65 billion** **\$1.05 billion**, exclusive of any fees, commissions or other expenses. Additionally, the Company withholds shares from vested restricted stock units and performance-based restricted share units to satisfy employees' minimum statutory tax withholding requirements. Stock purchase activity during fiscal **2022** **2023** is set forth in the table below:

Period	Period	Purchased	Share	Average	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs	Total Number of Shares Purchased	Average	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs (b)
First Quarter	First Quarter									
(a)	(a)	1,479,272	\$218.10		1,358,205	\$ 2,048,857,479				
Second Quarter	Second Quarter									
(a)	(a)	947,794	\$199.87		941,631	\$ 1,860,662,810				
Third Quarter	Third Quarter									
(a)	(a)	641,927	\$193.68		638,222	\$ 1,737,048,869				
Fourth Quarter	Fourth Quarter									
(a)	(a)									
9/25/22 - 10/22/22		140,019	\$194.63		140,000	\$ 1,709,803,788				

10/23/22 -				
11/19/22	116,958	\$213.50	116,000	\$ 1,685,041,345
11/20/22 -				
12/31/22	184,192	\$217.38	184,165	\$ 1,645,011,086

Fourth Quarter:

(a)

Fourth Quarter:

(a)

10/1/23

-

10/28/23

10/29/23

-

11/25/23

11/26/23

-

12/30/23

441,169	\$209.13	440,165	\$ 1,645,011,086
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As of and for the  
year ended  
December 31,

2022	3,510,162	\$207.58	3,378,223	\$ 1,645,011,086
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As of and for the  
year ended  
December 30,  
2023

As of and for the  
year ended  
December 30,  
2023

As of and for the  
year ended  
December 30,  
2023



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(a) The total number of shares purchased and average price paid per share include shares withheld from vested stock awards to satisfy employees' minimum statutory tax withholding requirements of **121,067** 94,246 during the first quarter, **6,163** 6,913 during the second quarter, **8,705** 3,926 during the third quarter, and **1,004** 1,188 during the fourth quarter.

(b) Excludes excise taxes incurred on share repurchases.

We expect to implement the balance of the repurchase program through purchases made from time to time either in the open market or through private transactions, in accordance with regulations of the SEC and other applicable legal requirements. The timing and amount of any common stock repurchased under the program will depend on a variety of factors including price, corporate and regulatory requirements, capital availability, and other market conditions.

Any additional stock repurchase programs will be subject to the discretion of our Board of Directors and will depend upon earnings, financial condition, and capital needs of the Company, along with any other factors which the Board of Directors deem relevant. The program may be limited, temporarily paused, or terminated at any time, without prior notice.

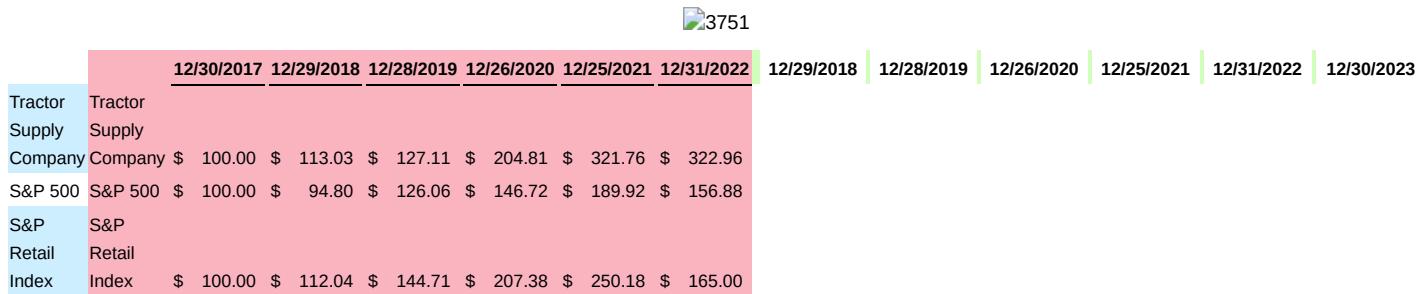


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**STOCK PERFORMANCE GRAPH**

This performance graph shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") or otherwise subject to the liabilities under that Section and shall not be deemed to be incorporated by reference into any filing of Tractor Supply Company under the Securities Act of 1933, as amended, or the Exchange Act.

The following graph compares the cumulative total stockholder return on our common stock from **December 30, 2017** December 29, 2018 to **December 31, 2022** December 30, 2023 (the Company's fiscal **year-end** year-ends), with the cumulative total returns of the S&P 500 Index and the S&P Retail Index over the same period. The comparison assumes that \$100 was invested on **December 30, 2017** December 29, 2018, in our common stock and in each of the foregoing indices and in each case assumes reinvestment of dividends. The historical stock price performance shown on this graph is not indicative of future performance.

**Item 6. [Reserved]6. Reserved**

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

The following discussion and analysis is intended to provide the reader with information that will assist in understanding the significant factors affecting our consolidated operating results, financial condition, liquidity, and capital resources during the two-year period ended **December 31, 2022** December 30, 2023 (our fiscal years **2022** 2023 and **2021** 2022). For a comparison of our results of operations for fiscal year **December 25, 2021** December 31, 2022 and **December 26, 2020** December 25, 2021, see "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Annual Report on Form 10-K for the fiscal year ended **December 25, 2021** December 31, 2022, filed with the SEC on **February 17, 2022** February 23, 2023. This discussion should be read in conjunction with our Consolidated Financial Statements and Notes to the Consolidated Financial Statements included elsewhere in this report. This discussion contains forward-looking statements and information. See "Forward-Looking Statements and Information" and "Risk Factors" included elsewhere in this report.

Tractor Supply reports its financial results in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Tractor Supply also uses certain non-GAAP measures that fall within the meaning of Securities and Exchange Commission Regulation G and Regulation S-K Item 10(e), which may provide users of the financial information with additional meaningful comparison to prior reported results. Non-GAAP measures do not have standardized definitions and are not defined by U.S. GAAP. Therefore, Tractor Supply's non-GAAP measures are unlikely to be comparable to similar measures presented by other companies. The presentation of these non-GAAP measures should not be considered in isolation from, as a substitute for, or as superior to the financial information presented in accordance with U.S. GAAP. We believe this information is useful in providing period-to-period comparisons of the results of our continuing operations.

**Overview**

Founded in 1938, Tractor Supply Company (the "Company" or "Tractor Supply" or "we" or "our" or "us") is the largest rural lifestyle retailer in the United States ("U.S."). The Company is focused on supplying the needs of recreational farmers, ranchers, and all those who enjoy living the rural lifestyle (which we refer to as the "Out Here" lifestyle). As of **December 31, 2022** December 30, 2023, we operated 2,333 2,414 retail stores in 49 states under the names **Tractor Supply Company** and **Petsense by Tractor Supply, and Orscheln Farm and Home Supply**. Our stores are located primarily in towns outlying major metropolitan markets and in rural communities. We also operate websites under the names **TractorSupply.com** and **Petsense.com**, as well as a Tractor Supply Company mobile application. Through our stores and e-commerce channels, we offer the following comprehensive selection of merchandise:

- **Livestock, Equine & Agriculture:** livestock **pet**, and small animal products, including items necessary for their health, care, growth, equine feed & equipment, poultry, fencing, and **containment** (i.e., fencing); sprayers & chemicals;
- **Hardware, truck, towing, Companion Animal:** food, treats and **tool** equipment for dogs, cats, and other small animals as well as dog wellness;

- Seasonal & Recreation: tractor & rider, lawn & garden, bird feeding, power equipment, and other recreational products;
- Seasonal products, including heating, lawn Truck, Tool, & Hardware: truck accessories, trailers, generators, lubricants, batteries, and garden items, power equipment, gifts, hardware and toys;
- Work/recreational clothing and footwear, tools; and
- Maintenance products for agricultural Clothing, Gift, & Décor: clothing, footwear, toys, snacks, and rural use decorative merchandise.

Tractor Supply Company believes we can grow our business by being a more integral part of our customers' lives as the dependable supplier of "Out Here" lifestyle solutions, creating customer loyalty through personalized experiences, and providing convenience that our customers expect at anytime, anywhere, and in any way they choose. Our long-term growth strategy is to: (1) expand and deepen our customer base by providing personal, localized, and memorable customer engagements by leveraging content, social media, and digital shopping experiences, attracting new customers and driving loyalty, (2) evolve customer experiences by digitizing our business processes and furthering our omni-channel capabilities, (3) offer relevant assortments and services across all channels through exclusive and national brands and continue to grow our total addressable market by introducing new products and services through our test and learn strategy, (4) drive operational excellence and productivity through continuous improvement, increasing space utilization, and implementing advanced supply chain capabilities to support growth, scale and agility, and (5) expand through selective acquisitions, as such opportunities arise, to add complementary businesses and to enhance penetration into new and existing markets to supplement organic growth.

Achieving this strategy will require a foundational focus on: (1) connecting, empowering and growing our team to enhance their lives and the communities they live in, enabling them to provide legendary service to our customers, and (2) allocating resources in a disciplined and efficient manner to drive profitable growth and build stockholder value, including leveraging technology and automation, to align our cost structure to support new business capabilities for margin improvement and cost reductions.

Over the past five years, we have experienced considerable growth in stores, growing from 1,853 1,940 stores at the end of fiscal 2017 2018 to 2,333 2,414 stores (2,066 Tractor Supply retail stores, 186 Petsense by (2,216 Tractor Supply retail stores and 81 Orscheln Farm and Home 198 Petsense by Tractor Supply retail stores) at the end of fiscal 2022, 2023, and in net sales, with a compounded annual growth rate of approximately 14.4% 13.0%. Given the size of the communities that we target, we believe that there is ample opportunity for new store growth in many existing and new markets. We have developed a proven method for selecting store sites, and we believe we have significant

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additional opportunities for new Tractor Supply stores. We also believe that there is opportunity for continued growth for Petsense by Tractor Supply stores. In October 2022, we acquired 81 stores from Orscheln Farm and Home that will be rebranded to Tractor Supply by the end



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## Executive Summary

In fiscal 2023, we opened 70 new Tractor Supply stores in 28 states and 13 new Petsense by Tractor Supply stores in nine states. In fiscal 2022, we opened 63 new Tractor Supply stores in 25 states and nine new Petsense by Tractor Supply stores in seven states. We also acquired 81 Orscheln Farm and Home stores in eight states. In fiscal 2021, we opened 80 new states, which were all rebranded as Tractor Supply stores in 27 states and seven new Petsense by Tractor Supply stores in four states, as of the end of fiscal 2023. This resulted in a selling square footage increase of approximately 3% in fiscal 2023 and 11% in fiscal 2022 and 4% in fiscal 2021. 2022.

Net sales increased 11.6% 2.5% to \$14.56 billion in fiscal 2023 from \$14.20 billion in fiscal 2022 from \$12.73 billion in fiscal 2021. 2022. The fiscal year prior year's fourth quarter included an extra sales week as part of the Company's Company's 53-week calendar in 2022, which represented 1.8 negatively impacted the overall sales increase by approximately 1.6 percentage points of the 11.6% sales growth points. Comparable store sales increased 6.3% were even in fiscal 2022 2023 versus a 16.9% 6.3% increase in fiscal 2021. 2022. Gross profit increased 11.1% 5.1% to \$5.23 billion in fiscal 2023 from \$4.97 billion in fiscal 2022, from \$4.48 billion in fiscal 2021, and gross margin decreased 17 increased 92 basis points to 35.9% of net sales in fiscal 2023 from 35.0% of net sales in fiscal 2022 from 35.2% 2022. Operating income increased 6 basis points to 10.2% of net sales in fiscal 2021. Operating income decreased 16 basis points to 2023 from 10.1% of net sales in fiscal 2022 from 10.3% of net sales in fiscal 2021. 2022. For fiscal 2022, 2023, net income was \$1.11 billion, or \$10.09 per diluted share, compared to \$1.09 billion, or \$9.71 per diluted share, compared to \$997.1 million, or \$8.61 per diluted share, in fiscal 2021. 2022.

We ended fiscal 2022 2023 with \$202.5 million \$397.1 million in cash and cash equivalents and outstanding long-term debt of \$1.16 billion \$1.73 billion, after returning \$1.11 billion \$1.05 billion to our stockholders through stock repurchases and quarterly cash dividends.

## Performance Metrics

### Comparable Store Metrics

Comparable store metrics are a key performance indicator used in the retail industry and by the Company to measure the performance of the underlying business. Our comparable store metrics are calculated on an annual basis using sales generated from all stores open at least one year and all online sales and exclude certain adjustments to net sales. Stores closed during either of the years being compared are removed from our comparable store metrics calculations. Stores relocated during either of the years being compared are not removed from our comparable store metrics calculations. If the effect of relocated stores on our comparable store metrics calculations became material, we would remove

relocated stores from the calculations. An Orscheln store will be considered a comparable store one year after its point-of-sale system conversion. Fiscal 2023 includes 52 weeks and fiscal 2022 includes 53 weeks. For our calculation of comparable store sales in fiscal 2023, we compare weeks 1 through 52 in fiscal 2023 against weeks 2 through 53 in fiscal 2022. Comparable store sales is intended only as supplemental information and is not a substitute for net sales presented in accordance with U.S. GAAP.

#### Transaction Count and Transaction Value

Transaction count and transaction value metrics are used by the Company to measure sales performance. Transaction count represents the number of customer transactions during a given period. Transaction value represents the average amount paid per transaction and is calculated as net sales divided by the total number of customer transactions during a given period.

#### **Significant Accounting Policies and Estimates**

Management's discussion and analysis of our financial position and results of operations are based upon our Consolidated Financial Statements, which have been prepared in accordance with U.S. GAAP. 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. Our 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. Our significant accounting policies are disclosed in Note 1 to the Consolidated Financial Statements. The following discussion addresses our most critical accounting policies and estimates, which are those that are both important to the portrayal of our financial condition and results of operations and that require significant judgment or use of complex estimates.



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#### **Merchandise Inventory:**

We identify potentially excess and slow-moving inventory by evaluating turn rates, historical and expected future sales trends, age of merchandise, overall inventory levels, current cost of inventory, and other benchmarks. We have established an inventory valuation reserve to recognize the estimated impairment in value (i.e., an inability to realize the full carrying value) based on our aggregate assessment of these valuation indicators under prevailing market conditions and current merchandising strategies.

We also have established a reserve for estimating inventory shrinkage between physical inventory counts. The reserve is established 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. Our general policy is to perform physical inventories at least once a year for each store that has been open more than twelve months.

We do not believe our merchandise inventories are subject to significant risk of obsolescence in the near term. However, changes in market conditions or consumer purchasing patterns could result in the need for additional reserves. Our impairment reserves contain uncertainties because the calculations require management to make assumptions and to apply judgment regarding forecasted customer demand and the promotional environment. The estimated store inventory shrink rate is based on historical experience. We believe historical rates are a reasonably accurate reflection of future trends. Our shrinkage reserve contains uncertainties because the calculation requires management to make assumptions and to apply judgment regarding future shrinkage trends, the effect of loss prevention measures and merchandising strategies.

We have not made any material changes in the accounting methodology used to recognize inventory impairment reserves or shrinkage in the financial periods presented. We do not believe there is a reasonable likelihood that there will be a material change in the future estimates or assumptions we use to calculate impairment or shrinkage. However, if assumptions regarding consumer demand, clearance potential or inventory loss for certain products are inaccurate, we may be exposed to losses or gains that could be material. A 10% change in our inventory impairment reserve as of **December 31, 2022** **December 30, 2023**, would have affected net income by approximately **\$1.8 million** **\$2.7 million** in fiscal **2022, 2023**. A 10% change in our shrinkage reserve as of **December 31, 2022** **December 30, 2023**, would have affected net income by approximately **\$4.8 million** **\$4.9 million** in fiscal **2022, 2023**.

In addition, we receive funding from substantially all of our significant merchandise vendors, in support of our business initiatives, through a variety of programs and arrangements, including guaranteed vendor support funds ("vendor support") and volume-based rebate funds ("volume rebates"). The amounts received are subject to terms of vendor agreements, most of which are "evergreen", reflecting the on-going relationship with our significant merchandise vendors. Certain of our agreements, primarily volume rebates, are renegotiated annually, based on expected annual purchases of the vendor's product. Vendor funding is initially deferred as a reduction of the purchase price of inventory, and then recognized as a reduction of cost of merchandise as the related inventory is sold. During interim periods, the amount of vendor support and volume rebates are estimated based upon initial commitments and anticipated purchase levels with applicable vendors.

We have not made any material changes in the accounting methodology used to establish our vendor funding reserves in the financial periods presented. At the end of each fiscal year, a significant portion of the actual purchase activity is known. Thus, we do not believe there is a reasonable likelihood that there will be a material change in the amounts recorded as vendor funding. We do not believe there is a significant collectability risk related to vendor funding amounts due to us at the end of fiscal **2022, 2023**. If a 10% reserve had been applied against our outstanding vendor funding due as of **December 31, 2022** **December 30, 2023**, net income would have been affected by approximately **\$2.6 million** **\$3.5 million** in fiscal **2022, 2023**. Although it is unlikely that there will be any significant reduction in historical levels of vendor funding, if such a reduction were to occur in future periods, the Company could experience a higher inventory balance and higher cost of sales.

For vendor funding, we estimate the purchase volume (and related vendor funding) based on our current knowledge of inventory levels, sales trends and expected customer demand, as well as planned new store openings and relocations. Although we believe we can reasonably estimate purchase volume and related volume rebates at interim periods, it is possible that actual year-end results could be different from previously estimated amounts. Our allocation methodology contains uncertainties because the calculation requires management to make assumptions and to apply judgment regarding customer demand, purchasing activity, target thresholds, vendor attrition and collectability.



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#### **Self-Insurance Reserves:**

We self-insure a significant portion of our workers' compensation insurance and general liability (including product liability) insurance plans. We have stop-loss insurance policies to protect from individual losses over specified dollar values. Provisions for losses related to our self-insured liabilities are based upon periodic independent actuarially determined estimates that consider a number of factors including historical claims experience, loss development factors, and severity factors.

The full extent of certain workers' compensation and general liability claims may not become fully determined for several years. Our self-insured liabilities contain uncertainties because management is required to make assumptions and to apply judgment to estimate the ultimate cost to settle reported claims and claims incurred but not reported as of the balance sheet date based upon historical data and experience, including actuarial calculations.

We have not made any material changes in the accounting methodology used to establish our self-insurance reserves in the financial periods presented. We do not believe there is a reasonable likelihood that there will be a material change in the assumptions we use to calculate insurance reserves. However, if we experience a significant increase in the number of claims or the cost associated with these claims, we may be exposed to losses that could be material. A 10% change in our self-insurance reserves as of **December 31, 2022** December 30, 2023, would have affected net income by approximately **\$9.8 million** \$10.7 million in fiscal **2022, 2023**.

#### **Impairment of Long-Lived Assets:**

Long-lived assets, including lease right-of-use assets, are evaluated for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. When evaluating long-lived assets for potential impairment, we first compare the carrying value of the asset or asset group to its estimated undiscounted future cash flows. The evaluation for long-lived assets is performed at the lowest level of identifiable cash flows, which is generally the individual store level. The significant assumptions used to determine estimated undiscounted cash flows include cash inflows and outflows directly resulting from the use of those assets in operations, including margin on net sales, payroll and related items, occupancy costs, insurance allocations, and other costs to operate a store. If the estimated future cash flows are less than the carrying value of the related asset, we calculate an impairment loss. The impairment loss calculation compares the carrying value of the related asset or asset group to its estimated fair value, which may be based on an estimated future cash flow model, market valuation, or other valuation technique, as appropriate. We recognize an impairment loss if the amount of the asset's carrying value exceeds the asset's estimated fair value. If we recognize an impairment loss, the adjusted carrying amount of the asset becomes its new cost basis. For a depreciable long-lived asset, the new cost basis will be depreciated (amortized) over the remaining estimated useful life of that asset.

Our impairment loss calculations contain uncertainties because they require management to make assumptions and to apply judgment to estimate future cash flows and asset fair values.

We have not made any material changes in our impairment loss assessment methodology in the financial periods presented.

We do not believe there is a reasonable likelihood that there will be a material change in the estimates or assumptions we use to calculate long-lived asset impairment losses. None of these estimates and assumptions are significantly sensitive, and a 10% change in any of these estimates would not have a material impact on our analysis. However, if actual results are not consistent with our estimates and assumptions used in estimating future cash flows and asset fair values, we may be exposed to losses that could be material.

There were no significant long-lived assets impairment charges recognized in fiscal **2022, 2023**.

#### **Impairment of Goodwill and Other Indefinite-Lived Intangible Assets:**

Goodwill and other indefinite-lived intangible assets are evaluated for impairment annually, or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. In accordance with the accounting standards, an entity has the option first to assess qualitative factors to determine whether events and circumstances indicate that it is more likely than not that goodwill or an indefinite-lived intangible asset is impaired. If after such assessment an entity concludes that the asset is not impaired, then the entity is not required to take further action. However, if an entity concludes otherwise, then it is required to determine the fair value of the asset using a quantitative impairment test, and if impaired, the associated assets must be written down to fair value.



The quantitative impairment test for goodwill compares the fair value of a reporting unit with the carrying value of its net assets, including goodwill. If the fair value of the reporting unit is less than the carrying value of the reporting unit, an impairment charge would be recorded to the Company's operations, for the amount in which the carrying amount exceeds the reporting unit's fair value. We determine fair values for each reporting unit using the market approach, when available and appropriate, the income approach, or a combination of both. The income approach involves forecasting projected financial information (such as revenue growth rates, profit margins, tax rates, and capital expenditures) and selecting a discount rate that reflects the risk inherent in estimated future cash flows. Under the market approach, the fair value is based on observed market data. If multiple valuation methodologies are used, the results are weighted appropriately.

The quantitative impairment test for other indefinite-lived intangible assets involves comparing the carrying amount of the asset to the sum of the discounted cash flows expected to be generated by the asset. If the implied fair value of the indefinite-lived intangible asset is less than the carrying value, an impairment charge would be recorded to the Company's operations.

Our impairment loss calculation contains uncertainties because they require management to make assumptions and to apply judgment to qualitative factors as well as estimate future cash flows and asset fair values, including forecasting projected financial information and selecting the discount rate that reflects the risk inherent in future cash flows.

The valuation approaches utilized to estimate fair value for the purposes of the impairment tests of goodwill and other indefinite-lived intangible assets require the use of assumptions and estimates, which involve a degree of uncertainty. If actual results are not consistent with our estimates and assumptions used in estimating future cash flows and asset fair values, we may be exposed to non-cash impairment losses that could be material.

There were no goodwill or other indefinite-lived intangible assets impairment charges recognized in fiscal 2022, 2023.

## Results of Operations

The following table sets forth, for the periods indicated, certain items in the Consolidated Statements of Income expressed as a percentage of net sales.

		Fiscal Year		Fiscal Year	
		Fiscal Year			
		2022	2021		
Net sales	Net sales	100.00 %	100.00 %		
Net sales					
Net sales					
Cost of merchandise sold (a)					
Cost of merchandise sold (a)					
Cost of merchandise sold (a)	Cost of merchandise sold (a)	65.00	64.83		
Gross margin (a)	Gross margin (a)	35.00	35.17		
Gross margin (a)					
Gross margin (a)					
Selling, general and administrative expenses (a)	Selling, general and administrative expenses (a)	22.48	22.78		
Selling, general and administrative expenses (a)					
Selling, general and administrative expenses (a)					
Depreciation and amortization					
Depreciation and amortization					
Depreciation and amortization	Depreciation and amortization	2.42	2.12		
Operating	Operating	10.10	10.26		

income	income	
<b>Operating income</b>		
Operating income		
Interest expense, net		
Interest expense, net		
Interest expense, net	Interest expense, net	0.22 0.21
Income before taxes	Income before taxes	9.88 10.05
Income before income taxes		
Income before income taxes		
Income tax expense		
Income tax expense		
Income tax expense	Income tax expense	2.22 2.22
Net income	Net income	7.66 % 7.83 %
Net income		
Net income		

(a) Our gross margin amounts may not be comparable to those of other retailers since some retailers include all of the costs related to their distribution facility network in cost of merchandise sold and others (like our Company) exclude a portion of these distribution facility network costs from gross margin and instead include them in **selling, Selling, general, and administrative expenses**; refer to Note 1 – Significant Accounting Policies of the Notes to the Consolidated Financial Statements, included in Item 8 Financial Statements and Supplementary Data, of this Annual Report on Form 10-K.

#### Fiscal 2022 2023 Compared to Fiscal 2021 2022

Net sales increased **11.6% 2.5%** to **\$14.56 billion** in fiscal 2023 from **\$14.20 billion** in fiscal 2022 from **\$12.73 billion** in fiscal 2021. The fiscal prior year included an extra sales week as part of the Company's Company's 53-week fiscal calendar in 2022, which represented **1.8** negatively impacted the overall sales increase by approximately **1.6** percentage points of the **11.6%** sales growth. Comparable store sales were even with prior year and represented **\$13.89 billion** in sales. Comparable store sales in 2022 increased by **6.3%** to **\$13.80 billion** versus a **16.9% increase** in fiscal from 2021. The comparable store average transaction value increased **6.9% 0.4%** and comparable store average transaction count decreased **0.6% 0.4%** for fiscal 2022, 2023, as compared to an increase of **9.8% 6.9%** and **7.1% decrease** of **0.6%** in fiscal 2021, 2022, respectively. Comparable store sales growth performance reflects continued strength in **every day, needs-based** core year-round merchandise, including consumable, usable and edible ("C.U.E.") products **winter** which significantly outpaced the chain average. This performance largely offset declines in demand for seasonal goods and **year-round product categories**, partially offset by a colder start to the spring selling season **big-ticket items**.



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severe drought during the summer months in many of our markets. The Company's store sales in the prior year benefited from favorable weather conditions as well as government stimulus throughout fiscal 2021.

In addition to comparable store sales growth in fiscal 2022, sales from stores opened less than one year and stores from the Orscheln acquisition were \$652.8 million in fiscal 2023, which contributed a net 4.1 percentage points of the 2.5% increase over fiscal 2022 net sales. Sales from stores opened less than one year, including \$80.0 million related to the acquisition of Orscheln Farm and Home, were \$396.2 million in fiscal 2022, which represented 3.1 percentage points of the 11.6% increase over fiscal 2021 net sales. Sales from stores opened less than one year were \$324.6 million in fiscal 2021, which represented 3.1 percentage points of the 19.9% increase over fiscal 2020 net sales. The acquisition of Orscheln Farm and Home in October 2022 added approximately \$80.0 million to net sales in the fourth quarter, which were included in the sales from stores opened less than one year in fiscal 2022.

The following table summarizes our store growth during fiscal 2022 2023 and 2021: 2022:

	Fiscal Year		Fiscal Year
Store Count	Store Count	Fiscal Year	

Information: Information:

Tractor Supply

**Store Count Information:**

**Store Count Information:**

2023

2022

Tractor  
Supply  
(including  
Orscheln  
Farm and  
Home stores)

Beginning of period

Beginning of period

Beginning of period	Beginning of period	2,003	1,923
New stores opened	New stores opened	63	80
Stores closed	Stores closed	—	—

Stores closed

Stores closed

Stores acquired

End of period	End of period	2,066	2,003
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Petsense by Tractor Supply

Beginning of period

Beginning of period

Beginning of period	Beginning of period	178	182
New stores opened	New stores opened	9	7
Stores closed	Stores closed	(1)	(11)
End of period	End of period	186	178

Orscheln Farm and Home

Stores acquired	81	—
End of period	81	—

Consolidated end of period	Consolidated end of period	2,333	2,181
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Stores relocated	Stores relocated	7	3
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Stores relocated

Stores relocated

The following table indicates the percentage of net sales represented by each of our major product categories during fiscal 2022 2023 and 2021 2022:

Product Category:	Percent of Net Sales	
	Fiscal Year	
	2022	2021
Livestock and Pet	50 %	47 %
Seasonal, Gift and Toy Products	21	21

Hardware, Tools and Truck	19	21
Clothing and Footwear	7	8
Agriculture	3	3
<b>Total</b>	<b>100 %</b>	<b>100 %</b>

Product Category:	Percent of Net Sales	
	Fiscal Year	Fiscal Year
Livestock, Equine & Agriculture	27 %	28 %
Companion Animal	25	23
Seasonal & Recreation	22	22
Truck, Tool, & Hardware	16	16
Clothing, Gift, & Décor	10	11
<b>Total</b>	<b>100 %</b>	<b>100 %</b>

Gross profit increased 11.1% 5.1% to \$5.23 billion in fiscal 2023 compared to \$4.97 billion in fiscal 2022 compared to \$4.48 billion in fiscal 2021. As a percent of net sales, gross margin decreased 17 increased 92 basis points to 35.9% for fiscal 2023 compared to 35.0% for fiscal 2022 compared 2021. Gross margin continued to 35.2% for fiscal 2021, benefit from the Company's ongoing execution of an everyday low price strategy, complemented by the use of its Neighbor's Club loyalty program. The decrease in gross margin as a percent of net sales rate increase was primarily driven by higher product cost inflation, higher attributable to ongoing lower transportation costs and to a lesser extent, disciplined product mix shift towards C.U.E. products, which run at a slightly lower margin rate. Heightened transportation costs were experienced in domestic and import freight, along with rising fuel prices. The Company's price cost management, program and other key gross margin enhancing initiatives effectively modestly offset a significant portion of these gross margin pressures by negative product mix.

Total selling, general and administrative ("SG&A") expenses, including depreciation and amortization, increased 11.6% 6.0% to \$3.75 billion in fiscal 2023 from \$3.54 billion in fiscal 2022. As a percent of net sales, SG&A expenses increased 86 basis points to 25.8% from \$3.17 billion in fiscal 2021. 24.9%. The Company's strategic growth initiatives, including related depreciation and amortization, investments in team member compensation and benefits, and, to a lesser extent, the impact of transaction expenses and early integration costs associated with the Orscheln Farm and Home acquisition contributed to an increase in SG&A as a percent of net sales. The increase was partially offset by a reduction of COVID-19 response costs, more

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normalized incentive compensation, and leverage in occupancy and other costs from the increase in comparable stores sales. This culminated in SG&A expenses, as a percent of net sales being flat at 24.9% compared was primarily attributable to the Company's planned growth investments, which included higher depreciation and amortization and the onboarding of a new distribution center, as well as higher medical claims and fixed cost deleverage. During fiscal 2021. 2023, the Company completed its strategically planned sale-leaseback of 15 Tractor Supply store locations, benefiting SG&A by approximately 25 basis points, net of transaction and repair costs.

Our effective income tax rate increased to 22.5% 22.7% for fiscal 2022 2023 compared to 22.1% 22.5% in fiscal 2021. 2022. The primary drivers for the increase in the Company's effective income tax rate year over year were decreased share-based compensation activity an increase in state income taxes and federal tax a decrease in Federal credits, partially offset by increased state income tax credits, an increase in share-based compensation.



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Net income in fiscal 2022 2023 was \$1.11 billion, or \$10.09 per diluted share, compared to \$1.09 billion, or \$9.71 per diluted share, compared to \$997.1 million, or \$8.61 per diluted share, in fiscal 2021. 2022. The benefit of the 53rd week contributed approximately \$0.16 to diluted EPS in fiscal 2022.

During fiscal 2022, 2023, we repurchased approximately 3.4 million 2.7 million shares of the Company's common stock at a total cost of \$700.1 million \$602.9 million, including the 1% excise tax, as part of our share repurchase program. In fiscal 2021, 2022, we repurchased approximately 4.4 million 3.4 million shares at a total cost of \$798.9 million \$700.1 million.

**Fiscal 2021 2022 Compared to Fiscal 2020 2021**

For a comparison of our performance and financial metrics for the fiscal years ended **December 25, 2021** **December 31, 2022** and **December 26, 2020** **December 25, 2021**, see "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Annual Report on Form 10-K for the fiscal year ended **December 25, 2021** **December 31, 2022**, filed with the SEC on **February 17, 2022** **February 23, 2023**.

## Liquidity and Capital Resources

In addition to normal operating expenses, our primary ongoing cash requirements are for new store expansion, existing store remodeling and improvements, store relocations, distribution facility capacity and improvements, information technology, inventory purchases, repayment of existing borrowings under our debt facilities, share repurchases, cash dividends, and selective acquisitions as opportunities arise.

Our primary ongoing sources of liquidity are existing cash balances, cash provided from operations, remaining funds available under our debt facilities, operating and finance leases, and normal trade credit. Our inventory and accounts payable levels typically build in the first and third fiscal quarters to support the higher sales volume of the spring and cold-weather selling seasons, respectively.

Additionally, we plan to continue to leverage our sale-leaseback program on both existing owned stores as well as future new store openings. This program will help fund our planned owned store development. We plan to execute sale-leaseback transactions of our existing portfolio of owned stores to fund the cash required by the new development program over the next eight to 10 years.

We believe that our existing cash balances, expected cash flow from future operations, funds available under our debt facilities, operating and finance leases, normal trade credit, sale of existing stores, and access to the long-term debt capital markets will be sufficient to fund our operations and capital allocation needs in the short term, through the end of fiscal 2023.

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## Working Capital

At December 31, 2022, the Company had working capital of \$781.6 million, which decreased \$404.0 million from fiscal 2021. The shifts in working capital were attributable to changes 2024, and in the following components of current assets and current liabilities (in millions):

	December 31, 2022	December 25, 2021	Variance
<b>Current assets:</b>			
Cash and cash equivalents	\$ 202.5	\$ 878.0	\$ (675.5)
Inventories	2,709.6	2,191.2	518.4
Prepaid expenses and other current assets	245.7	164.1	81.6
Income taxes receivable	—	17.1	(17.1)
<b>Total current assets</b>	<b>3,157.8</b>	<b>3,250.4</b>	<b>(92.6)</b>
<b>Current liabilities:</b>			
Accounts payable	1,398.3	1,155.6	242.7
Accrued employee compensation	120.3	109.6	10.7
Other accrued expenses	498.6	474.4	24.2
Current portion of finance lease obligations	3.2	3.9	(0.7)
Current portion of operating lease obligations	346.4	321.3	25.1
Income taxes payable	9.5	—	9.5
<b>Total current liabilities</b>	<b>2,376.2</b>	<b>2,064.8</b>	<b>311.4</b>
<b>Working capital</b>	<b>\$ 781.6</b>	<b>\$ 1,185.6</b>	<b>\$ (404.0)</b>

Note: amounts may not sum to totals due to rounding longer term thereafter.

In comparison to December 25, 2021, working capital as of December 31, 2022 was impacted most significantly by changes in cash and cash equivalents, inventories, and accounts payable.

- The decrease in cash and cash equivalents was primarily driven by capital expenditures to support strategic growth, share repurchases, cash dividends to stockholders, and the acquisition of Orscheln Farm and Home, partially offset by positive cash flows generated from operations and net borrowings under the Company's debt facilities.
- The increase in inventories and accounts payable resulted from an increase in average inventory per store driven by our commitment to support our strong sales trends, combined with the impact inflation had on retail prices. Additionally, overall inventory and accounts payable levels increased from the acquisition of Orscheln and the purchase of additional inventory to support new store growth.

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## Debt

The following table summarizes the Company's outstanding debt as of the dates indicated (in millions):

		<b>December 31, 2022</b>		<b>December 25, 2021</b>
		<b>December 30, 2023</b>		
		<b>December 30, 2023</b>		
		<b>December 30, 2023</b>		
5.25% Senior Notes				
5.25% Senior Notes				
5.25% Senior Notes				
1.75% Senior Notes				
1.75% Senior Notes				
1.75% Senior Notes	1.75% Senior Notes	\$ 650.0		\$ 650.0
3.70% Senior Notes	3.70% Senior Notes	150.0		150.0
3.70% Senior Notes				
3.70% Senior Notes				
Senior Credit Facility:	Senior Credit Facility:			
November 2020 Term Loan		—		200.0
Senior Credit Facility:				
Senior Credit Facility:				
Revolving Credit Facility				
Revolving Credit Facility				
Revolving Credit Facility	Revolving Credit Facility	378.00		—
Total outstanding borrowings	Total outstanding borrowings	1,178.0		1,000.0
Total outstanding borrowings				
Total outstanding borrowings				
Less: unamortized debt discounts and issuance costs				
Less: unamortized debt discounts and issuance costs				
Less: unamortized debt discounts and issuance costs	Less: unamortized debt discounts and issuance costs	(13.9)		(13.6)
<b>Total debt</b>	<b>Total debt</b>	<b>1,164.1</b>		<b>986.4</b>
<b>Total debt</b>				
<b>Total debt</b>				
Less: current portion of long-term debt	Less: current portion of long-term debt	—		—
Less: current portion of long-term debt				
Less: current portion of long-term debt				
<b>Long-term debt</b>				
<b>Long-term debt</b>				
<b>Long-term debt</b>	<b>Long-term debt</b>	<b>\$ 1,164.1</b>		<b>\$ 986.4</b>
Outstanding letters of credit	Outstanding letters of credit	\$ 52.6		\$ 52.9
Outstanding letters of credit				
Outstanding letters of credit				

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We manage our business and financial ratios to target an investment-grade bond rating, which has historically allowed flexible access to financing at reasonable market costs. As of December 31, 2022 December 30, 2023, and the date of this filing, February 23, 2023 February 23, 2024, the Company's senior unsecured debt is rated "Baa1," by Moody's Investor Services with a stable outlook and "BBB" by Standard & Poor's with a stable outlook. These ratings have been obtained with the understanding that Moody's Investors Services and Standard & Poor's will continue to monitor our credit and make future adjustments to these ratings to the extent warranted. The ratings are not a recommendation to buy, sell or hold our securities, may be changed, superseded or withdrawn at any time and should be evaluated independently of any other rating.

Our current ratings, as well as future rating agency actions, could impact our ability to finance our operations on satisfactory terms and affect our financing costs. There can be no assurance that we will maintain or improve our current credit ratings.

On September 30, 2022 May 5, 2023, we entered into a new credit agreement, providing for a credit facility (the "2022 Senior Credit Facility"), consisting the Company completed the sale of a revolving credit facility (the "Revolving Credit Facility") in the maximum \$750 million aggregate principal amount of \$1.20 billion (with a sublimit of \$50.0 million for swingline loans and a sublimit of \$150.0 million for letters of credit). In addition, we have an option to increase the Revolving Credit Facility or establish term loans in its 5.25% Senior Notes. The entire principal amount not to exceed \$500.0 million in the aggregate, subject to, among other things, the receipt of commitments for the increase amount. The 2022 Senior Credit Facility is unsecured and has a five year term with two options to request that the lenders extend the maturity date of the obligations owed to 5.25% Senior Notes is due in full on May 15, 2033. Interest is payable semi-annually in arrears on each lender for one year (and May 15 and November 15. The terms of the right to replace any lenders electing not to extend). 5.25% Senior Notes are governed by the Base Indenture, as amended and supplemented by the Second Supplemental Indenture between the Company and Regions Bank, as trustee.

For additional information about the Company's debt and credit facilities, refer to Note 5 to the Consolidated Financial Statements.

**Sources and Uses of Cash**

Our primary source of liquidity is cash provided by operations and funds available under our debt facilities. Principal uses of cash for investing activities are capital expenditures and acquisitions while principal uses of cash for financing activities are repurchase of the Company's common stock and cash dividends paid to stockholders.

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The following table presents a summary of cash flows provided by or used in operating, investing, and financing activities for fiscal years 2022 and 2021 (in millions):

	Fiscal Year	
	2022	2021
	(53 weeks)	(52 weeks)
Net cash provided by operating activities	\$ 1,357.0	\$ 1,138.7
Net cash used in investing activities	(1,093.7)	(627.3)
Net cash used in financing activities	(938.8)	(975.1)
Net decrease in cash and cash equivalents	\$ (675.5)	\$ (463.7)

**Operating Activities**

Operating activities provided cash of \$1.36 billion \$1.33 billion and \$1.14 billion \$1.36 billion in fiscal 2022 2023 and 2021, 2022, respectively. The \$218.3 million increase \$23.0 million decrease in net cash provided by operating activities in fiscal 2022, 2023, compared to fiscal 2021, 2022, was due to changes in the following (in millions):

	Fiscal Year			Variance	
	Fiscal Year		2023		
	2022	2021			
	(53 weeks)	(52 weeks)			
Net income					
Net income					
Net income	Net income	\$ 1,088.7	\$ 997.1	\$ 91.6	

Depreciation and amortization	Depreciation and amortization	343.1	270.2	72.9
(Gain)/loss on disposition of property and equipment				
(Gain)/loss on disposition of property and equipment				
(Gain)/loss on disposition of property and equipment				
Share-based compensation expense	Share-based compensation expense	53.8	47.6	6.2
Deferred income taxes	Deferred income taxes	51.7	29.1	22.6
Inventories and accounts payable	Inventories and accounts payable	(187.4)	(228.4)	41.0
Prepaid expenses and other current assets	Prepaid expenses and other current assets	(64.1)	(30.5)	(33.6)
Accrued expenses	Accrued expenses	(6.7)	127.8	(134.5)
Income taxes	Income taxes	26.6	(37.0)	63.6
Other, net	Other, net	51.3	(37.2)	88.5
Net cash provided by operating activities	Net cash provided by operating activities	\$1,357.0	\$1,138.7	\$ 218.3

The \$218.3 million increase \$23.0 million decrease in net cash provided by operating activities in fiscal 2022, 2023, compared to fiscal 2021, 2022, is primarily driven by a year-over-year increase in our net income as well as the net impact of changes in our operating assets and liabilities, primarily due to the Company's strategic initiatives as well as the timing of accruals and related payments.

#### Investing Activities

Investing activities used cash of \$1.09 billion \$653.1 million and \$627.3 million \$1.09 billion in fiscal 2022, 2023 and 2021, 2022, respectively. The \$466.4 million increase \$440.6 million decrease in net cash used in investing activities primarily reflects the acquisition of Orscheln Farm and Home as well as an increase in capital expenditures in fiscal 2022 compared to and the proceeds from the sale-leaseback transactions in fiscal 2021, 2023, partially offset by cash received from Orscheln stores divestitures, divestiture in fiscal 2022.



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Investing activities, including capital expenditures, for fiscal 2022, 2023 and 2021, 2022 were as follows (in millions):

	Fiscal Year		Fiscal Year	Variance
	2022	2021		
	(53 weeks)	(52 weeks)	Variance	
	(52 weeks)			

		(52 weeks)		
		(52 weeks)		
Existing stores				
Existing stores				
Existing stores	Existing stores	\$ 367.7	\$326.9	\$ 40.8
Distribution center capacity and improvements	Distribution center capacity and improvements	156.1	93.3	62.8
Information technology				
New and relocated stores and stores not yet opened	New and relocated stores and stores not yet opened	126.7	73.0	53.7
Information technology	Information technology	119.5	124.8	(5.3)
Corporate and other	Corporate and other	3.4	10.4	(7.0)
Total capital expenditures				
Total capital expenditures				
Total capital expenditures	Total capital expenditures	\$ 773.4	\$628.4	\$ 145.0
Proceeds from sale of property and equipment	Proceeds from sale of property and equipment	(1.0)	(1.1)	0.1
Acquisition of Orscheln, net of cash acquired	Acquisition of Orscheln, net of cash acquired	390.8	—	390.8
Proceeds from sale of business assets	Proceeds from sale of business assets	(69.4)	—	\$ (69.4)
Net cash used in investing activities	Net cash used in investing activities	\$1,093.7	\$627.3	\$ 466.4

The increase in spending for existing stores in fiscal 2022 as compared to fiscal 2021 primarily reflects our strategic initiatives related to store remodels, including internal space productivity, and the outside side lot garden center transformations, and Orscheln store conversions. Spending in both fiscal 2022 and fiscal 2021 also includes routine refresh activity, as well as security enhancements.

The increase in spending for distribution center capacity and improvements in fiscal 2022 as compared to fiscal 2021 is primarily related to the construction of new distribution centers in Maumelle, Arkansas, and Navarre, Ohio, and Maumelle, Arkansas, respectively. On January 18, 2023, the Company opened its ninth distribution center located in Navarre, Ohio, which expanded the distribution center capacity by approximately 900,000 square feet. The Maumelle, Arkansas distribution center is currently expected to begin operations in the first quarter of fiscal 2024 and will expand our distribution capacity by approximately 1,200,000 square feet.

The above table reflects an investment in 63 new Tractor Supply stores, nine new Petsense by Tractor Supply stores, and seven store relocations during fiscal 2022. In fiscal 2021, we opened 80 new Tractor Supply stores and seven new Petsense by Tractor Supply stores and had three store relocations.

The increase in spending for new and relocated stores and stores not yet opened in fiscal 2022 as compared to fiscal 2021 is primarily due to the timing of stores openings, as well as acceleration of spend in 2022 for stores expected to open in 2023.

The spending on information technology represents continued support of our store growth and our omni-channel initiatives, as well as improvements in security and compliance and other strategic initiatives.

Overall cash flow used The above table reflects an investment in investing activities was also impacted 70 new Tractor Supply stores, 13 new Petsense by Tractor Supply stores, and eight store relocations during fiscal 2023. In fiscal 2022, we opened 63 new Tractor Supply stores and nine new Petsense by Tractor Supply stores and had seven store relocations.

In fiscal 2022, we completed the acquisition of Orscheln Farm and Home and the subsequent store divestitures subsequently divested 85 stores to Bomgaars Supply, Inc. and Buchheit Enterprises, Inc. In fiscal 2023, we received \$4.3 million from the Orscheln acquisition net working capital settlement and \$10.0 million from the sale of Orscheln corporate headquarters and distribution center.

In fiscal 2023, we sold and subsequently leased back 15 of our retail locations, resulting in proceeds of \$82.0 million.

Our projected capital expenditures, net of sale leaseback proceeds, for fiscal 2023/2024 are currently estimated to be in a range of approximately \$700.0 million to \$775.0 million. The capital expenditures include a plan to open a total of approximately 70 new Tractor Supply stores, complete the Orscheln conversions to Tractor Supply, continue the remodeling of our stores ("continuing Project Fusion") Fusion remodels and garden center transformations, completion of our 10th distribution center and open a total of 10 to 15 new Petsense by Tractor Supply stores. Additionally, we anticipate the continued build out of our tenth distribution center in Maumelle, Arkansas during 2023 with operations beginning in the first quarter of fiscal 2024. We also plan to support our continued improvements in technology and infrastructure at our existing stores, along with ongoing investments to enhance our digital and omni-channel capabilities to better serve our customers.

## Financing Activities

Financing activities used cash of \$938.8 million in fiscal 2022, \$486.4 million in fiscal 2023, and \$975.1 million in fiscal 2021, respectively. The \$36.3 million decrease in net cash used in financing activities in fiscal 2022, compared to fiscal 2021, was due to changes in the following (in millions):



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common stock	common stock
Cash dividends paid to stockholders	Cash dividends paid to stockholders
Other, net	Other, net
Net cash used in financing activities	Net cash used in financing activities

The decrease in net cash used in financing activities in fiscal 2022, 2023, compared to fiscal 2021, 2022, is primarily due to the increase in net borrowings under our new 2022 the debt facilities, namely the sale of \$750.0 million 5.25% Senior Credit Facility Notes, and increased returns of capital to our stockholders a decrease in the form repurchase of common stock, partially offset by an increase in cash dividends and repurchases of common stock paid to stockholder.

#### Repurchase of Common Stock

The Company's Board of Directors has authorized common stock repurchases under a share repurchase program which was announced in February 2007. The authorization amount of the program, which has been increased from time to time, is currently authorized for up to \$6.50 billion, exclusive of any fees, commissions or other expenses related to such repurchases. The authorized amount reflects a \$2.00 billion increase to the share repurchase program which was approved by our Board of Directors on January 26, 2022. The share repurchase program does not have an expiration date. The repurchases may be made from time to time on the open market or in privately negotiated transactions. The timing and amount of any shares repurchased under the program will depend on a variety of factors, including price, corporate and regulatory requirements, capital availability, and other market conditions. Repurchased shares are accounted for at cost and will be held in treasury for future issuance. The program may be limited, temporarily paused, or terminated at any time without prior notice.

We repurchased approximately 3.4 million 2.7 million and 4.4 million 3.4 million shares of common stock under the share repurchase program at a total cost of and paid cash totaling \$594.4 million and \$700.1 million and \$798.9 million in fiscal 2022 2023 and 2021, 2022, respectively. Our projected share repurchases for fiscal 2023 2024 are currently estimated to be in a range of approximately \$575 million to \$675 million \$625 million.

#### Cash Dividends Paid to Stockholders

We paid cash dividends totaling \$409.6 million \$449.6 million and \$239.0 million \$409.6 million in fiscal 2022 2023 and 2021, 2022, respectively. In fiscal 2022, 2023, we declared and paid cash dividends to stockholders of \$3.68 \$4.12 per common share outstanding as compared to \$2.08 \$3.68 per common share outstanding in fiscal 2021, 2022. These payments reflect an increase in the quarterly dividend in all four quarters of fiscal 2022 2023 to \$0.92 \$1.03 per share from \$0.52 \$0.92 per share in all four quarters of fiscal 2021, 2022.

On February 8, 2023 February 5, 2024, the Company's Board of Directors declared a quarterly cash dividend of \$1.03 \$1.10 per share of the Company's outstanding common stock. The dividend will be paid on March 14, 2023 March 12, 2024, to stockholders of record as of the close of business on February 27, 2023 February 26, 2024.

It is the present intention of the Company's Board of Directors to continue to pay a quarterly cash dividend; however, the declaration and payment amount of future dividends will be determined by the Company's Board of Directors in its sole discretion and will depend upon the earnings, financial condition, and capital needs of the Company, along with any other factors which the Company's Board of Directors deem relevant.

#### New Accounting Pronouncements

Refer to Note 1 to the Consolidated Financial Statements for recently adopted accounting pronouncements and recently issued pronouncements not yet adopted as of December 31, 2022 December 30, 2023.

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#### Item 7A. 7A. Quantitative and Qualitative Disclosures About Market Risk

#### Interest Rate Risk

We are exposed to interest rate changes, primarily as a result of borrowings under our 2022 Senior Credit Facility (as discussed in Note 5 to the Consolidated Financial Statements), which bear interest based on variable rates. We use an interest rate swap to



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manage our exposure to the impact of interest rate changes. Prior to the issuance of our 2022 Senior Credit Facility on September 30, 2022, our variable-rate debt was fully hedged. At December 31, 2022, we had \$378.0 million. The outstanding amount under the 2022 Senior Credit Facility of which \$200.0 million was mostly hedged by the interest rate swap. Fixed-rate debt and variable-rate debt covered by the our interest rate swap represented 85% of total outstanding debt as of December 31, 2022, during fiscal 2023. Therefore, fluctuations in interest rates did not have a material impact on our financial condition and results of operations.

#### Purchase Price Volatility

Although we cannot determine the full effect of inflation and deflation on our operations, we believe our sales and results of operations are affected by both. We are subject to market risk with respect to the pricing of certain products and services, which include, among other items, grain, corn, steel, petroleum, cotton, and other commodities, as well as duties, tariffs, diesel fuel, and transportation services. Therefore, we may experience both inflationary and deflationary pressure on product cost, which may impact consumer demand and, as a result, sales and gross margin. Our strategy is to reduce or mitigate the effects of purchase price volatility, principally by taking advantage of vendor incentive programs, economies of scale from increased volume of purchases, adjusting retail prices, and selectively buying from the most competitive vendors without sacrificing quality.



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#### Item 8. 8. Financial Statements and Supplementary Data

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#### **Management's Report on Internal Control Over Financial Reporting**

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) under the Securities Exchange Act of 1934, as amended). 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, 2022** **December 30, 2023**. In making this assessment, management used the criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). Based on this assessment, management believes that, as of **December 31, 2022** **December 30, 2023**, the Company's internal control over financial reporting is effective based on those criteria.

Ernst & Young LLP, the independent registered public accounting firm which also audited the Company's Consolidated Financial Statements, has issued a report on the Company's internal control over financial reporting, which is included herein.

/s/ Harry A. Lawton, III

Harry A. Lawton, III  
President and Chief Executive Officer

February 23, 2023 2024

/s/ Kurt D. Barton

Kurt D. Barton  
Executive Vice President -  
Chief Financial Officer and Treasurer

February 23, 2023 2024



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#### **Report of Independent Registered Public Accounting Firm**

**To the Shareholders and the Board of Directors of Tractor Supply Company**

##### **Opinion on Internal Control Over Financial Reporting**

We have audited Tractor Supply Company's internal control over financial reporting as of **December 31, 2022** **December 30, 2023**, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Tractor Supply Company (the Company) maintained, in all material respects, effective internal control over financial reporting as of **December 31, 2022** **December 30, 2023**, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the **Consolidated Balance Sheets** **consolidated balance sheets of Tractor Supply** the Company as of **December 31, 2022** **December 30, 2023** and **December 25, 2021** **December 31, 2022**, and the related **Consolidated Statements** **consolidated statements of Income, Comprehensive Income, Stockholders' Equity, income, comprehensive income, stockholders' equity and Cash Flows** **cash flows** for each of the three **fiscal** years in the period ended **December 31, 2022** **December 30, 2023**, and the related notes and our report dated **February 23, 2023** **February 23, 2024**, expressed an unqualified opinion thereon.

##### **Basis for Opinion**

The 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 included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's

internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. 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, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

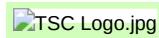
#### **Definition and Limitations of Internal Control Over Financial Reporting**

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.

/s/ Ernst & Young LLP

Nashville, Tennessee  
February 23, 2023 2024



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#### **Report of Independent Registered Public Accounting Firm**

##### **To the Shareholders and the Board of Directors of Tractor Supply Company**

##### **Opinion on the Financial Statements**

We have audited the accompanying **Consolidated Balance Sheets** consolidated balance sheets of Tractor Supply Company (the Company) as of **December 31, 2022** December 30, 2023 and **December 25, 2021** December 31, 2022, the related **Consolidated Statements** consolidated statements of **Income, Comprehensive Income, Stockholders' Equity** income, comprehensive income, stockholders' equity and **Cash Flows** cash flows for each of the three **fiscal** years in the period ended **December 31, 2022** December 30, 2023, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at **December 31, 2022** December 30, 2023 and **December 25, 2021** December 31, 2022, and the results of its operations and its cash flows for each of the three **fiscal** years in the period ended **December 31, 2022** December 30, 2023, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of **December 31, 2022** December 30, 2023, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated **February 23, 2023** February 23, 2024, expressed an unqualified opinion thereon.

##### **Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

##### **Critical Audit Matter**

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the account or disclosure to which it relates.

**Workers' Compensation and General Liability Self-Insurance Reserves**

**Description of the Matter** At December 31, 2022 December 30, 2023, the Company's reserve for workers' compensation and general liability self-insurance risks was \$74.0 million, were \$78.8 million and \$59.1 million, respectively. As discussed in Note 1 of the consolidated financial statements, the Company retains a significant portion of risk for its workers' compensation and general liability exposures. Accordingly, provisions are recorded based upon periodic estimates of such losses, as determined by management. The future claim costs for workers' compensation and general liability exposures are estimated using actuarial methods that consider assumptions for a number of factors including, but not limited to, historical claims experience, loss development factors, and severity factors.

Auditing management's estimate of the recorded workers' compensation and general liability self-insurance reserves was complex and judgmental due to the significant assumptions and judgments required by management to project the exposure on incurred claims that remain unresolved, including those which have not yet been reported to the Company.



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**How We Addressed the Matter in Our Audit** We obtained an understanding, evaluated the design, and tested the operating effectiveness of controls over the Company's accounting for workers' compensation and general liability self-insurance exposures. For example, we tested controls over management's review of the significant assumptions described above, including the completeness and accuracy of the underlying data, as well as management's review of the actuarial calculations.

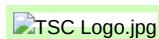
To test the Company's estimate of the workers' compensation and general liability self-insurance reserves, we performed audit procedures that included, among others, assessing the appropriateness of the actuarial valuation methodologies utilized by management and the significant assumptions within, testing the related underlying data used by the Company in its evaluation for completeness and accuracy, and testing the mathematical accuracy of the calculations. Our audit procedures also included, among others, comparing the significant assumptions used by management to industry accepted actuarial assumptions and reassessing assessing the accuracy of management's historical estimates utilized in prior period evaluations. We involved our actuarial valuation specialists to assist in assessing the valuation methodologies and significant assumptions noted above and to develop an independent range of estimates for the workers' compensation and general liability self-insurance reserves which were then compared to management's estimates.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2001.

Nashville, Tennessee

February 23, 2023 2024



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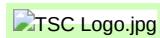
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**TRACTOR SUPPLY COMPANY  
CONSOLIDATED STATEMENTS OF INCOME  
(in thousands, except per share amounts)**

Fiscal Year			Fiscal Year		
2022	2021	2020	2023	2022	2021

		(53 weeks)	(52 weeks)	(52 weeks)			
		(52 weeks)			(52 weeks)	(53 weeks)	(52 weeks)
<b>Net sales</b>	<b>Net sales</b>	\$14,204,717	\$12,731,105	\$10,620,352			
Cost of merchandise sold	Cost of merchandise sold	9,232,513	8,253,952	6,858,803			
<b>Gross profit</b>	<b>Gross profit</b>	4,972,204	4,477,153	3,761,549			
Selling, general and administrative expenses	Selling, general and administrative expenses	3,194,199	2,900,297	2,478,524			
Depreciation and amortization	Depreciation and amortization	343,062	270,158	217,124			
Impairment of goodwill and other intangible assets		—	—	68,973			
<b>Operating income</b>							
<b>Operating income</b>							
<b>Operating income</b>	<b>Operating income</b>	1,434,943	1,306,698	996,928			
Interest expense, net	Interest expense, net	30,633	26,610	28,781			
<b>Income before income taxes</b>	<b>Income before income taxes</b>	1,404,310	1,280,088	968,147			
Income tax expense	Income tax expense	315,598	282,974	219,189			
<b>Net income</b>	<b>Net income</b>	\$ 1,088,712	\$ 997,114	\$ 748,958			
<b>Net income per share – basic</b>	<b>Net income per share – basic</b>	\$ 9.78	\$ 8.69	\$ 6.44			
<b>Net income per share – basic</b>							
<b>Net income per share – basic</b>							
<b>Net income per share – diluted</b>	<b>Net income per share – diluted</b>	\$ 9.71	\$ 8.61	\$ 6.38			
<b>Weighted average shares outstanding</b>							
<b>Weighted average shares outstanding</b>							
<b>Weighted average shares outstanding</b>	<b>Weighted average shares outstanding</b>						
Basic	Basic	111,336	114,794	116,370			
Diluted	Diluted	112,149	115,824	117,436			
<b>Dividends declared per common share outstanding</b>	<b>Dividends declared per common share outstanding</b>						
<b>Dividends declared per common share outstanding</b>	<b>Dividends declared per common share outstanding</b>	\$ 3.68	\$ 2.08	\$ 1.50			
<b>Dividends declared per common share outstanding</b>							
<b>Dividends declared per common share outstanding</b>							

The accompanying notes are an integral part of these Consolidated Financial Statements.

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**TRACTOR SUPPLY COMPANY**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(in thousands)

	Fiscal Year			Fiscal Year		2021
	2022	2021	2020	2023	2022	
	(53 weeks)	(52 weeks)	weeks)	(52 weeks)	(53 weeks)	
Net income	Net income	\$ 1,088,712	\$ 997,114	\$ 748,958		
Other comprehensive income/(loss):						
Other comprehensive (loss)/income:						
Other comprehensive (loss)/income:						
Other comprehensive (loss)/income:						
Change in fair value of interest rate swaps, net of taxes						
Change in fair value of interest rate swaps, net of taxes						
Change in fair value of interest rate swaps, net of taxes	Change in fair value of interest rate swaps, net of taxes	9,930	4,588	(3,442)		
Total other comprehensive income/(loss)		9,930	4,588	(3,442)		
Total other comprehensive (loss)/income						
Total other comprehensive (loss)/income						
Total other comprehensive (loss)/income						
<b>Total comprehensive income</b>	<b>Total comprehensive income</b>	<b>\$1,098,642</b>	<b>\$1,001,702</b>	<b>\$745,516</b>		

The accompanying notes are an integral part of these Consolidated Financial Statements.

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

		December 31, 2022	December 25, 2021		December 30, 2023	December 31, 2022
<b>ASSETS</b>	<b>ASSETS</b>			<b>ASSETS</b>		
Current assets:	Current assets:			Current assets:		
Cash and cash equivalents	Cash and cash equivalents	202,502	878,030			
Inventories	Inventories	2,709,597	2,191,192			
Prepaid expenses and other current assets	Prepaid expenses and other current assets	245,676	164,118			
Income taxes receivable	Income taxes receivable	—	17,100			
Total current assets	Total current assets	3,157,775	3,250,440			
Property and equipment, net	Property and equipment, net	2,083,616	1,617,806			
Operating lease right-of-use assets	Operating lease right-of-use assets	2,953,801	2,785,858			
Goodwill and other intangible assets	Goodwill and other intangible assets	253,262	55,520			
Deferred income taxes	—	2,437				
Other assets						
Other assets						
Other assets	Other assets	41,536	55,406			
Total assets	Total assets	\$8,489,990	\$7,767,467			
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:	Current liabilities:			Current liabilities:		
Accounts payable	Accounts payable	\$1,398,288	\$1,155,630			
Accrued employee compensation	Accrued employee compensation	120,302	109,618			
Other accrued expenses	Other accrued expenses	498,575	474,412			
Current portion of finance lease liabilities	Current portion of finance lease liabilities	3,179	3,897			
Current portion of finance lease liabilities	Current portion of finance lease liabilities					
Current portion of operating lease liabilities	Current portion of operating lease liabilities	346,397	321,285			
Income taxes payable	Income taxes payable	9,471	—			
Total current liabilities	Total current liabilities	2,376,212	2,064,842			
Total current liabilities						
Long-term debt	Long-term debt	1,164,056	986,382			
Finance lease liabilities, less current portion	Finance lease liabilities, less current portion	34,651	32,848			

Operating lease liabilities, less current portion	Operating lease liabilities, less current portion	2,721,877	2,574,882
Deferred income taxes	Deferred income taxes	30,775	—
Other long-term liabilities	Other long-term liabilities	120,003	105,848
<b>Total liabilities</b>	<b>Total liabilities</b>	<b>6,447,574</b>	<b>5,764,802</b>
Stockholders' equity:	Stockholders' equity:		Stockholders' equity:
Preferred stock	Preferred stock	—	—
Common stock	Common stock	1,415	1,411
Additional paid-in capital	Additional paid-in capital	1,261,283	1,210,512
Treasury stock	Treasury stock	(4,855,909)	(4,155,846)
Accumulated other comprehensive income	Accumulated other comprehensive income	11,275	1,345
<b>Retained earnings</b>	<b>Retained earnings</b>	<b>5,624,352</b>	<b>4,945,243</b>
<b>Total stockholders' equity</b>	<b>Total stockholders' equity</b>	<b>2,042,416</b>	<b>2,002,665</b>
<b>Total liabilities and stockholders' equity</b>	<b>Total liabilities and stockholders' equity</b>	<b>\$8,489,990</b>	<b>\$7,767,467</b>

**Preferred Stock (shares in thousands):** \$1.00 par value; 40 shares authorized; no shares were issued or outstanding during any period presented.

**Common Stock (shares in thousands):** \$0.008 par value; 400,000 shares authorized at all periods presented. 176,876 177,332 and 176,371 176,876 shares issued; 110,251 107,976 and 113,125 110,251 shares outstanding at December 31, 2022 December 30, 2023 and December 25, 2021 December 31, 2022, respectively.

**Treasury Stock (at cost, shares in thousands):** 66,025 69,356 and 63,246 66,625 shares at December 31, 2022 December 30, 2023 and December 25, 2021 December 31, 2022, respectively.

The accompanying notes are an integral part of these Consolidated Financial Statements.



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**TRACTOR SUPPLY COMPANY**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
(in thousands)

Common Stock	Common Stock						Common Stock	Additional Paid-in Capital	Treasury Stock	Accum. Other Comp. Income	Retained Earnings	Total Stockholders' Equity	Accum. Other Comp. Income	Retained Earnings	Total Stockholders' Equity
	Common Stock	Additional Paid-in Capital	Treasury Stock	Accum. Other Comp. Income	Retained Earnings	Total Stockholders' Equity									
Stockholders' equity at December 26, 2020															
Stockholders' equity at December 26, 2020															
Stockholders' equity at December 26, 2020															
	Shares	Dollars	Additional Paid-in	Treasury Stock	Accum. Other	Retained Earnings	Total Stockholders'								

		Capital		Comp. Income		Equity
<b>Stockholders' equity at December 28, 2019</b>		118,165	\$1,389			
Common stock issuance under stock award plans & ESPP						
Common stock issuance under stock award plans & ESPP						
	Common stock issuance under stock award plans & ESPP	1,520	12	99,328		99,340
Share-based compensation expense	Share-based compensation expense			37,273		37,273
Repurchase of shares to satisfy tax obligations	Repurchase of shares to satisfy tax obligations			(7,799)		(7,799)
Repurchase of common stock	Repurchase of common stock	(3,439)		(342,957)		(342,957)
Cash dividends paid to stockholders	Cash dividends paid to stockholders				(174,656)	(174,656)
Change in fair value of interest rate swaps, net of taxes	Change in fair value of interest rate swaps, net of taxes			(3,442)		(3,442)
Net income	Net income				748,958	748,958
<b>Stockholders' equity at December 26, 2020</b>		116,246	1,401	1,095,500	(3,356,953)	(3,243) 4,187,135
<b>Stockholders' equity at December 25, 2021</b>						1,923,840
Stockholders' equity at December 25, 2021						
Stockholders' equity at December 25, 2021						
Stockholders' equity at December 25, 2021						
Common stock issuance under stock award plans & ESPP						
Common stock issuance under stock award plans & ESPP						
	Common stock issuance under stock award plans & ESPP	1,243	10	82,239		82,249

& ESPP						
Share-based compensation expense	Share-based compensation expense		47,649		47,649	
Repurchase of shares to satisfy tax obligations	Repurchase of shares to satisfy tax obligations		(14,876)		(14,876)	
Repurchase of common stock	Repurchase of common stock	(4,364)	(798,893)		(798,893)	
Cash dividends paid to stockholders	Cash dividends paid to stockholders			(239,006)	(239,006)	
Change in fair value of interest rate swaps, net of taxes	Change in fair value of interest rate swaps, net of taxes		4,588		4,588	
Net income	Net income			997,114	997,114	
<b>Stockholders' equity at December 25, 2021</b>		113,125	1,411	1,210,512	(4,155,846)	1,345 4,945,243 2,002,665
<b>Stockholders' equity at December 31, 2022</b>						
<b>Stockholders' equity at December 31, 2022</b>						
<b>Stockholders' equity at December 31, 2022</b>						
Common stock issuance under stock award plans & ESPP	Common stock issuance under stock award plans & ESPP	504	4	25,531		25,535
Share-based compensation expense	Share-based compensation expense			53,832		53,832
Repurchase of shares to satisfy tax obligations	Repurchase of shares to satisfy tax obligations		(28,592)		(28,592)	
Repurchase of common stock	Repurchase of common stock	(3,378)	(700,063)		(700,063)	
Cash dividends paid to stockholders	Cash dividends paid to stockholders			(409,603)	(409,603)	

Change in fair value of interest rate swaps, net of taxes	Change in fair value of interest rate swaps, net of taxes	9,930	9,930
<b>Net income</b>	<b>Net income</b>	<b>1,088,712</b>	<b>1,088,712</b>
<b>Stockholders' equity at December 31, 2022</b>	<b>110,251</b>	<b>\$1,415</b>	<b>\$1,261,283</b>
			<b>\$(4,855,909)</b>
			<b>\$11,275</b>
			<b>\$5,624,352</b>
			<b>\$2,042,416</b>
<b>Stockholders' equity at December 30, 2023</b>			

The accompanying notes are an integral part of these Consolidated Financial Statements.



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

	Fiscal Year			Fiscal Year		
	2022	2021	2020	2023	2022	2021
	(53 weeks)	(52 weeks)	(52 weeks)	(52 weeks)	(53 weeks)	(52 weeks)
(52 weeks)						
Cash flows from operating activities:						
Net income	Net income	\$1,088,712	\$ 997,114	\$ 748,958		
Adjustments to reconcile net income to net cash provided by operating activities:	Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	Depreciation and amortization	343,062	270,158	217,124		
Impairment of goodwill and other intangible assets		—	—	68,973		
Impairment of other long-lived assets		—	—	5,078		
Loss/(gain) on disposition of property and equipment		2,158	4,045	(1,157)		
Depreciation and amortization						
Depreciation and amortization						
(Gain)/loss on disposition of property and equipment						
(Gain)/loss on disposition of property and equipment						
(Gain)/loss on disposition of property and equipment						
Share-based compensation expense	Share-based compensation expense	53,832	47,649	37,273		

Deferred income taxes	Deferred income taxes	51,693	29,149	(31,739)	
Change in assets and liabilities (excluding impact from acquisitions and dispositions):					
Change in assets and liabilities:					
Inventories					
Inventories	Inventories	(349,742)	(407,922)	(180,489)	
Prepaid expenses and other current assets	Prepaid expenses and other current assets	(64,060)	(30,459)	(32,794)	
Accounts payable	Accounts payable	162,335	179,534	333,060	
Accrued employee compensation	Accrued employee compensation	6,433	(10,083)	79,946	
Other accrued expenses	Other accrued expenses	(13,137)	137,833	72,405	
Income taxes	Income taxes	26,570	(37,038)	13,954	
Other	Other	49,123	(41,260)	63,923	
Net cash provided by operating activities	Net cash provided by operating activities	1,356,979	1,138,720	1,394,515	
<b>Cash flows from investing activities:</b>	<b>Cash flows from investing activities:</b>				<b>Cash flows from investing activities:</b>
Capital expenditures	Capital expenditures	(773,369)	(628,431)	(294,002)	
Proceeds from sale of property and equipment	Proceeds from sale of property and equipment	1,044	1,091	1,792	
Acquisition of Orscheln, net of cash acquired	Acquisition of Orscheln, net of cash acquired	(390,765)	—	—	
Proceeds from sale of business	Proceeds from sale of business	69,364	—	—	
Proceeds from sale of business assets	Net cash used in investing activities				
Net cash used in investing activities	Net cash used in investing activities				
Net cash used in investing activities	Net cash used in investing activities	(1,093,726)	(627,340)	(292,210)	
<b>Cash flows from financing activities:</b>	<b>Cash flows from financing activities:</b>				<b>Cash flows from financing activities:</b>
Borrowings under debt facilities	Borrowings under debt facilities	1,010,000	—	2,009,000	
Repayments under debt facilities	Repayments under debt facilities	(832,000)	—	(1,406,500)	
Debt discounts and issuance costs	Debt discounts and issuance costs	—	—	(17,048)	

Principal payments under finance lease liabilities	Principal payments under finance lease liabilities	(4,058)	(4,580)	(4,170)
Principal payments under finance lease liabilities				
Principal payments under finance lease liabilities				
Repurchase of shares to satisfy tax obligations	Repurchase of shares to satisfy tax obligations	(28,592)	(14,876)	(7,799)
Repurchase of common stock	Repurchase of common stock	(700,063)	(798,893)	(342,957)
Net proceeds from issuance of common stock	Net proceeds from issuance of common stock	25,535	82,249	99,340
Cash dividends paid to stockholders	Cash dividends paid to stockholders	(409,603)	(239,006)	(174,656)
Net cash (used in)/provided by financing activities		(938,781)	(975,106)	155,210
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(675,528)</b>	<b>(463,726)</b>	<b>1,257,515</b>
Net cash used in financing activities				
<b>Net increase/(decrease) in cash and cash equivalents</b>				
Cash and cash equivalents at beginning of period	Cash and cash equivalents at beginning of period	878,030	1,341,756	84,241
Cash and cash equivalents at end of period	Cash and cash equivalents at end of period	\$ 202,502	\$ 878,030	\$ 1,341,756
<b>Supplemental disclosures of cash flow information:</b>	<b>Supplemental disclosures of cash flow information:</b>			
<b>Supplemental disclosures of cash flow information:</b>				
Cash paid during the period for:	Cash paid during the period for:			Cash paid during the period for:
Interest, net of amounts capitalized	Interest, net of amounts capitalized	\$ 26,367	\$ 23,601	\$ 24,540
Income taxes		239,129	291,665	235,319
Income taxes cash paid				
<b>Supplemental disclosures of non-cash activities:</b>	<b>Supplemental disclosures of non-cash activities:</b>			
Non-cash accruals for property and equipment				
Non-cash accruals for property and equipment				

Non-cash accruals for property and equipment	Non-cash accruals for property and equipment	\$ 45,742	\$ 24,408	\$ 12,642
Increase of operating lease assets and liabilities from new or modified leases	Increase of operating lease assets and liabilities from new or modified leases	416,457	678,092	524,141
Increase of finance lease assets and liabilities from new or modified leases	Increase of finance lease assets and liabilities from new or modified leases	5,143	3,675	7,395

The accompanying notes are an integral part of these Consolidated Financial Statements.



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**TRACTOR SUPPLY COMPANY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 1 – Significant Accounting Policies: Policies**

**Nature of Business**

Founded in 1938, Tractor Supply Company (the "Company" or "Tractor Supply" or "we" or "our" or "us") is the largest rural lifestyle retailer in the United States ("U.S."). The Company is focused on supplying the needs of recreational farmers, ranchers, and all those who enjoy living the rural lifestyle (which we refer to as the "Out Here" lifestyle). The Company's stores are located primarily in towns outlying major metropolitan markets and in rural communities. The Company also owns and operates Petsense, LLC ("Petsense by Tractor Supply"), a small-box pet specialty supply retailer focused on meeting the needs of pet owners, primarily in small and mid-sized communities, and offering a variety of pet products and services. At **December 31, 2022** **December 30, 2023**, the Company operated a total of **2,333** **2,414** retail stores in 49 states **(2,066 Tractor Supply retail stores, 186 Petsense by (2,216 Tractor Supply retail stores and 81 Orscheln Farm and Home 198 Petsense by Tractor Supply retail stores) and also offered an expanded assortment of products through the Tractor Supply Company mobile application and online at TractorSupply.com, and Petsense.com, and Orschelnfarmhome.com.**

On October 12, 2022, the Company completed its acquisition of Orscheln Farm and Home, LLC ("Orscheln" or "Orscheln Farm and Home"). The Company acquired 166 Orscheln stores for approximately **\$397.7** **\$393.4** million, exclusive of cash acquired. Concurrently with the closing of the acquisition, the Company divested 85 store locations to two buyers. Net proceeds from the store divestitures were approximately \$69.4 million. In addition, Tractor Supply has agreed to sell sold the Orscheln corporate headquarters and distribution center to Bomgaars Supply, Inc. for approximately **\$10** **\$10.0** million within 15 months after the closing third quarter of the acquisition, fiscal 2023. The acquisition was financed with cash-on-hand and borrowings under the 2022 Senior Credit Facility (as defined below). The Company plans to rebrand has rebranded all Orscheln stores to Tractor Supply stores by the end of fiscal 2023. See Note 3 to the Consolidated Financial Statements for additional information surrounding the acquisition of Orscheln Farm and Home.

**Basis of Presentation**

The accompanying Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and the rules and regulations of the Securities and Exchange Commission ("SEC").

**Fiscal Year**

The Company's fiscal year includes 52 or 53 weeks and ends on the last Saturday of the calendar year. The fiscal years ended December 30, 2023 and December 25, 2021 each consisted of 52 weeks, while the year ended December 31, 2022 consisted of 53 weeks, while the years ended December 25, 2021 and December 26, 2020 each consisted of 52 weeks.

**Principles of Consolidation**

The accompanying Consolidated Financial Statements include the accounts of the Company and its subsidiaries. All intercompany accounts and transactions have been eliminated.

**Management Estimates**



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

***Inventory Valuation***

**Inventory Impairment Risk**

The Company identifies potentially excess and slow-moving inventory by evaluating turn rates, historical and expected future sales trends, age of merchandise, overall inventory levels, current cost of inventory, and other benchmarks. The Company has established an inventory valuation reserve to recognize the estimated impairment in value (i.e., an inability to realize the full carrying value) based on the Company's aggregate assessment of these valuation indicators under prevailing market conditions and current merchandising strategies. The Company does not believe its merchandise inventories are subject to significant risk of obsolescence in the near term. However, changes in market conditions or consumer purchasing patterns could result in the need for additional reserves.

**Shrinkage**

The Company typically performs physical inventories at least once a year for each store that has been open more than 12 months, and the Company has established a reserve for estimating inventory shrinkage between physical inventory counts. The reserve is established 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 estimated store inventory shrink rate is based on historical experience. The Company believes historical rates are a reasonably accurate reflection of future trends.

**Vendor Funding**

The Company receives funding from substantially all of its significant merchandise vendors, in support of its business initiatives, through a variety of programs and arrangements, including guaranteed vendor support funds ("vendor support") and volume-based rebate funds ("volume rebates"). The amounts received are subject to terms of vendor agreements, most of which are "evergreen," reflecting the on-going relationship with our significant merchandise vendors. Certain of the Company's agreements, primarily volume rebates, are renegotiated annually, based on expected annual purchases of the vendor's product. Vendor funding is initially deferred as a reduction of the purchase price of inventory, and then recognized as a reduction of cost of merchandise sold as the related inventory is sold.

During interim periods, the amount of vendor support and volume rebates ~~are~~ is estimated based upon initial commitments and anticipated purchase levels with applicable vendors. The estimated purchase volume (and related vendor funding) is based on the Company's current knowledge of inventory levels, sales trends and expected customer demand, as well as planned new store openings and relocations. Although the Company believes it ~~can reasonably estimate~~ estimates purchase ~~volume~~ ~~volumes~~ and related volume rebates at interim periods, ~~it is possible that the amounts accrued and the related inventory valuation effects are adjusted at fiscal year end based on actual year-end results could be different from previously estimated amounts.~~ purchase volumes coinciding with calendar year vendor agreements. Such adjustments are not significant.

**Self-Insurance Reserves**

The Company self-insures a significant portion of its workers' compensation and general liability (including product liability) insurance plans. The Company has stop-loss insurance policies to protect it from individual losses over specified dollar values. Our deductible or self-insured retention, as applicable, for each claim involving workers' compensation insurance and general liability insurance is limited to \$500,000 and our Texas Work Injury Policy is limited to \$500,000. Further, we maintain a commercially reasonable umbrella/excess policy that covers liabilities in excess of the primary insurance policy limits.

The full extent of certain workers' compensation and general liability claims may not become fully determined for several years. Therefore, the Company estimates potential obligations based upon historical claims experience, loss development factors, severity factors, and other actuarial assumptions. Although the Company believes the reserves established for these obligations are reasonably estimated, any significant change in the number of claims or costs associated with claims made under these plans could have a material effect on the Company's financial results. At ~~December 31, 2022~~ December 30, 2023, the Company had insurance reserves for workers' compensation of ~~\$74.0 million~~ ~~\$78.8 million~~, compared to ~~\$67.1 million~~ ~~\$74.0 million~~ at ~~December 25, 2021~~ December 31, 2022. Insurance reserves for general liability plans was ~~\$59.1 million~~ at December 30, 2023 compared to ~~\$51.5 million~~ at December 31, 2022 compared to ~~\$41.3 million~~ at December 25, 2021. In addition, insurance receivables recorded in Other assets on the Consolidated Balance Sheets for claims greater than our insurance stop-loss limits were ~~\$18.4 million~~ ~~\$25.2 million~~ and ~~\$14.9 million~~ ~~\$18.4 million~~ as of ~~December 31, 2022~~ December 30, 2023 and ~~December 25, 2021~~ December 31, 2022.



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### **Impairment of Long-Lived Assets**

Long-lived assets, including lease right-of-use assets, are evaluated for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

When evaluating long-lived assets for potential impairment, the Company first compares the carrying value of the asset or asset group to its estimated undiscounted future cash flows. The evaluation for long-lived assets is performed at the lowest level of identifiable cash flows, which is generally the individual store level. The significant assumptions used to determine estimated undiscounted cash flows include cash inflows and outflows directly resulting from the use of those assets in operations, including margin on net sales, payroll and related items, occupancy costs, insurance allocations and other costs to operate a store. If the estimated future cash flows are less than the carrying value of the related asset, the Company calculates an impairment loss. The impairment loss calculation compares the carrying value of the related asset or asset group to its estimated fair value, which may be based on an estimated future cash flow model, market valuation, or other valuation technique, as appropriate. The Company recognizes an impairment loss if the amount of the asset's carrying value exceeds the asset's estimated fair value. If the Company recognizes an impairment loss, the adjusted carrying amount of the asset becomes its new cost basis. For a depreciable long-lived asset, the new cost basis will be depreciated (amortized) over the remaining estimated useful life of that asset.

No significant impairment charges were recognized in fiscal 2023, 2022, or and 2021 related to long-lived assets. In fiscal 2020, we recognized \$5.1 million of impairment charges related to long-lived assets for Petsense by Tractor Supply stores. Impairment charges, if recognized, are included in selling, general and administrative ("SG&A") expenses in the Consolidated Statements of Income.

### **Impairment of Indefinite-Lived Intangible Assets**

Goodwill and other indefinite-lived intangible assets are evaluated for impairment annually, or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Our annual impairment evaluation is conducted on the first day of our fiscal fourth quarter.

In accordance with the accounting standards, an entity has the option first to assess qualitative factors to determine whether events and circumstances indicate that it is more likely than not that goodwill or an indefinite-lived intangible asset is impaired. If after such assessment an entity concludes that the asset is not impaired, then the entity is not required to take further action. However, if an entity concludes otherwise, then it is required to determine the fair value of the asset using a quantitative impairment test, and if impaired, the associated assets must be written down to fair value.

The quantitative impairment test for goodwill compares the fair value of a reporting unit with the carrying value of its net assets, including goodwill. If the fair value of the reporting unit is less than the carrying value of the reporting unit, an impairment charge would be recorded to the Company's operations for the amount in which the carrying amount exceeds the reporting unit's fair value. We determine fair values for each reporting unit using the market approach, when available and appropriate, the income approach, or a combination of both. The income approach involves forecasting projected financial information (such as revenue growth rates, profit margins, tax rates, and capital expenditures) and selecting a discount rate that reflects the risk inherent in estimated future cash flows. Under the market approach, the fair value is based on observed market data. If multiple valuation methodologies are used, the results are weighted appropriately.

The quantitative impairment test for other indefinite-lived intangible assets involves comparing the carrying amount of the asset to the sum of the discounted cash flows expected to be generated by the asset. If the implied fair value of the indefinite-lived intangible asset is less than the carrying value, an impairment charge would be recorded to the Company's operations.

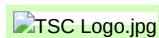
No impairment charges were recognized in fiscal 2023, 2022, or and 2021 related to indefinite-lived intangible assets. As described in further detail in Note 4 to the Consolidated Financial Statements, in fiscal 2020 we recognized goodwill impairment of \$60.8 million and trade name asset impairment of \$8.2 million related to Petsense by Tractor Supply. Impairment charges, if recognized, are included as a separate line item within SG&A expenses in the Consolidated Statements of Income.

### **Revenue Recognition and Sales Returns**

The Company recognizes revenue at the time the customer takes possession of merchandise. If the Company receives payment before completion of its customer obligations (as per the Company's special order and layaway programs), the revenue is deferred until the customer takes possession of the merchandise and the sale is complete.

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The Company is required to collect certain taxes and fees from customers on behalf of government agencies and remit such collections to the applicable governmental agency on a periodic basis. These taxes and fees are collected from customers at the time of purchase but are not included in net sales. The Company records a liability upon collection from the customer and relieves the liability when payments are remitted to the applicable governmental agency.



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The Company estimates a liability for sales returns based on a rolling average of historical return trends, and the Company believes that its estimate for sales returns is an accurate reflection of future returns associated with past sales. However, as with any estimate, refund activity may vary from estimated amounts. The Company had a liability for sales returns of **\$24.0 million** **\$17.5 million** and **\$17.9 million** **\$24.0 million** as of **December 31, 2022** **December 30, 2023** and **December 25, 2021** **December 31, 2022**, respectively.

The Company recognizes revenue when a gift card or merchandise return card is redeemed by the customer and recognizes income when the likelihood of the gift card or merchandise return card being redeemed by the customer is remote (referred to as "breakage"). The gift cards and merchandise return card breakage rate is based upon historical redemption patterns and income is recognized for unredeemed gift cards and merchandise return cards in proportion to those historical redemption patterns. The Company recognized breakage income of \$4.6 million, **\$4.2 million** **\$4.6 million**, and **\$3.6 million** **\$4.2 million** in fiscal 2023, 2022, 2021, and 2020, 2021, respectively.

The Company offers a points-based Neighbor's Club loyalty program to its customers. The points earned by customers can be redeemed for free services or discounts on future purchases. The Company defers the estimated standalone selling price of points related to the loyalty program as a reduction to revenue and establish a corresponding liability in deferred revenue on the Consolidated Balance Sheet. Sheets. The estimated selling price of each point is based on the standard value per point (1 point is generally equivalent to \$0.01), net of points not expected to be redeemed, based on historical redemption. When points are relieved (redeemed, expired, cancelled, etc.), revenue is recognized with a corresponding reduction to the program liability. The Company had a liability for the loyalty program of **\$19.2 million** **\$24.1 million** and **\$20.9 million** **\$19.2 million** as of **December 31, 2022** **December 30, 2023** and **December 25, 2021** **December 31, 2022**, respectively.

#### **Cost of Merchandise Sold**

Cost of merchandise sold includes the total cost of products sold; freight and duty expenses associated with moving merchandise inventories from vendors to distribution facilities, from distribution facilities to retail stores, from one distribution facility to another, and directly to our customers; tariffs on imported products; vendor support; damaged, junked or defective product; cash discounts from payments to merchandise vendors; and adjustments for shrinkage (physical inventory losses), lower of cost or net realizable value, slow moving product, and excess inventory quantities.

#### **Selling, General and Administrative Expenses**

SG&A expenses include payroll and benefit costs for retail, distribution facility, and corporate team members; share-based compensation expenses; occupancy costs of retail, distribution, and corporate facilities; advertising; tender costs, including bank charges and costs associated with credit and debit card interchange fees; outside service fees; and other administrative costs, such as computer maintenance, supplies, travel, and lodging.

#### **Advertising Costs**

Advertising costs consist of expenses incurred in connection with digital and social media offerings, television, newspaper circulars, and customer-targeted direct e-mail and direct mail, as well as limited events through radio and other media channels. 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 were approximately **\$94.6 million** **\$87.1 million**, **\$95.4 million** **\$94.6 million**, and **\$100.9 million** **\$95.4 million** for fiscal 2023, 2022, 2021, and 2020, 2021, respectively. Prepaid advertising costs were approximately **\$2.1 million** **\$1.3 million** and **\$1.7 million** **\$2.1 million** as of **December 31, 2022** **December 30, 2023**, and **December 25, 2021** **December 31, 2022**, respectively.

#### **Warehousing and Distribution Facility Costs**

Costs incurred at the Company's distribution facilities for receiving, warehousing, and preparing product for delivery are expensed as incurred and are included in SG&A expenses in the Consolidated Statements of Income. Because the Company does not include these costs in cost of sales, the Company's gross margin may not be comparable to other retailers that include these costs in the calculation of gross margin. Distribution facility costs including depreciation were approximately **\$424.1 million** **\$450.6 million**, **\$367.4 million** **\$424.1 million**, and **\$292.6 million** **\$367.4 million** for fiscal 2023, 2022, and 2021, and 2020, respectively.

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#### **Pre-Opening Costs**

Non-capital expenditures incurred in connection with opening new stores, primarily payroll and rent, are expensed as incurred. Pre-opening costs were approximately **\$10.2 million** **\$13.2 million**, **\$10.4 million** **\$10.2 million**, and **\$8.6 million** **\$10.4 million** for fiscal 2023, 2022, and 2021, and 2020, respectively.



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#### **Share-Based Compensation**

The Company has share-based compensation plans covering certain members of management and non-employee directors, which include non-qualified stock options, restricted stock units, and performance-based restricted share units. Performance-based restricted share units are subject to performance conditions that include both Company and market

performance. In addition, the Company offers an Employee Stock Purchase Plan ("ESPP") to eligible team members.

The Company estimates the fair value of its stock option awards at the date of grant utilizing a *Black-Scholes* option pricing model. The *Black-Scholes* option valuation model was developed for use in estimating the fair value of short-term traded options that have no vesting restrictions and are fully transferable. However, key assumptions used in the *Black-Scholes* model are adjusted to incorporate the unique characteristics of the Company's stock option awards. Option pricing models and generally accepted valuation techniques require management to make subjective assumptions including expected stock price volatility, expected dividend yield, risk-free interest rate, expected term and forfeiture rates. The Company relies on historical volatility trends to estimate future volatility assumptions. The risk-free interest rates used were actual U.S. Treasury Constant Maturity rates for bonds matching the expected term of the option on the date of grant. The expected term of the option on the date of grant was estimated based on the Company's historical experience for similar options.

The forfeiture rate at the time of valuation was estimated based on historical experience for similar options and reduces expense ratably over the vesting period. The Company adjusts this estimate periodically, based on the extent to which actual forfeitures differ, or are expected to differ, from the previous estimate.

The fair value of the Company's restricted stock units is the closing stock price of the Company's common stock the day preceding the grant date, discounted for the expected dividend yield over the term of the award. The fair value of the Company's performance-based restricted share units is estimated using a Monte Carlo simulation model on the grant date. Key assumptions used in the Monte Carlo simulation include expected volatility, dividend yield and risk-free interest rate.

The Company believes its estimates are reasonable in the context of historical experience. Future results will depend on, among other matters, levels of share-based compensation granted in the future, actual forfeiture rates, and the timing of option exercises.

#### ***Depreciation and Amortization***

Depreciation includes expenses related to all retail, distribution facility, and corporate assets. Amortization includes expenses related to definite-lived intangible assets.

#### ***Income Taxes***

The Company uses the asset and liability method to account for income taxes whereby deferred tax assets and liabilities are determined based on differences between the financial carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are measured using the enacted tax rates and laws that are anticipated to be in effect when temporary differences reverse or are settled. The effect of a tax rate change is recognized in the period in which the law is enacted in the provision for income taxes. The Company records a valuation allowance when it is more likely than not that a deferred tax asset will not be realized.

#### ***Tax Contingencies***

The Company's income tax returns are periodically audited by U.S. federal and state tax authorities. These audits include questions regarding tax filing positions, including the timing and amount of deductions and the allocation of income among various tax jurisdictions. At any time, multiple tax years are subject to audit by the various tax authorities. In evaluating the exposures associated with the Company's various tax filing positions, the Company records a liability for uncertain tax positions taken or expected to be taken in a tax return. A number of years may elapse before a particular matter, for which the

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Company has established a reserve, is audited and fully resolved or clarified. The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Company adjusts its tax contingencies reserve and income tax provision in the period in which actual results of a settlement with tax authorities differs from the established reserve, the statute of limitations expires for the relevant tax authority to examine the tax position or when more information becomes available.



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#### ***Sales Tax Audit Reserve***

A portion of the Company's sales are to tax-exempt customers, predominantly agricultural-based. 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 perform audits to verify the Company's 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 tax compliance environment. These circumstances also create some risk that the Company could be challenged as to the accuracy of the Company's sales tax compliance.

The Company reviews past audit experience and assessments with applicable states to continually determine if it has potential exposure for non-compliance. Any estimated liability is based on an initial assessment of compliance risk and historical experience with each state. The Company continually reassesses the exposure based on historical audit results,

changes in policies, preliminary and final assessments made by state sales tax auditors, and additional documentation that may be provided to reduce the assessment. The reserve for these tax audits can fluctuate depending on numerous factors, including the complexity of agricultural-based exemptions, the ambiguity in state tax regulations, the number of ongoing audits, and the length of time required to settle with the state taxing authorities.

#### **Net Income Per Share**

The Company presents both basic and diluted net income per share on the Consolidated Statements of Income. Basic net income per share is calculated by dividing net income by the weighted average number of shares outstanding during the period. Diluted net income per share is calculated by dividing net income by the weighted average diluted shares outstanding during the period. Dilutive shares are computed using the treasury stock method for share-based awards. Performance-based restricted share units are included in diluted shares only if the related performance conditions have been considered satisfied as of the end of the reporting period.

#### **Cash and Cash Equivalents**

Temporary cash investments, with a maturity of three months or less when purchased, are considered to be cash equivalents. The majority of payments due from banks for customer credit cards are classified as cash and cash equivalents, as they generally settle within 24 - 48 hours.

Sales generated through the Company's private label credit cards are not reflected as accounts receivable. Under an agreement with Citi Cards, a division of 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. Payments due from Citigroup are classified as cash and cash equivalents as they generally settle within 24 - 48 hours.

#### **Fair Value of Financial Instruments**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants on the measurement date. The Company uses a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include:

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- Level 1 - defined as observable inputs such as quoted prices in active markets;
- Level 2 - defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and
- Level 3 - defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

The Company's financial instruments consist of cash and cash equivalents, short-term credit card receivables, trade payables, debt instruments, and interest rate swaps. Due to their short-term nature, the carrying values of cash and cash equivalents, short-term credit card receivables, and trade payables approximate current fair value at each balance sheet date.

As described in further detail in [Note 5](#) to the Consolidated Financial Statements, the Company had \$1.18 billion \$1.75 billion and \$1.00 billion \$1.18 billion in outstanding borrowings as of under its debt facilities at December 30, 2023 and December 31, 2022 and December 25, 2021, respectively. The fair value of the Company's Company's \$150 million 3.70% Senior Notes due 2029 (the "3.70% Senior Notes"), the \$200 million term loan (the "November 2020 Term Loan," retired on September 30, 2022 and discussed in further detail in [Note 5 to the Consolidated Financial Statements](#)), and the \$378 million in borrowings under the Company's Revolving Company's revolving credit facility (the "Revolving Credit Facility (as defined below) Facility") were determined based on market interest rates (Level 2



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inputs). The carrying value of borrowings under in the \$3.70% 3.70% Senior Notes the November 2020 Term Loan, and the Revolving Credit Facility all approximate fair value for each period reported.

The fair value of the Company's \$650 million 1.75% Company's \$650 million 1.750% Senior Notes due 2030 (the "1.75% Senior Notes") is and \$750 million 5.250% Senior Notes due 2033 (the "5.25% Senior Notes") are determined based on quoted prices in active markets, which are considered Level 1 inputs. The carrying value and the fair value of the 1.75% Senior Notes and the 5.25% Senior Notes, net of discount discounts, were as follows (in thousands):

	December 31, 2022		December 25, 2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Liabilities:				
December 30, 2023			December 30, 2023	
				December 31, 2022

Carrying Value	Carrying Value	Fair Value	Carrying Value	Fair Value
1.75% 1.75%				
Senior Senior				
Notes Notes \$ 639,220 \$ 500,065 \$ 637,844 \$ 614,881				
5.25%				
Senior				
Notes				

The Company's interest rate swap is carried at fair value, which is determined based on the present value of expected future cash flows using forward rate curves, which is considered a Level 2 input. In accordance with hedge accounting, the gains and losses on interest rate swaps that are designated and qualify as cash flow hedges are recorded as a component of Other Comprehensive Income, net of related income taxes, and reclassified into earnings in the same income statement line *in the and* period in which the hedged transaction(s) transactions affect earnings. The fair value of the interest rate swap, excluding accrued interest, was as follows (in thousands):

	Fair Value Measurements at	
	December 31, 2022	December 25, 2021
Interest rate swap assets (Level 2)	\$ 15,146	\$ 1,809

	Fair Value Measurements at	
	December 30, 2023	December 31, 2022
Interest rate swap assets (Level 2), excluding accrued interest	\$ 9,099	\$ 15,146

#### **Derivative Financial Instruments**

The Company accounts for derivative financial instruments in accordance with applicable accounting standards for such instruments and hedging activities, which require that all derivatives are recorded on the balance sheet at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether the Company has elected to designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting.

Derivatives designated and qualifying as a hedge of the exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk are considered fair value hedges. Derivatives designated and qualifying as a hedge of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. Hedge accounting generally provides for the matching of the timing of gain or loss recognition on the hedging instrument with the recognition of the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk in a fair value hedge or the earnings effect of the hedged forecasted transactions in a cash flow hedge. The Company may enter into derivative contracts that are intended to economically hedge a certain portion of its risk, even though hedge accounting does not apply or the Company elects not to apply the hedge accounting standards.

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The fair value of the interest rate swaps, excluding accrued interest, was a net asset of \$15.1 million and \$1.8 million as of December 31, 2022 and December 25, 2021, respectively.

#### **Inventories**

Inventories are stated at the lower of cost, as determined by the average cost method, or net realizable value. Inventory cost consists of the direct cost of merchandise including freight, duties, and tariffs. Inventories are net of shrinkage, obsolescence, other valuations, and vendor allowances.



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#### **Property and Equipment**

Property and equipment are initially recorded 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 remaining term of the lease or the useful life of the improvement, whichever is less. The following table summarizes the Company's property and equipment balances and includes the estimated useful lives which are generally applied (in thousands, except estimated useful lives):

		Estimated Useful Lives	December 30, 2023	December 31, 2022
		December 31, 2022	December 25, 2021	
Land	Land	\$ 100,129	\$ 100,129	
Buildings and improvements	Buildings and improvements	1 – 35 years	1,753,601	1,517,052
Furniture, fixtures and equipment	Furniture, fixtures and equipment	5 – 10 years	1,086,013	900,272
Computer software and hardware	Computer software and hardware	2 – 7 years	766,031	694,455
Construction in progress	Construction in progress		394,143	211,486
Property and equipment, gross	Property and equipment, gross		4,099,917	3,423,394
Accumulated depreciation and amortization	Accumulated depreciation and amortization		(2,016,301)	(1,805,588)
Property and equipment, net	Property and equipment, net		<u>\$2,083,616</u>	<u>\$1,617,806</u>

#### **Capitalized Software Costs**

The Company capitalizes certain costs related to the acquisition and development of software and amortizes these costs using the straight-line method over the estimated useful life of the software, which is two to seven years. Computer software consists of software developed for internal-use and third-party software purchased for internal-use. A subsequent addition, modification or upgrade to internal-use software is capitalized to the extent that it enhances the software's functionality or extends its useful life. These costs are included in property and equipment in the accompanying Consolidated Balance Sheets. Certain software costs not meeting the criteria for capitalization are expensed as incurred.

#### **Store Closing Costs**

The Company regularly evaluates the performance of its stores and periodically closes those stores that are underperforming. The Company records a liability for costs associated with an exit or disposal activity when the liability is incurred, usually in the period the store closes. Store closing costs were not significant to the results of operations for any of the fiscal years presented.

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#### **Leases**

Operating lease assets and liabilities are recognized at the lease commencement date. Operating lease liabilities represent the present value of lease payments not yet paid. Operating lease assets represent our right to use an underlying asset and are based upon the operating lease liabilities adjusted for prepayments or accrued lease payments, initial direct costs, lease incentives, and impairment, if any, of operating lease assets. To determine the present value of lease payments not yet paid, we estimate incremental borrowing rates corresponding to the reasonably certain lease term. As substantially all of our leases do not provide an implicit rate, we estimate our collateralized incremental borrowing rate based upon a Company specific credit rating and yield curve analysis at commencement or modification date in determining the present value of lease payments.

Assets under finance leases are amortized in accordance with the Company's normal depreciation policy for owned assets or over the lease term, if shorter, and the related charge to operations is included in depreciation expense in the Consolidated Statements of Income.

#### **Supplier Finance Program**

The Company has an agreement with a third-party financial institution that allows certain participating suppliers the ability to finance payment obligations from the Company. The third-party financial institution has separate arrangements with the Company's suppliers and provides them with the option to request early payment for invoices confirmed by the Company. The Company does not determine the terms or conditions of the arrangement between the third-party and its suppliers and receives no compensation from the third-party financial institution. The Company's obligation to its suppliers, including amounts due and scheduled payment dates, are not impacted by the suppliers' decisions to finance amounts under the arrangement. The

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Company's outstanding payment obligations under the supplier finance program, which are included in accounts payable on the Company's Consolidated Balance Sheets, were \$38.4 million and \$24.2 million at December 30, 2023 and December 31, 2022, respectively.

**Recently Adopted Accounting Pronouncements**

In March 2020, September 2022, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") 2020-04, "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting." In January 2021, the FASB issued ASU 2021-01, "Reference Rate Reform (Topic 848): Scope." This collective guidance is in response to accounting concerns regarding contract modifications and hedge accounting because of impending rate reform associated with structural risks of interbank offered rates ("IBORs"), and, particularly, the risk of cessation of the London Inter-Bank Offer Rate ("LIBOR") related to regulators in several jurisdictions around the world having undertaken reference rate reform initiatives to identify alternative reference rates. The guidance provides optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The adoption of this guidance is effective for all entities as of March 12, 2020 through December 31, 2022. In December 2022, the FASB issued ASU 2022-06, "Deferral of the Sunset Date of Topic 848," which deferred the sunset date to Topic 848 from December 31, 2022, to December 31, 2024. The Company elected the optional expedients in connection with the debt refinancing and transitioned from LIBOR to the Secured Overnight Financing Rate ("SOFR") on September 30, 2022.

**New Accounting Pronouncements Not Yet Adopted**

In September 2022, the FASB issued ASU 2022-04, "Liabilities - Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations," which makes a number of changes to add certain disclosure requirements for a buyer in a supplier finance program, including the key terms of the program, amount of obligations outstanding at the end of the reporting period, and a rollforward of activity within the program during the period. The Company adopted this ASU in fiscal 2023, except for the disclosure of rollforward activity, which is effective on a prospective basis beginning in fiscal 2024.

**New Accounting Pronouncements Not Yet Adopted**

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740) - Improvements to Income Tax Disclosures." The ASU requires that an entity disclose specific categories in the effective tax rate reconciliation as well as provide additional information for reconciling items that meet a quantitative threshold. Further, the ASU requires certain disclosures of state versus federal income tax expense and taxes paid. The amendments in this ASU are effective for all companies required to be adopted for fiscal years beginning after December 15, 2022 December 15, 2024. Early adoption is permitted for annual financial statements that have not yet been issued. The amendments should be applied on a prospective basis although retrospective application is permitted. The Company is currently evaluating the impact of adoption on its financial disclosures.

In November 2023, the FASB issued ASU 2023-07, "Segment Reporting (Topic 280) - Improvements to Reportable Segment Disclosures." The amendment in the ASU is intended to improve reportable segment disclosure requirements primarily through enhanced disclosures about significant segment expenses. The amendments in this ASU are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, and should be applied on a retrospective basis. Upon basis to all periods presented. The Company is currently evaluating the impact of adoption the Company will be required to include additional disclosures of the supplier finance program obligations, on its financial disclosures.

**Note 2 – Share-Based Compensation: Compensation**

Share-based compensation includes stock options, restricted stock units, performance-based restricted share units, and certain transactions under the Company's ESPP. Share-based compensation expense is recognized based on the grant date fair value of all stock options, restricted stock units, and performance-based restricted share units. Share-based compensation expense is also recognized for the value of the 15% discount on shares purchased by employees as a part of the ESPP. The discount under the ESPP represents the difference between the market value on the first day of the purchase period or the market value on the purchase date, whichever is lower, and the employee's purchase price.

There were no significant modifications to the Company's share-based compensation plans since the adoption of the 2018 Omnibus Incentive Plan (the "2018 Plan") on May 10, 2018, which replaced the 2009 Stock Incentive Plan. Following the adoption of the 2018 Plan, no further grants may be made under the 2009 Stock Incentive Plan.

Under our share-based compensation plans, awards may be granted to officers, non-employee directors, and other employees. 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 awards will expire no later than ten years from the date of grant. Vesting of awards commences at various anniversary dates following the dates of each grant. Performance-based awards will vest if established performance conditions are met subject to continued employment. Certain performance-based awards are also subject to a market condition such that the actual number of shares vest are further modified based on the achievement of a relative stockholder return modifier. At December 31, 2022 December 30, 2023, the Company had approximately 9.2 million 8.5 million shares available for future equity awards under the Company's 2018 Plan.

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Share-based compensation expense of awards was \$57.0 million, \$53.8 million, \$47.6 million, and \$37.3 million for fiscal 2023, 2022, 2021, and 2020, respectively.

[Table of Contents](#)**Stock Options**

The fair value is separately estimated for each option grant. The fair value of each option is recognized as compensation expense ratably over the vesting period. The Company has estimated the fair value of all stock option awards as of the date of the grant by applying a *Black-Scholes* pricing valuation model. The application of this valuation model involves assumptions that are judgmental and highly sensitive in the determination of compensation expense. The ranges of key assumptions used in determining the fair value of options granted during fiscal 2023, 2022, 2021, and 2020, 2021, as well as a summary of the methodology applied to develop each assumption, are as follows:

	Fiscal Year			Fiscal Year		
	2022	2021	2020	2023	2022	2021
Expected price	Expected price	29.9%	29.8%	26.7%		
volatility	volatility	31.3%	30.3%	30.0%	Expected price volatility	
Risk-free interest rate	Risk-free interest rate	1.7%	0.3%	0.2%		
Weighted average expected lives (in years)	Weighted average expected lives (in years)	4.1	4.3	4.3	Weighted average expected lives (in years)	
Forfeiture rate	Forfeiture rate	6.9 %	7.0 %	7.0 %	Forfeiture rate	
Dividend yield	Dividend yield	1.6 %	1.5 %	1.5 %	Dividend yield	

**Expected Price Volatility** — This is a measure of the amount by which a price has fluctuated or is expected to fluctuate. The Company calculates the expected price volatility based on the historical volatility of the Company's stock price, as well as implied volatility. To calculate historical changes in market value, the Company uses daily market value changes from the date of grant over a past period generally representative of the expected life of the options to determine volatility. The Company believes the use of a blended volatility provides an appropriate indicator of future volatility. An increase in the expected volatility will increase compensation expense.

**Risk-Free Interest Rate** — This is the U.S. Treasury Constant Maturity rate over a term equal to the expected term of the option. An increase in the risk-free interest rate will increase compensation expense.

**Weighted Average Expected Term** — This is the period of time over which the options granted are expected to remain outstanding and is based on historical experience. Options granted generally have a maximum term of ten years. An increase in the expected term will increase compensation expense.

**Forfeiture Rate** — This is the estimated percentage of options granted that are expected to be forfeited or canceled before becoming fully vested. This estimate is based on historical experience. An increase in the forfeiture rate will decrease compensation expense.

**Dividend Yield** — This is the estimated dividend yield for the weighted average expected term of the option granted. An increase in the dividend yield will decrease compensation expense.

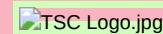
The Company issues shares for options when exercised. A summary of stock option activity is as follows:

Stock Option Activity	Options	Weighted Average Remaining			Weighted Average Remaining Contractual Term	Aggregate Int Value (in thousands)
		Weighted Average Exercise Price	Weighted Average Fair Value	Weighted Average Remaining Contractual Term		
Stock Option Activity	Options	Weighted Average Exercise Price	Weighted Average Fair Value	Weighted Average Remaining Contractual Term		
Outstanding at December 25, 2021 December 30, 2022	1,168,311	95.85		6.9	\$ 154,706	

Granted	141,803	220.70	\$ 49.69		
Exercised	(201,273)	88.61			
Canceled	(18,452)	169.41			
Outstanding at December 31, 2022	1,090,389	\$ 112.18		6.3	\$
Granted	124,228	232.35	\$ 60.19		
Exercised	(185,904)	87.67			
Canceled	(13,836)	166.07			
Outstanding at December 30, 2023	<u>1,014,877</u>	<u>\$ 130.65</u>		5.9	\$ 88,596
Exercisable at December 31, 2022 December 30, 2023	<u>687,825</u>	<u>738,256</u>	<u>\$ 87.03</u>	<u>102.36</u>	<u>5.250</u> \$ <u>94,875</u> <u>83,492</u>

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The aggregate intrinsic values in the table above represent the total difference between the Company's closing stock price at each year-end and the option exercise price, multiplied by the number of in-the-money options at each year-end. As of December 31, 2022 December 30, 2023, unrecognized compensation expense related to non-vested stock options was approximately \$7.6 million \$7.9 million with a weighted-average expense recognition period of 1.8 years.



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There were no material modifications to options in fiscal 2023, 2022, 2021, or 2020. 2021.

Other information relative to options activity during fiscal 2023, 2022, 2021, and 2020. 2021 is as follows (in thousands):

	Fiscal Year					
	Fiscal Year			Fiscal Year		
	2022	2021	2020	2023	2022	2021
Total fair value of stock options vested	\$ 7,783	\$ 8,478	\$ 12,546			
Total intrinsic value of stock options exercised	\$ 25,024	\$ 90,532	\$ 64,395			

#### *Restricted Stock Units*

The Company issues shares for restricted stock units once vesting occurs and related restrictions lapse. The fair value of the restricted stock units is the closing price of the Company's common stock the day preceding the grant date, discounted for the expected dividend yield over the term of the award. The units generally vest over a one to three-year term. Some plan participants have elected to defer receipt of shares of common stock upon vesting of restricted stock units, and as a result, those shares are not issued until a later date. A summary of restricted stock unit activity is presented below:

Activity	Activity	Stock Unit	Stock Unit	Restricted	Restricted	Stock	Stock	Weighted Average	Restricted Stock Unit Activity	Restricted Stock Units	Weighted Average Grant Date Fair Value
				Stock	Stock	Restricted Units	Fair Value	Grant Date			
Restricted at December 25, 2021				523,419		\$ 115.59					
Restricted at December 31, 2022											
Restricted at December 31, 2022											
Restricted at December 31, 2022											
Granted Granted				200,503		208.89					
Vested Vested				(233,777)		111.34					
Forfeited Forfeited				(41,063)		164.54					
Restricted at December 31, 2022				449,082		\$ 155.24					
Restricted at December 30, 2023											

As of December 31, 2022 December 30, 2023, total unrecognized compensation expense related to non-vested restricted stock approximately \$40.9 million \$48.1 million with a weighted average expense recognition period of 1.9 years.

There were no material modifications to restricted stock units in fiscal 2023, 2022, 2021, or 2020, 2021.

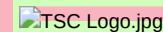
Other information relative to restricted stock unit activity during fiscal 2023, 2022, 2021, and 2020, 2021 is as follows (in thousands):

	Fiscal Year					
	Fiscal Year			Fiscal Year		
	2022	2021	2020	2023	2022	2021
Total grant date fair value of restricted stock units issued	Total grant date fair value of restricted stock units issued			\$26,031	\$25,222	\$17,935
Total intrinsic value of restricted stock units issued	Total intrinsic value of restricted stock units issued			\$50,532	\$47,136	\$23,011

#### Performance-Based Restricted Share Units

We issue performance-based restricted share units to senior executives that represent shares potentially issuable in the future, subject to achievement of specified performance goals. The performance metrics for the units are growth in net sales and growth in earnings per diluted share over a specified performance period. The performance metrics for the performance-based restricted share units granted in fiscal 2021, 2022 also include a relative total shareholder return ("TSR") modifier such that the actual number of shares that vest at the end of the three-year period is determined based on the Company's TSR performance relative to the constituents of the S&P 500 as well as the

achievement of the performance goals. If the performance targets are achieved, the performance-based restricted share units will be issued on the achievement level, inclusive of the relative TSR modifier and the grant date fair value, and will cliff vest in full on the third anniversary date of the grant. The fair value of the performance-based restricted share units is estimated using a Monte Carlo simulation model on date. Key assumptions used in the Monte Carlo simulation for the performance shares with a TSR modifier granted during fiscal 2022 during fiscal 2021 2022 are presented below:



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		Fiscal Year		Assumption	Fiscal Year		Fiscal
Assumption	Assumption	2022	2021		2023	2022	
Expected volatility	Expected volatility	30.91 %	31.47 %	Expected volatility	32.13 %	30.91 %	
Risk-free interest rate	Risk-free interest rate	1.53 %	0.18 %	Risk-free interest rate	3.70 %	1.53 %	
Compounded dividend yield	Compounded dividend yield	1.63 %	1.13 %	Compounded dividend yield	1.69 %	1.63 %	

A summary of performance-based restricted share unit activity is presented below:

## Performance-Based Restricted Share Unit Activity

## Performance-Based Restricted Share Unit Activity

Performance-Based Restricted Share Unit Activity	Performance-Based Restricted Share Unit Activity	Performance-Based Restricted Share Units	Weighted Average Date Fair Value	Performance-Based Restricted Share Units	Performance-Based Restricted Share Units	Weighted Average Date Fair Value
Restricted at December 25, 2021		187,018	\$ 107.99			
Restricted at December 31, 2022						
Restricted at December 31, 2022						
Restricted at December 31, 2022						
Granted (a)	Granted (a)	53,222	223.76			
Performance adjustment		78,356	90.00			
Performance Adjustment (b)						
Vested	Vested	(156,712)	90.00			
Forfeited	Forfeited	(6,285)	196.11			
Restricted at December 31, 2022		155,599	\$ 155.02			
Restricted at December 30, 2023						

(a) Assumes 100% target level achievement of the relative performance targets. The actual number of shares that will be issued, which may be higher or lower than the target, will be determined by the level of achievement of the relative performance targets, inclusive of the TSR modifier.

(b) Shares adjusted for performance-based restricted share unit awards settled during fiscal 2023 based on actual achievement of performance targets.

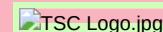
As of December 31, 2022 December 30, 2023, total unrecognized compensation expense related to non-vested performance-based restricted units was approximately \$19.8 million \$14.5 million with a weighted average expense recognition period of 1.8 years.

There were no material modifications to performance-based restricted share units in fiscal 2023, 2022, 2021, or 2020, 2021.

Other information relative to performance-based restricted share unit activity during fiscal 2022 2023 is as follows (in thousands):

		Fiscal Year					
		Fiscal Year			Fiscal Year		
		2022	2021	2020	2023	2022	2021
Total grant	Total grant						
date fair	date fair						
value of	value of						
performance- based	performance- based						
restricted	restricted						
share units	share units						
vested and	vested and						
issued	issued	\$14,104	\$ 648	\$1,895			
Total intrinsic	Total intrinsic						
value of	value of						
performance- based	performance- based						
restricted	restricted						
share units	share units						
vested and	vested and						
issued	issued	\$33,895	\$1,538	\$2,826			
<i>Shares Withheld to Satisfy Tax Withholding Requirements</i>							

For the majority of restricted stock units and performance-based restricted share units and certain stock options granted, the number issued on the date the stock awards vest or the number of stock options being exercised is net of shares withheld by the Company to minimum statutory tax withholding requirements, which the Company pays on behalf of its employees. The Company issued 226,988 219,723; and 186,751 219,723 shares as a result of vested restricted stock units and performance-based restricted share units, as well as stock options during fiscal 2023, 2022, 2021, and 2020, 2021, respectively. Although shares withheld are not issued, they are treated common stock repurchases as they reduce the number of shares that would have been issued upon vesting. The amounts are net of 131,939; 95,996; and 81,946 95,996 shares withheld to satisfy \$24.4 million, \$28.6 million, \$14.9 million, and \$7.8 \$14.9 million of employee obligations during fiscal 2023, 2022, 2021, and 2020, 2021, respectively.



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#### [Employee Stock Purchase Plan](#)

The ESPP provides Company employees the opportunity to purchase, through payroll deductions, shares of common stock at a discount. Pursuant to the terms of the ESPP, the Company issued 45,158; 44,390; 48,446; and 63,704 48,446 shares of common stock during 2023, 2022, 2021, and 2020, 2021, respectively. The total cost related to the ESPP, including the compensation expense calculated approximately \$1.8 million \$1.9 million, \$1.4 million \$1.8 million, and \$1.4 million in fiscal 2023, 2022, 2021, and 2020, 2021, respectively. The maximum of 16.0 million shares of common stock that are reserved under the ESPP. At December 31, 2022 December 30, 2023, there are approximately 11.7 million remaining shares of common stock reserved for future issuance under the ESPP.

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#### [Note 3 - Acquisition of Orscheln Farm and Home, LLC and Related Divestitures](#)

On October 12, 2022, the Company completed its acquisition of Orscheln, which expands the Company's footprint in the Midwest part of the United States. Pursuant to the agreement governing the Transaction, acquisition, the Company acquired 100% of the equity interest in Orscheln of 166 Orscheln stores, the Orscheln corporate headquarters, and the Orscheln distribution center, for an all-cash purchase of \$397.7 \$393.4 million, exclusive of cash acquired. The acquisition was financed with cash-on-hand and Revolving Credit Facility borrowed from the 2022 Senior Credit Facility (as defined below).

In order to obtain regulatory approval for the Orscheln acquisition, the Company required the Company to divest of 85 stores, which were sold to buyers, Bomgaars Supply, Inc. ("Bomgaars") (73 stores) and Buchheit Enterprises, Inc. ("Buchheit") (12 stores) (collectively, the "Buyers"). On October 12, 2022, concurrently with the closing of the acquisition. Net proceeds of the store divestitures were \$69.4 million. In addition, the Company has agreed to sell the Orscheln corporate headquarters and distribution center to Bomgaars for \$10.0 million within 18 months after the closing of the acquisition, fiscal 2023.

In conjunction with the store divestitures to Bomgaars and Buchheit, the Company entered into a transition services agreement with both Bomgaars and Buchheit, under which we will provide certain transition services to Bomgaars and Buchheit, and such agreements remain in place until the earlier of 12 months following the date of the agreements or the date at which all stores have been converted to the Buyers' respective brands. Under the terms of the transition services agreements, the Company agreed to provide transition services to Bomgaars and Buchheit, both and each respectively, for information technology support and infrastructure, finance and accounting, tax, human resources, marketing, logistics, warehousing, and inventory replenishment. For the quarter and year-to-date period ended December 31, 2022, December 30, 2023, the Company was reimbursed \$4.8 million for such transition services, which is included in general, and administrative expenses. Such reimbursements largely offset related expenses incurred to service the transition services agreement.

#### *Preliminary Allocation of the Purchase Price*

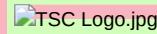
For the Orscheln acquisition, the Company has applied the acquisition method of accounting in accordance with ASC 805, "Business Combinations," with respect to the identifiable assets and liabilities of Orscheln, which have been measured at estimated fair value as of the date of the business combination.

The aggregate purchase price noted above was allocated to the identifiable assets acquired and liabilities assumed based upon their estimated fair values at the acquisition date, primarily using Level 2 and Level 3 inputs (see Note 1 for an explanation of Level 2 and Level 3 inputs). These fair value estimates represent management's best estimate of future cash flows (including sales, cost of sales, income taxes, etc.), discounted at a rate based on competitive trends, market comparables, and other factors. Inputs used were generally determined from historical data supplemented by current market conditions and growth rates.

Although the determination of the preliminary fair values are substantially complete, certain fair value estimates are based on preliminary information and are subject to change during the measurement period, which ends once the Company has determined that it has obtained all the information that existed as of the acquisition date or has determined that such information is unavailable and cannot extend beyond one year from the acquisition date. At December 31, 2022, the fair values that are based on preliminary information relate primarily to inventory and working capital adjustments. The excess of the consideration transferred over the fair value of the identifiable assets, net of liabilities, is recorded as goodwill, which is indicative of the expected synergies from combining the operations of Orscheln with Tractor Supply stores and the footprint that Orscheln brings in the Midwest part of the United States.

The purchase consideration and preliminary estimated fair value of Orscheln's net assets acquired on October 12, 2022 are shown below (in thousands). The assets and liabilities of the 85 divested stores, (which were concurrently divested on October 12, 2022), along with the corporate headquarters and the Orscheln distribution center, are shown as held for sale in the fair value of assets acquired and liabilities assumed.

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**Fair value of assets acquired**

Cash and cash equivalents	\$	6,935
Accounts receivable		277
Inventories		168,663
Prepaid expenses and other current assets		7,222
Property and equipment		13,328
Lease right of use assets		82,755
Deferred income taxes		18,481
Assets held for sale		173,554
Other assets		160
<b>Less: liabilities assumed</b>		
Accounts payable		80,323
Accrued liabilities		20,291
Short-term lease liabilities		5,986
Long-term lease liabilities		70,626
Liabilities held for sale		94,190
Goodwill		197,742
<b>Total fair value of considerations transferred</b>	\$	<b>397,700</b>

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(in thousands)	Amounts Recognized as of Acquisition Date	Measurement Period Adjustments	Amounts Rec- ognized as of Decem- ber 2023
<b>Fair value of assets acquired</b>			
Cash and cash equivalents	\$ 6,935	\$ —	\$ —
Accounts receivable	277	—	—
Inventories	168,663	(22,871)	—
Prepaid expenses and other current assets	7,222	(1,351)	—
Property and equipment	13,328	1,804	—
Lease right of use assets	82,755	—	—
Deferred income taxes	18,481	8,852	—
Assets held for sale	173,554	—	—
Other assets	160	(14)	—
<b>Less: liabilities assumed</b>			
Accounts payable	80,323	344	—
Accrued liabilities	20,291	6,644	—
Short-term lease liabilities	5,986	—	—
Long-term lease liabilities	70,626	—	—
Liabilities held for sale	94,190	—	—
Goodwill	197,742	16,258	—
<b>Total fair value of considerations transferred</b>	\$ 397,700	\$ (4,310)	\$ —

*Note: Amounts may not sum to totals due to rounding.*

The resulting \$214.0 million goodwill of \$197.7 million is deductible for income tax purposes and shown above represents the expected from combining the operations of Orscheln with Tractor Supply stores and the expanded footprint that Orscheln brings in the Midwest. Approximately \$130.3 million of the United States, this goodwill is deductible for income tax purposes.

Transaction costs related to the Orscheln acquisition were expensed as incurred and are included in selling, general, and administrative expenses in the Consolidated Statements of Income.

The results of operations of Orscheln have been included in the Consolidated Financial Statements since the date of acquisition.



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**Note 4 – Goodwill and Other Intangible Assets: Assets**

*Goodwill*

The changes in the carrying amount of goodwill by reporting unit for the years ended December 30, 2023, December 31, 2022 and December 25, 2021 are as follows (in thousands):

	Fiscal Year 2022			Fiscal Year 2021		
	PetSense by			PetSense by		
	Tractor Supply	Tractor Supply	Consolidated	Tractor Supply	Tractor Supply	Consolidated
Balance, beginning of year	\$ 10,258	\$ 22,161	\$ 32,419	\$ 10,258	\$ 22,161	\$ 32,419
Goodwill acquired as part of Orscheln acquisition	197,742	—	197,742	—	—	—
Balance, end of year	<u>\$ 208,000</u>	<u>\$ 22,161</u>	<u>\$ 230,161</u>	<u>\$ 10,258</u>	<u>\$ 22,161</u>	<u>\$ 32,419</u>
<b>Consolidated</b>						
<b>Balance as of December 25, 2021</b>						
Gross goodwill						\$
Accumulated impairment losses						
<b>Net goodwill</b>						\$
<b>Balance as of December 31, 2022</b>						
Gross goodwill						\$
Accumulated impairment losses						
Acquisition						
<b>Net goodwill</b>						\$
<b>Balance as of December 30, 2023</b>						
Gross goodwill						\$
Accumulated impairment losses						
Purchase price accounting adjustment						
<b>Net goodwill</b>						\$

Goodwill is allocated to each identified reporting unit, which is defined as an operating segment or one level below the operating segment. Goodwill is not amortized but is evaluated for impairment annually and whenever events or changes in circumstances indicate the carrying value of the asset may not be recoverable. The Company's annual impairment evaluation is conducted on the first day of the fiscal fourth quarter.

In the fourth quarter of fiscal 2023, 2022 and 2021, the Company completed its annual impairment assessment of goodwill for all reporting units. As part of this analysis, the Company assessed the current environment to determine if there were any indicators of impairment and concluded that while there have been events and circumstances in the macro-environment that

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have impacted the Company's business, there were not any entity-specific indicators of impairment of goodwill that would require the Company to perform a quantitative impairment assessment. Therefore, there were no impairment charges related to goodwill being recognized in fiscal 2023.

2022 and fiscal 2021.

In the fourth quarter of fiscal 2020, the Company identified qualitative indicators of impairment as a result of a strategic reassessment of the Petsense by Tractor Supply business, including an evaluation of current operations and its future growth outlook due to changing consumer behavior and market dynamics. Within certain identified growth markets, which resulted in a decision to reduce the number of new store openings planned over the long-term, the carrying value of goodwill for the Petsense by Tractor Supply reporting unit is indicative of the expected growth and development of the business. The aforementioned decision to reduce the long-term growth outlook resulted in a downward adjustment of the future financial forecasts for the Petsense by Tractor Supply business which indicated that impairment of the goodwill asset was a more-likely-than-not outcome.

We conducted a quantitative impairment analysis of the Petsense by Tractor Supply reporting unit using the income approach. As a result of the quantitative impairment analysis of the Petsense by Tractor Supply reporting unit, it was determined that the carrying value exceeded the fair value, resulting in a pre-tax impairment loss of approximately \$60.8 million in fiscal 2020.

#### *Other Intangible Assets*

The Company had approximately \$23.1 million of intangible assets other than goodwill at December 30, 2023, December 31, 2022 and December 25, 2021. The intangible asset balance represents the carrying value of the Petsense trade name, which is not subject to amortization as it has an indefinite useful life on the basis that it is expected to contribute cash flows beyond the foreseeable horizon. The trade name asset is evaluated for impairment annually and whenever events or changes in circumstances indicate the carrying value of the asset may not be recoverable. The Company's annual impairment evaluation is conducted on the first day of the fiscal fourth quarter.

In the fourth quarter of fiscal 2023, 2022, and 2021, the Company completed its annual impairment assessment of intangible assets for all reporting units. As part of this analysis, the Company assessed the current environment to determine if there were any indicators of impairment. It was concluded there were no indicators of impairment of intangible assets that would require the Company to perform a quantitative impairment assessment. Therefore, there were no impairment charges related to intangible assets recognized in fiscal 2023, 2022 and fiscal 2021.

In the fourth quarter of fiscal 2020, the aforementioned decision to reduce the long-term growth outlook for Petsense by Tractor Supply resulted in a downward adjustment of its future financial forecasts which indicated that impairment of the trade name asset was a more-likely-than-not outcome. The Company conducted a quantitative impairment analysis in the fourth quarter of fiscal 2020 using the relief-from-royalty method. As a result of the quantitative impairment analysis, it was determined that the carrying value of the Petsense trade name was in excess of the fair value, resulting in a pre-tax impairment loss of approximately \$8.2 million in fiscal 2020.

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#### **Note 5 – Debt: Debt**

The following table summarizes the Company's outstanding debt as of the dates indicated (in millions):

		<b>December 31, 2022</b>		<b>December 25, 2021</b>
		<b>December 30, 2023</b>		
		<b>December 30, 2023</b>		
		<b>December 30, 2023</b>		
5.25% Senior Notes				
5.25% Senior Notes				
5.25% Senior Notes				
1.75% Senior Notes				
1.75% Senior Notes				
1.75% Senior Notes	1.75% Senior Notes	\$ 650.0		\$ 650.0
3.70% Senior Notes	3.70% Senior Notes		150.0	150.0
3.70% Senior Notes				
3.70% Senior Notes				
Senior Credit Facility: Senior Credit Facility:				
November 2020 Term Loan		—		200.0
Senior Credit Facility:				

Senior Credit Facility:					
Revolving Credit Facility					
Revolving Credit Facility					
Revolving Credit Facility	Revolving Credit Facility				
Facility	Facility			378.0	—
Total outstanding borrowings	Total outstanding borrowings			1,178.0	1,000.0
Total outstanding borrowings					
Total outstanding borrowings					
Less: unamortized debt discounts and issuance costs					
Less: unamortized debt discounts and issuance costs					
Less: unamortized debt discounts and issuance costs	Less: unamortized debt discounts and issuance costs			(13.9)	(13.6)
<b>Total debt</b>	<b>Total debt</b>			1,164.1	986.4
<b>Total debt</b>					
<b>Total debt</b>					
Less: current portion of long-term debt	Less: current portion of long-term debt			—	—
Less: current portion of long-term debt					
Less: current portion of long-term debt					
<b>Long-term debt</b>					
<b>Long-term debt</b>					
<b>Long-term debt</b>	<b>Long-term debt</b>	\$	1,164.1	\$	986.4
Outstanding letters of credit	Outstanding letters of credit	\$	52.6	\$	52.9
Outstanding letters of credit					
Outstanding letters of credit					
5.25% Senior Notes due 2033					

On May 5, 2023, the Company completed the sale of \$750 million aggregate principal amount of its 5.25% Senior Notes. The entire amount of the 5.25% Senior Notes is due in full on May 15, 2033. Interest is payable semi-annually in arrears on each May 15 and November 15, beginning on November 15, 2023. The terms of the 5.25% Senior Notes are governed by an indenture dated as of October 30, 2020 between the Company and Regions Bank, as trustee, as amended and supplemented by a second supplemental indenture dated as of May 5, 2023 (the "Second Supplemental Indenture") between the Company and Regions Bank, as trustee.

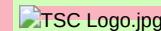
The 5.25% Senior Notes are senior unsecured debt obligations of the Company and rank equally with the Company's other senior unsecured debt obligations. The 5.25% Senior Notes are senior to any future subordinated indebtedness of the Company. The 5.25% Senior Notes are subject to customary covenants, including covenants restricting the Company's ability, subject to certain exceptions, to incur debt secured by liens, to enter into sale and leaseback transactions, to merge or consolidate with another entity or sell substantially all of its assets to another person.

At any time prior to February 15, 2033 (three months prior to the maturity date of the 5.25% Senior Notes), the Company has the right, at its option, to redeem the 5.25% Senior Notes, in whole or in part, at any time and from time to time, by paying the greater of 100% of the principal amount of the 5.25% Senior Notes to be redeemed, or the sum of the present values of the remaining scheduled payments of principal and interest on the 5.25% Senior Notes at par call date, plus, in each case, accrued and unpaid interest to, but not including, the date of redemption. In addition, on or after February 15, 2033, the Company has the right, at its option, to redeem the 5.25% Senior Notes, in whole or in part, at any time and from time to time, at a redemption price equal to 100% of the principal amount of the 5.25% Senior Notes to be redeemed, plus accrued and unpaid interest to, but not including, the date of redemption.

If a Change of Control Triggering Event (as defined in the Second Supplemental Indenture) occurs, unless the Company has exercised its right to require the Company to repurchase all or any part of such holder's 5.25% Senior Notes at a purchase price of 101% of the principal amount, plus accrued and unpaid interest, if any, on such 5.25% Senior Notes from the date of the Change of Control Triggering Event to, but not including, the purchase date. Upon the occurrence of an event of default with respect to the 5.25% Senior Notes, which includes payment defaults in the performance of certain covenants, cross defaults, and bankruptcy and insolvency related defaults, the Company's obligation to pay the 5.25% Senior Notes may be accelerated, in which case the entire principal amount of the 5.25% Senior Notes would be due and payable immediately.

### 1.75% Senior Notes due 2030

On October 30, 2020, the Company issued and sold, in a public offering, \$650 million in aggregate principal amount of senior unsecured November 1, 2030 bearing interest at 1.75% per annum (the "1.75% Senior Notes"). The entire principal amount of the 1.75% Senior Note full on November 1, 2030. Interest is payable semi-annually in arrears on each



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November 1 and May 1. The terms of the 1.750% Notes are governed by an indenture dated as of October 30, 2020 (the "Base Indenture" the Company and Regions Bank, as trustee, as amended and supplemented by a first supplemental indenture dated as of October 30, "Supplemental Indenture") between the Company and Regions Bank, as trustee.

The 1.75% Senior Notes are senior unsecured debt obligations of the Company and will rank equally with the Company's other senior liabilities and senior to any future subordinated indebtedness of the Company. The 1.75% Senior Notes are subject to customary restricting the Company's ability, subject to certain exceptions, to incur debt secured by liens, to enter into sale and leaseback transactions, merge or consolidate with another entity or sell substantially all of its assets to another person.

At any time prior to August 1, 2030, the Company will have the right, at its option, to redeem the 1.75% Senior Notes, in whole or in part, and from time to time, by paying the greater of 100% of the principal amount of the 1.75% Senior Notes to be redeemed, or the sum of the values of the remaining scheduled payments of principal and interest through the par call date, plus, in each case, accrued and unpaid interest but not including, the date of redemption. In addition, on or after August 1, 2030, the Company will have the right, at its option, to redeem the 1.75% Senior Notes, in whole or in part, at any time and from time to time, at a redemption price equal to 100% of the principal amount of the 1.75% Senior Notes to be redeemed, plus accrued and unpaid interest to, but not including, the date of redemption.

If a Change of Control Triggering Event (as defined in the Supplemental Indenture) occurs, unless the Company has exercised its right to require the Company to repurchase all or any part of such holder's 1.75% Senior Notes, holders of the 1.75% Senior Notes may require the Company to repurchase all or any part of such holder's 1.75% Senior Notes at a purchase price of 101% of the principal amount, plus accrued and unpaid interest, if any, on such 1.75% Senior Notes including, the purchase date. Upon the occurrence of an event of default with respect to the 1.75% Senior Notes, which includes payment defaults in the performance of certain covenants, cross defaults, and bankruptcy and insolvency related defaults, the Company's obligations under the 1.75% Senior Notes may be accelerated, in which case the entire principal amount of the 1.75% Senior Notes would be due and payable immediately.

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### Senior Note Facility (including 3.70% Senior Notes due 2029)

On August 14, 2017, the Company entered into a note purchase and private shelf agreement, by and among the Company, Prudential ("Prudential"), and other holders of the notes (the "Note Purchase Agreement" and collectively as amended through November 2, 2022, "Purchase Facility"), pursuant to which the Company agreed to sell, in a private placement, \$150 million aggregate principal amount of senior unsecured notes due August 14, 2029 bearing interest at 3.70% per annum (the "3.70% Senior Notes"). The entire principal amount of the 3.70% Senior Notes is due in full on August 14, 2029. Interest is payable semi-annually in arrears on each annual and semi-annual anniversary of the issuance date. The obligations under the Note Purchase Facility are unsecured.

The Company may from time to time issue and sell additional senior unsecured notes (the "Shelf Notes") pursuant to the Note Purchase Facility, in an aggregate principal amount of up to \$300 million minus the aggregate principal amount of all notes outstanding and issued under the Note Purchase Facility.

Pursuant to the Note Purchase Facility, the 3.70% Senior Notes and any Shelf Notes (collectively, the "Senior Note Facility") are redeemable by the Company, in whole at any time or in part from time to time, at 100% of the principal amount of the Senior Note Facility being redeemed, plus accrued and unpaid interest thereon and a make whole amount calculated by discounting all remaining scheduled payments on the Senior Note Facility by the yield on the U.S. Treasury security with a maturity equal to the remaining average life of the Senior Note Facility plus 0.50%.

#### [Amendments to Note Purchase and Private Shelf Agreement](#)

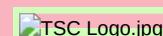
On September 30, 2022, the Company entered into a Third Amendment to the Note Purchase Facility by and among the Company, Prudential, and other holders of the notes, which modifies certain provisions of the Note Purchase Facility and conforms certain representations, warranties, and covenants with the 2022 Senior Credit Facility.

On November 2, 2022, the Company entered into a Fourth Amendment to the Note Purchase Facility (the "Fourth Amendment") by and among the Company, Prudential and other holders of the notes, which also amends the Note Purchase Facility. The Fourth Amendment extends the period in which the Company may issue and sell, and Prudential may consider in its sole discretion the purchase of, in one or a series of transactions, additional senior unsecured notes of the Company (the "Shelf Note"), in an aggregate principal amount of up to \$150 million. The Shelf Notes may be issued through November 1, 2025, unless either party terminates such issuance right.

#### 2022 Senior Credit Facility

On September 30, 2022 the Company entered into a new credit agreement, providing for a credit facility (the "2022 Senior Credit Facility") consisting of a revolving credit facility (the "Revolving Credit Facility") in the maximum principal amount of \$1.20 billion (with a sublimit of \$100 million for swingline loans and a sublimit of \$150.0 million for letters of credit). In addition, the Company has an option to increase the Credit Facility or establish term loans in an amount not to exceed \$500.0 million in the aggregate, subject to, among other things, the commitments for the increased amount. The 2022 Senior Credit Facility is unsecured and has a five-year term with two options to require the lenders to extend the maturity date of the obligations owed to each lender for one year (and the right to replace any lenders electing not to extend the maturity date).

Borrowings for the Revolving Credit Facility will bear interest at either the bank's base rate (7.500% (8.500% at December 31, 2022 December 30, 2023) plus an additional margin ranging from 0.000% to 0.250% (0.000% at December 31, 2022 December 30, 2023) or adjust (4.358% Security Overnight



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Financing Rate ("SOFR") (5.355% at December 31, 2022 December 30, 2023) plus an additional margin ranging from 0.750% to 1.250% (0.000% at December 31, 2022 December 30, 2023) adjusted based on the Company's public credit ratings. SOFR is a broad measure of the cost of funding cash overnight collateralized by treasury securities. The Company is also required to pay, quarterly in arrears, a commitment fee related to the capacity ranging from 0.080% to 0.150% (0.100% at December 31, 2022 December 30, 2023) per annum, adjusted based on the Company's public credit ratings.

The 2022 Senior Credit Facility replaced the Company's previous senior credit facility (the "Senior Credit Facility"). Proceeds from borrowing under the 2022 Senior Credit Facility were used to pay off the Senior Credit Facility.

In connection with the debt refinancing, the Company amended its interest rate swap agreement to convert the reference rate from one-month term LIBOR to one-month term SOFR and elected the optional expedients offered under the Accounting Standards Codification 848, *Reference Rate Reform*, which allows the cash flow hedge to continue being recognized under hedge accounting without redesignation.

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#### Covenants and Default Provisions of the Debt Agreements

The 2022 Senior Credit Facility and the Note Purchase Facility (collectively, the "Debt Agreements") require quarterly compliance with respect to material covenants: a fixed charge coverage ratio and a leverage ratio. Both ratios are calculated on a trailing twelve-month basis at the end of each fiscal quarter. The fixed charge coverage ratio compares earnings before interest, taxes, depreciation, amortization, share-based compensation and rent expense ("consolidated EBITDAR") to the sum of interest paid and rental expense (excluding any straight-line adjustments). The fixed charge coverage ratio shall be greater than or equal to 2.00 to 1.00 as of the last day of each fiscal quarter. The leverage ratio compares total funded debt to consolidated EBITDAR. The leverage ratio shall be less than or equal to 4.00 to 1.00 as of the last day of each fiscal quarter. The Debt Agreements also contain certain other restrictions regarding additional subsidiary indebtedness, business combinations, subsidiary guarantees, mergers, consolidations and sales of assets, transactions with subsidiaries or affiliates, and liens. As of December 31, 2022 December 30, 2023, the Company was in compliance with all debt covenants.

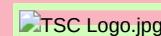
The Debt Agreements contain customary events of default, including payment defaults, breaches of representations and warranties, defaults, cross-defaults to other material indebtedness, certain events of bankruptcy and insolvency, material judgments, certain ERISA events and invalidity of loan documents. Upon certain changes of control, payment under the Debt Agreements could become due and payable. In the event of a change of control under the Note Purchase Facility, upon an event of default or change of control, the make whole payment described above may become payable.

The Note Purchase Facility also requires that, in the event the Company amends its Senior Credit Facility, or any subsequent credit facility, by an amount of \$150 million or greater, such that it contains covenant or default provisions that are not provided in the Note Purchase Facility or that are similar to those contained in the Note Purchase Facility but which contain percentages, amounts, formulas or grace periods that are more restrictive than those contained in the Note Purchase Facility or are otherwise more beneficial to the lenders thereunder, the Note Purchase Facility shall be automatically amended to include such additional or amended covenants and/or default provisions.

## Note 6 – Leases: Leases

The Company leases the majority of its retail store locations, two certain distribution sites, its Merchandise Innovation Center, and certain under various non-cancellable operating leases. The leases have varying terms and expire at various dates through 2043, 2045. Stores typically have initial terms of between 10 years and 20 years, with two to four optional renewal periods of five years each. The exercise of renewal options is at our sole discretion. The Company has included lease renewal options in the lease term for calculations of its right-of-use assets and liabilities when it is reasonably certain that the Company plans to renew these leases. Our lease agreements do not contain any residual value guarantees or material restrictive covenants.

The Company accounts for lease components (e.g., fixed payments including rent, real estate taxes, and insurance costs) together with components (e.g., fixed payment common-area maintenance) as a single component for all classes of underlying assets. Certain lease agreements require variable payments based upon actual costs of common-area maintenance, real estate taxes, and insurance. Further, certain agreements require variable payments based upon store sales above agreed-upon sales levels for the year and others require payment periodically for inflation. Variable lease costs are expensed as incurred. As substantially all of our leases do not provide an implicit rate, we use our collateralized incremental borrowing rate based upon a Company specific credit rating and yield curve analysis at commencement date in determining the present value of lease payments.



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The Company has elected not to recognize leases with an original term of one year or less on the balance sheet. Short-term lease cost periods presented was immaterial.

In addition to the operating lease right-of-use assets presented on the Consolidated Balance Sheets, assets, net of accumulated amortization of finance leases of \$32.1 million and \$29.2 million and \$32.0 million and \$32.1 million are recorded within the Property and equipment, net line items on the Consolidated Balance Sheets as of December 31, 2022 December 30, 2023 and December 25, 2021 December 31, 2022, respectively.

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The following table summarizes the Company's classification of lease cost (in thousands):

Statement of Income Location	Fiscal Year Ended		Statement of Income Location	Fiscal Year Ended		Fiscal Year Ended
	December 31, 2022	December 25, 2021		December 30, 2023	December 31, 2022	
Finance lease cost:	Finance lease cost:					
Amortization of lease assets						
Amortization of lease assets						
Amortization of lease assets	Amortization of lease assets	Depreciation and amortization	\$ 3,351	\$ 5,085		
Interest on lease liabilities	Interest on lease liabilities	Interest expense, net	1,787	1,740		

			Selling, general	
Operating lease cost	Operating lease cost	and administrative expenses	434,313	400,908
		Selling, general		
Variable lease cost	Variable lease cost	and administrative expenses	89,026	79,479
Net lease cost	Net lease cost		\$ 528,477	\$ 487,212

The following table summarizes the future maturities of the Company's lease liabilities (in thousands):

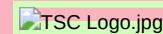
		Operating Leases		Finance	(a)	
		Leases	Total	Leases		
2023		\$ 453,562	\$ 4,808	\$ 458,370		
		Operating Leases (a)		Operating Leases (a)		Finance Leases
2024	2024	436,059	4,823	440,882		
2025	2025	412,422	4,750	417,172		
2026	2026	379,691	4,720	384,411	2026	4,720
2027	2027	342,620	4,802	347,422	2027	4,802
After 2027		1,675,592	22,816	1,698,408		419
2028				2028	377,553	382
After 2028				After 2028	1,803,385	1,821
Total lease payments	Total lease payments	3,699,946	46,719	3,746,665	Total lease payments	4,010,746
Less: Interest	Less: Interest	(632,534)	(8,889)	(641,423)		42,417
Present value of lease liabilities	Present value of lease liabilities	\$ 3,067,412	\$37,830	\$ 3,105,242		4,053

(a) Operating lease payments exclude \$289.1 million \$320.5 million of legally binding minimum lease payments for leases signed, but not yet commenced.

The following table summarizes the Company's lease term and discount rate:

	December 31, 2022	December 25, 2021	December 30, 2023	December 31, 2023
	December 30, 2023		December 31, 2023	
Weighted-average remaining lease term (years):	Weighted-average remaining lease term (years):			
Finance leases				
Finance leases				
Finance leases	10.1	10.5	9.6	10.1
Operating leases	10.1	10.0	Operating leases	10.1

Weighted-average discount rate:	Weighted-average discount rate:				
Finance leases	Finance leases	4.6 %	4.8 %		
Finance leases				4.7 %	4.6 %
Operating leases	Operating leases	3.8 %	3.6 %	Operating leases	4.1 %
					3.8 %



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The following table summarizes the other information related to the Company's lease liabilities (in thousands):

	Fiscal Year Ended			
	December 31, 2022	December 25, 2021		
	Fiscal Year Ended		Fiscal Year Ended	
	December		December 30, 2023	December 31, 2022
	30, 2023			
Cash paid for amounts included in the measurement of lease liabilities:	Cash paid for amounts included in the measurement of lease liabilities:			
Financing cash flows used for finance leases	Financing cash flows used for finance leases			
Financing cash flows used for finance leases				
Financing cash flows used for finance leases				
Operating cash flows used for finance leases	Operating cash flows used for finance leases	\$ 4,057	\$ 4,580	
Operating cash flows used for finance leases	Operating cash flows used for finance leases	1,787	1,740	
Operating cash flows for operating leases	Operating cash flows for operating leases	430,396	404,864	

#### Sale-leaseback Transactions

During fiscal 2023, the Company completed its strategically planned sale-leaseback of 15 Tractor Supply store locations, resulting in proceeds of \$82.0 million and a gain of \$41.7 million, which is included in Selling, general, and administrative expenses. The Company intends to lease these locations back.

properties for 15 years, with renewal options thereafter. The transactions met the accounting criteria for sale-leaseback treatment, and the leases were accounted for as operating leases.

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**Note 7 – Capital Stock and Dividends: Dividends**

Capital Stock

The authorized capital stock of the Company consists of common stock and preferred stock. The Company is authorized to issue 400 million of common stock. The Company is also authorized to issue 40 thousand shares of preferred stock, with such designations, rights and preferences as may be determined from time to time by the Company's Board of Directors.

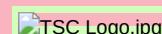
Dividends

During fiscal 2022 2023 and 2021, 2022, the Company's Board of Directors declared the following cash dividends:

Date Declared	Dividend Amount Per Share of Common		
	Stock	Record Date	Date Paid
November 8, 2023	\$1.03	November 27, 2023	December 12, 2023
August 9, 2023	\$1.03	August 28, 2023	September 12, 2023
May 10, 2023	\$1.03	May 30, 2023	June 13, 2023
February 8, 2023	\$1.03	February 27, 2023	March 14, 2023
November 2, 2022	\$0.92	November 21, 2022	December 6, 2022
August 4, 2022	\$0.92	August 22, 2022	September 7, 2022
May 10, 2022	\$0.92	May 25, 2022	June 8, 2022
January 26, 2022	\$0.92	February 21, 2022	March 8, 2022
November 3, 2021	\$0.52	November 22, 2021	December 8, 2021
August 4, 2021	\$0.52	August 23, 2021	September 8, 2021
May 5, 2021	\$0.52	May 24, 2021	June 8, 2021
January 27, 2021	\$0.52	February 22, 2021	March 9, 2021

It is the present intention of the Company's Board of Directors to continue to pay a quarterly cash dividend; however, the declaration and amount of future dividends will be determined by the Company's Board of Directors in its sole discretion and will depend upon the earnings condition, and capital needs of the Company, along with any other factors which the Company's Board of Directors deem relevant.

On February 8, 2023 February 5, 2024, the Company's Board of Directors declared a quarterly cash dividend of \$1.03 \$1.10 per share of the Company's outstanding common stock. The dividend will be paid on March 14, 2023 March 12, 2024, to stockholders of record as of the close of business on February 27, 2023 February 26, 2024.



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**Note 8 – Treasury Stock: Stock**

The Company's Board of Directors has authorized common stock repurchases under a share repurchase program which was announced in February 2007. As of December 31, 2022 December 30, 2023, the authorization amount of the program, which has been increased from time to time, was authorized for up to \$6.50 billion, exclusive of any fees, commissions or other expenses related to such repurchases. The total authorized amount reflects a \$2.00 billion increase to the share repurchase program which was approved by the Board of Directors on January 26, 2023. The share repurchase program does not have an expiration date. The repurchases may be made from time to time on the open market or in negotiated transactions. The timing and amount of any shares repurchased under the program will depend on a variety of factors, including corporate and regulatory requirements, capital availability and other market conditions. Repurchased shares are accounted for at cost and held in treasury for future issuance. The program may be limited, temporarily paused, or terminated at any time without prior notice. As of December 31, 2022 December 30, 2023, the Company had remaining authorization under the share repurchase program of \$1.65 billion \$1.05 billion, exclusive of any fees, commissions or other expenses.

The following table provides the number of shares repurchased, average price paid per share, and total amount paid for costs of share repurchases in fiscal 2023, 2022, 2021, and 2020, respectively (in thousands, except per share amounts):

	Fiscal Year			Fiscal Year		
	2022	2021	2020	2023	2022	2021
	Fiscal Year			2023	2022	2021
	2023					
Total number of shares repurchased	3,378	4,364	3,439			
Average price paid per share	\$ 207.23	\$ 183.07	\$ 99.72			
Total cash paid for share repurchases	\$700,063	\$798,893	\$342,957			
Total costs of share repurchases						
(a)						

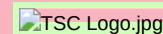
Shares (a) Effective January 1, 2023, the Company's share repurchases are subject to a 1% excise tax as a result of the Inflation Reduction Act of 2022. Excise taxes incurred on share repurchases represent direct costs of the repurchase and are recorded as a part of the cost basis of the shares within treasury stock. The cost of shares repurchased may differ from the price paid for the shares. Repurchases of common stock amounts in fiscal 2020 were impacted by the temporary suspension of consolidated statements of cash flows due to unsettled share repurchases from March 12, 2020 until November 5, 2020, in order to strengthen our liquidity repurchases at the end of a period and preserve cash while navigating the COVID-19 pandemic and taxes incurred on share repurchases.

#### Note 9 – Net Income Per Share: Share

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

	Fiscal Year		
	2023		
	Net Income	Shares	Per \$ Am
Basic net income per share:	\$ 1,107,226	109,096	\$
Dilutive effect of share-based awards	—	650	
Diluted net income per share:	\$ 1,107,226	109,746	\$
Fiscal Year			
2022			
	Net Income	Shares	Per \$ Am
Basic net income per share:	\$ 1,088,712	111,336	\$
Dilutive effect of share-based awards	—	813	
Diluted net income per share:	\$ 1,088,712	112,149	\$
Fiscal Year			
2021			
	Net Income	Shares	Per \$ Am
Basic net income per share:	\$ 997,114	114,794	\$
Dilutive effect of share-based awards	—	1,030	
Diluted net income per share:	\$ 997,114	115,824	\$
Fiscal Year			
2020			

	Net Income	Shares	Per \$ Am
Basic net income per share:	\$ 748,958	116,370	\$
Dilutive effect of share-based awards	—	1,066	
Diluted net income per share:	\$ 748,958	117,436	\$



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Anti-dilutive share-based awards excluded from the above calculations totaled approximately 0.2 million fiscal 2023, approximately 0.1 million fiscal 2022 and less than 0.1 million in 0.1 million fiscal 2021 and fiscal 2020. 2021.

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#### **Note 10 – Income Taxes: Taxes**

The provision for income taxes consists of the following (in thousands):

Current tax expense:	Current tax expense:	Fiscal Year			2023	2022	Fiscal 2021			
		Fiscal Year								
		2022	2021	2020						
Federal	Federal	\$225,565	\$221,152	\$211,228	Current tax expense:					
State	State	41,748	34,238	38,511						
Total current	Total current	267,313	255,390	249,739						
Deferred tax expense/(benefit):										
Deferred tax expense/(benefit):										
Federal										
Federal										
Federal	Federal	50,833	24,303	(21,997)						
State	State	(2,548)	3,281	(8,553)						
Total deferred	Total deferred	48,285	27,584	(30,550)						
Total provision	Total provision	\$315,598	\$282,974	\$219,189						

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

Tax assets:	Tax assets:	December December		December 30, 2023	December 31, 2020
		31, 2022	25, 2021		
Inventory valuation	Inventory valuation	\$ 30,599	\$ 23,365	Tax assets:	
Accrued employee benefits costs	Accrued employee benefits costs	24,544	36,810		
Nondeductible reserves		8,259	7,099		
Finance lease liabilities		9,531	8,958		

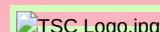
Operating lease liabilities			
Operating lease liabilities			
Operating lease liabilities	Operating lease liabilities	763,729	740,478
Deferred compensation	Deferred compensation	13,459	12,201
Workers' compensation insurance	Workers' compensation insurance	14,667	14,271
General liability insurance	General liability insurance	11,142	9,402
Income tax credits			
Income tax credits			
Income tax credits	Income tax credits	13,131	7,986
Amortization	Amortization	23,496	7,803
Depreciation	Depreciation	19,322	—
Other	Other	12,452	12,799
		<u>944,331</u>	<u>881,172</u>
Tax liabilities: Tax liabilities:			
Finance lease assets	Finance lease assets	(8,113)	(7,797)
Finance lease assets			
Finance lease assets			
Operating lease right-of-use assets	Operating lease right-of-use assets	(723,688)	(702,197)
Depreciation	Depreciation	(231,191)	(161,137)
Other	Other	(12,114)	(7,604)
		<u>(975,106)</u>	<u>(878,735)</u>
Net deferred tax (liability) / asset		<u>\$ (30,775)</u>	<u>\$ 2,437</u>

#### Net deferred tax liability

#### Net deferred tax liability

#### Net deferred tax liability

The Company has evaluated the need for a valuation allowance for all or a portion of the deferred tax assets. The Company believes that deferred tax assets will more likely than not be realized through future earnings. The Company had state tax credit carryforwards ~~\$15.7 million and \$6.6 million~~ ~~\$14.0 million~~ as of December 31, 2022 December 30, 2023 and December 25, 2021 December 31, 2022 respectively, with varying dates of expiration through 2037-2038. The Company provided no valuation allowance as of December 31, 2022 December 30, 2023 and December 25, 2021 December 31, 2022 for state tax credit carryforwards, as the Company believes it is more likely than not that all of these credits will be utilized before their expiration dates.



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

Fiscal Year				Fiscal Year	
Fiscal Year				2022	2021
2022	2021	2020	2023	2022	2021

Tax provision at statutory rate	Tax provision at statutory rate	\$294,905	\$268,819	\$203,311
Tax effect of:				
State income taxes, net of federal tax benefits	State income taxes, net of federal tax benefits	41,235	36,116	27,642
State income taxes, net of federal tax benefits				
State income taxes, net of federal tax benefits				
Tax credits, net of federal tax benefits				
Tax credits, net of federal tax benefits				
Tax credits, net of federal tax benefits	Tax credits, net of federal tax benefits	(15,616)	(13,157)	(8,828)
Share-based compensation programs	Share-based compensation programs	(9,025)	(13,368)	(9,303)
Other	Other	4,099	4,564	6,367
Other				
Other				
Total income tax expense	Total income tax expense	\$315,598	\$282,974	\$219,189

The Company and its affiliates file income tax returns in the U.S. and various state and local jurisdictions. With few exceptions, the Company is longer subject to federal, state and local income tax examinations by tax authorities for years before 2018, 2019. Various states have completed examination of our income tax returns for 2018, 2017 through 2020, 2021 with minimal adjustments.

The total amount of unrecognized tax positions that, if recognized, would decrease the effective tax rate, is \$4.5 million \$7.6 million at Dec 2022, December 30, 2023. In addition, the Company recognizes current interest and penalties accrued related to these uncertain tax positions, interest expense, and the amount is not material to the Consolidated Statements of Income. The Company has considered the reasonably expected net change in uncertain tax positions during the next 12 months and does not expect any material changes to our liability for unrecognized positions through December 31, 2022, December 28, 2024.

A reconciliation of the beginning and ending gross amount of unrecognized tax benefits (exclusive of interest and penalties) is as follows (in thousands):

	Fiscal Year		
	2022	2021	2020
Balance at beginning of year	\$ 3,749	\$ 3,236	\$ 3,236
Additions based on tax positions related to the current year	1,359	927	
Additions for tax positions of prior years	760	51	
Reductions for tax positions of prior years	(506)	(465)	
Balance at end of year	\$ 5,362	\$ 3,749	\$ 3,236

The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was enacted in the U.S. on March 27, 2020. The enactment of this legislation did not have a material impact on income tax expense in fiscal 2022. However, the Company did elect to participate in the deferral of the employer's share of social security tax deposits, with \$24.5 million included within other accrued expenses in the Consolidated Balance Sheet as of December 25, 2021. The remaining balance of deferred social security tax deposits was paid during 2022.

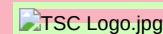
	Fiscal Year		
	2023	2022	2020
Balance at beginning of year	\$ 5,362	\$ 3,749	\$ 3,236
Additions based on tax positions related to the current year	2,211	1,359	
Additions for tax positions of prior years	2,038	760	

Reductions for tax positions of prior years	(346)	(506)
Balance at end of year	\$ 9,265	\$ 5,362

#### Note 11 – Retirement Benefit Plans: **Plans**

The Company has a defined contribution benefit plan, the Tractor Supply Company 401(k) Retirement Savings Plan (the "401(k) Plan") provides retirement benefits for eligible employees. The Company matches (in cash) 100% of the employee's elective contributions up to eligible compensation plus 50% of the employee's elective contributions from 3% to 6% of eligible compensation. In no event shall Company match made on behalf of the employee exceed 4.5% of the employee's eligible compensation. All current contributions are invested. Company contributions to the 401(k) Plan were approximately \$17.2 million \$18.8 million, \$15.3 million \$17.2 million, and \$12.9 million during fiscal 2023, 2022, 2021, and 2020, 2021, respectively.

The Company offers, through a deferred compensation program, the opportunity for certain qualifying employees to elect to defer a portion of their annual base salary and/or their annual incentive bonus. Under the deferred compensation program, a percentage of the participants' salary is matched by the Company, limited to a maximum annual matching contribution of \$4,500. The Company's contributions, including interest, were \$0.6 million, \$0.3 million, \$0.6 million, and \$0.6 million \$0.3 million during fiscal 2023, 2022, 2021, and 2020, 2021, respectively.



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#### Note 12 – Commitments and Contingencies: **Contingencies**

##### *Contractual Commitments*

At December 31, 2022 December 30, 2023, the Company had contractual commitments of approximately \$105.4 million \$44.8 million, \$61.0 \$13.0 million is related to the construction of new distribution centers, and the remaining is related to purchase obligations such as purchases and marketing-related contracts. The Company does not have material contractual commitments related to construction extending greater than twelve months. In addition, the Company had \$289.1 \$320.5 million legally binding minimum lease payments signed, but not yet commenced. The Company has also committed to sell the Orscheln corporate headquarters and distribution center for \$10 million within 15 months following the closing of the Orscheln acquisition.

##### *Letters of Credit*

At December 31, 2022 December 30, 2023, there were \$52.6 million \$58.3 million outstanding letters of credit under the Senior Credit Facility.

##### *Litigation*

In March 2023, U.S. Customs and Border Protection ("U.S. Customs") sent the Company a notice that proposed to classify certain of our products from China as subject to anti-dumping and countervailing ("AD/CV") duties. We responded to U.S. Customs outlining the reasons for our belief that these imports are not subject to AD/CV duties. The case was dismissed during the fourth quarter of 2023 with no material impact on the Company's Consolidated Financial Statements.

The Company is involved in various litigation matters arising in the ordinary course of business. The Company believes that, based upon information currently available, any estimated loss related to such matters has been adequately provided for in accrued liabilities to the extent reasonably estimable. Accordingly, the Company currently expects these matters will be resolved without material adverse effect on its consolidated financial position, results of operations or cash flows. However, litigation and other legal matters involve an element of uncertainty and developments in such matters, including adverse decisions or settlements or resulting required changes to the Company's business could affect our consolidated operating results when resolved in future periods or could result in liability or other amounts material to the Company's Consolidated Financial Statements.

#### Note 13 – Segment Reporting: **Reporting**

The Company has one reportable segment which is the retail sale of products that support the rural lifestyle. The following table indicates the percentage of net sales represented by each major product category during fiscal 2023, 2022, 2021, and 2020, 2021:

Percent of Net Sales

Product Category:	Fiscal Year		
	2022	2021	2020
Livestock and Pet	50 %	47 %	
Seasonal, Gift and Toy Products	21	21	
Hardware, Tools and Truck	19	21	
Clothing and Footwear	7	8	
Agriculture	3	3	
Total	100 %	100 %	

Product Category:	Percent of Net Sales		
	2023	2022	2020
Livestock, Equine & Agriculture <sup>(a)</sup>	27 %	28 %	
Companion Animal <sup>(b)</sup>	25	23	
Seasonal & Recreation <sup>(c)</sup>	22	22	
Truck, Tool, & Hardware <sup>(d)</sup>	16	16	
Clothing, Gift, & Décor <sup>(e)</sup>	10	11	
Total	100 %	100 %	

*Note: Net sales by major product categories for prior periods have been reclassified to conform to the current year presentation.*

*(a) Includes livestock and equine feed & equipment, poultry, fencing, and sprayers & chemicals.*

*(b) Includes food, treats and equipment for dogs, cats, and other small animals as well as dog wellness.*

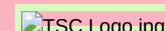
*(c) Includes tractor & rider, lawn & garden, bird feeding, power equipment, and other recreational products.*

*(d) Includes truck accessories, trailers, generators, lubricants, batteries, and hardware and tools.*

*(e) Includes clothing, footwear, toys, snacks, and decorative merchandise.*

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

None.



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#### **Item 9A. 9A. Controls and Procedures**

##### *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 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) and 15d-15(e) under the 1934 Act) as of December 31, 2022 December 30, 2023. Based on that evaluation, our principal executive officer and principal financial officer concluded that, as of December 31, 2022 December 30, 2023, our disclosure controls and procedures were effective.

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##### *Internal Control Over Financial Reporting*

A report of the Company's management on the Company's internal control over financial reporting (as such term is defined in Rule 13a-1 or 15d-1 of the 1934 Act) and a report of Ernst & Young LLP, an independent registered public accounting firm, on the effectiveness of the Company's internal control over financial reporting are included in Item 8 of this Annual Report on Form 10-K.

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

**Item 9B. 9B. Other Information**

None. On November 10, 2023, Colin Yankee, the Company's EVP, Chief Supply Chain Officer, entered into a trading plan intended to be used under the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act (a "10b5-1 Plan"). Mr. Yankee's 10b5-1 Plan provides for the potential sale of up to 9,316 shares of the Company's common stock, including the sale of up to 4,753 shares of the Company's common stock that Mr. Yankee may acquire upon exercise of options. The plan commences on February 28, 2024 and terminates on the earlier of the date all the shares in the plan are sold and October 30, 2024.

**Item 9C. 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections**

Not applicable.

**PART III**

**Item 10. 10. Directors, Executive Officers and Corporate Governance**

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

The information set forth under the captions "Item 1: Election of Directors," "Board Meetings and Committees," and "Delinquent Section 303(a) Reports" in our Proxy Statement for our Annual Meeting of Stockholders to be held on May 11, 2023, is incorporated herein by reference.

The Company has a Code of Ethics which covers all exempt employees, officers and directors of the Company, including the principal executive officer, principal financial officer, principal accounting officer and controller. The Code of Ethics is available in the "Corporate Governance" section of the Company's website at [TractorSupply.com](http://TractorSupply.com) or [ir.tractorsupply.com](http://ir.tractorsupply.com). A copy of the Code of Ethics can be obtained, free of charge, upon written request to the Corporate Secretary, Tractor Supply Company, 5401 Virginia Way, Brentwood, TN 37027. The Company intends to post amendments to or waivers, if any, from its Code of Ethics (to the extent applicable to its principal executive officer, principal financial officer, principal accounting officer or controller) on its website.

**The remaining disclosures required by this Item 11. Executive Compensation**

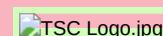
The information set forth under the captions "Corporate Governance – Compensation Committee Interlocks and Insider Transactions," "Compensation of Directors," and "Executive Compensation" in our Proxy Statement for our Annual Meeting of Stockholders to be held on May 11, 2023, is incorporated herein by reference to our Proxy Statement for our Annual Meeting of Stockholders to be held on May 9, 2024.

**Item 11. Executive Compensation**

The disclosures required by this Item are incorporated herein by reference to our Proxy Statement for our Annual Meeting of Stockholders to be held on May 9, 2024.

**Item 12. 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" in our Proxy Statement for our Annual Meeting of Stockholders to be held on May 11, 2023 or May 9, 2024, is incorporated herein by reference.



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Following is a summary of our equity compensation plans as of December 31, 2022 or December 30, 2023, under which equity securities are authorized for issuance, aggregated as follows:

Plan Category	Number of Securities to be Issued Upon Exercise of Options	Weighted Average Price of Outstanding Options	Number of Securities

Outstanding Options, Warrants, and Rights	Warrants and Rights	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
Plan Category				
<u>Equity compensation plans approved by security holders:</u>				
Stock Incentive Plans				
Employee Stock Purchase Plan		1,695,070 1,579,692	<sup>(a)</sup> \$ 112.18 130.65	<sup>(b)</sup> 9,158,990 8,715,156
<u>Equity compensation plans not approved by security holders</u>				
Total		1,695,070 1,579,692	\$ 112.18 130.65	20,874,146 20,874,146

(a) Includes 1,090,389 1,014,877 outstanding stock options, 404,010 384,105 unvested restricted stock units and 45,072 25,820 stock units which have vested but the receipt of which have been deferred by the recipient, and 155,599 154,810 performance-based restricted share units. The 2006 Stock Incentive Plan was superseded in May 2009 by the 2009 Stock Incentive Plan. The 2009 Stock Incentive Plan was superseded in May 2018 by the 2018 Omnibus Incentive Plan. Shares available under the 2018 Omnibus Incentive Plan are reduced by one share for each share issued pursuant to the exercise of a stock option or the vesting of restricted stock units or performance-based restricted share units. The 2018 Omnibus Incentive Plan also provides for one share for each share issued pursuant to a full-value award (e.g., restricted stock unit or performance-based restricted share unit).

(b) Excludes restricted stock units and performance-based restricted share units which have a weighted average exercise price of \$112.18.

The information set forth in Note 2 to the Consolidated Financial Statements contained in this Form 10-K provides further information with respect to the material features of each plan.

**Item 13. 13. Certain Relationships and Related Transactions, and Director Independence**

The information set forth under the captions "Corporate Governance – Director Independence and Director Operations" and "Related Party Transactions" in our Proxy Statement for our Annual Meeting of Stockholders to be held on May 11, 2023 May 9, 2024, is incorporated herein by reference.

**Item 14. 14. Principal Accountant Fees and Services**

The information set forth under the caption "Item 2 – Ratification of Reappointment of Independent Registered Public Accounting Firm" in our Proxy Statement for our Annual Meeting of Stockholders to be held on May 11, 2023 May 9, 2024, is incorporated herein by reference.

**PART IV**

**Item 15. 15. Exhibits and Financial Statement Schedules**

(a) (1) a) 1. Financial Statements

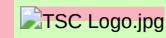
See Consolidated Financial Statements under Item 8 on pages 4442 through 7651 of this Form 10-K.

(a) (2) 2. Financial Statement Schedules

All schedules for which provision is made in the applicable accounting regulations of the SEC, but which are not required under the related instructions, are inapplicable or the information is included in the Consolidated Financial Statements and, therefore, have been omitted.

(a) (3) 3. Exhibits

The exhibits listed in the Index to Exhibits, which appears on pages 80 through 84 of this Form 10-K, are incorporated herein by reference or filed as part of this Form 10-K.



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**Item 16. Form 10-K Summary**

None.



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**SIGNATURES**

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

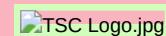
TRACTOR SUPPLY COMPANY

Date: February 23, 2023 2024

By: /s/ Kurt D. Barton  
Executive Vice President, – Chief Financial Officer  
Treasurer

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

	<u>Signature</u>	<u>Title</u>	
	<u>/s/ Kurt D. Barton</u> Kurt D. Barton	Executive Vice President, – Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)	February 2022
	<u>/s/ Harry A. Lawton III</u> Harry A. Lawton III	President, Chief Executive Officer, and Director (Principal (Principal Executive Officer)	February 2022
	<u>/s/ Cynthia T. Jamison Edna K. Morris</u> Cynthia T. Jamison Edna K. Morris	Chairman of the Board	February 2022
	<u>/s/ Joy Brown</u> Joy Brown	Director	February 2022
	<u>/s/ Ricardo Cardenas</u> Ricardo Cardenas	Director	February 2022
	<u>/s/ Meg Ham</u> Meg Ham	Director	February 2022
	<u>/s/ Andre J. Hawaux</u> Andre J. Hawaux	Director	February 2022
	<u>/s/ Denise L. Jackson</u> Denise L. Jackson	Director	February 2022
	<u>/s/ Ramkumar Krishnan</u> Ramkumar Krishnan	Director	February 2022
	<u>/s/ Edna K. Morris</u> Edna K. Morris	Director	February 2022
	<u>/s/ Mark J. Weikel</u> Mark J. Weikel	Director	February 2022



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**EXHIBIT INDEX**

- 3.1 [Restated Certificate of Incorporation, as amended, of the Company \(restated for S<sup>ix</sup> purposes only\) \(filed as Exhibit 3.1 to Registrant's Quarterly Report on Form 10-Q, filed with the Commission on October 22, 2020, and incorporated herein by reference\).](#)
- 3.2 [Sixth Amended and Restated By-laws \(filed as Exhibit 3.1 to Registrant's Quarterly Report on Form 10-Q, filed with the Commission on November 3, 2022, and incorporated herein by reference\).](#)
- 4.1 Form of Specimen Certificate representing the Company's Common Stock, par value \$0.01 per share (filed as Exhibit 4.2 to Amendment No. 1 to Registrant's Registration Statement on Form S-1, Registration No. 33-73028, filed in paper form with the Commission on January 19, 1994, and incorporated herein by reference).
- 4.2 [Form of Subordinate Indenture \(filed as Exhibit 4.3 to Registrant's Registration Statement on Form S-3ASR, Registration No. 333-249595, filed with the Commission on October 22, 2020, and incorporated herein by reference\).](#)

4.3	<a href="#">Indenture, dated as of October 30, 2020, by and between Tractor Supply Company and Regions Bank, as trustee (filed as Exhibit 4.1 to Registrant's Current Report on Form 8-K, filed with the Commission on October 30, 2020, and incorporated herein by reference).</a>
4.4	<a href="#">First Supplemental Indenture, dated as of October 30, 2020, by and between Tractor Supply Company and Regions Bank, as trustee (filed as Exhibit 4.2 to Registrant's Current Report on Form 8-K, filed with the Commission on October 30, 2020, and incorporated herein by reference).</a>
4.5	<a href="#">Form of 1.750% Note due 2030 (filed as Exhibit 4.3 to Registrant's Current Report on Form 8-K, filed with the Commission on October 30, 2020, and incorporated herein by reference (included in Exhibit 4.4)).</a>
4.6* 4.6	<a href="#">Second Supplemental Indenture, dated as of May 5, 2023, by and between Tractor Supply Company and Regions Bank, as trustee (filed as Exhibit 4.2 to Registrant's Current Report on Form 8-K, filed with the Commission on May 5, 2023, and incorporated herein by reference).</a>
4.7	<a href="#">Form of 5.25% Note due 2033 ((filed as Exhibit 4.3 to Registrant's Current Report on Form 8-K, filed with the Commission on May 5, 2023, and incorporated herein by reference) in Exhibit 4.6).</a>
4.8*	<a href="#">Description of Registrant's Securities Registered Pursuant to Section 12 of the Exchange Act of 1934.</a>
10.1	Certificate of Insurance relating to the Medical Expense Reimbursement Plan of the Company (filed as Exhibit 10.33 to Registrant's Registration Statement on Form S-1, Registration No. 33-73028, filed in paper form with the Commission on December 17, 1993, and incorporated herein by reference).+
10.2	Summary Plan Description of the Executive Life Insurance Plan of the Company (Exhibit 10.34 to Registrant's Registration Statement on Form S-1, Registration No. 33-73028, filed in paper form with the Commission on December 17, 1993, and incorporated herein by reference).+
10.3	<a href="#">Tractor Supply Company 1996 Associate Stock Purchase Plan (filed as Exhibit 10.35 to Registrant's Registration Statement on Form S-8, Registration No. 333-10699, filed with the Commission on August 23, 1996, and incorporated herein by reference).+</a>
10.4	<a href="#">Tractor Supply Company Restated 401(k) Retirement Plan (filed as Exhibit 4.1 to Registrant's Registration Statement on Form S-3, Registration No. 333-35317, filed with the Commission on September 10, 1997, and incorporated herein by reference).+</a>
10.5	<a href="#">First Amendment, dated December 22, 2003 to the Tractor Supply Company Restated Retirement Savings Plan (filed as Exhibit 10.53 to Registrant's Annual Report on Form 10-K, filed with the Commission on March 8, 2004, and incorporated herein by reference).+</a>
10.6	<a href="#">Second Amendment to Tractor Supply Company Restated 401(k) Retirement Plan (Exhibit 10.57 to Registrant's Annual Report on Form 10-K, filed with the Commission on March 23, 2001, and incorporated herein by reference).+</a>
10.7	<a href="#">Trust Agreement (filed as Exhibit 4.2 to Registrant's Registration Statement on Form S-3, Registration No. 333-35317, filed with the Commission on September 10, 1997, and incorporated herein by reference).</a>
10.8 10.1*	<a href="#">Tractor Supply Company Executive Deferred Compensation Plan dated November 1, 2001 (filed as Exhibit 10.58 to Registrant's Quarterly Report on Form 10-Q, filed with the Commission on May 13, 2002, (amended and incorporated herein by reference), effective January 1, 2023).+</a>
10.9 10.2	<a href="#">Form of Incentive Stock Option Agreement under the 2006 Stock Incentive Plan (Exhibit 10.39 to Registrant's Annual Report on Form 10-K, filed with the Commission on February 28, 2007, and incorporated herein by reference).+</a>
10.10 10.3	<a href="#">Form of Incentive Stock Option Agreement under the 2006 Stock Incentive Plan (Exhibit 10.45 to Registrant's Annual Report on Form 10-K, filed with the Commission on February 27, 2008, incorporated herein by reference).+</a>

10.11 10.4 [Tractor Supply Company 2006 Stock Incentive Plan \(filed as Exhibit 99.1 to the Registrant's Current Report on Form 8-K filed with the Commission on April 27, 2006, and incorporated herein by reference\).+](#)

10.12 10.5 [Second Amendment to the Tractor Supply Company 2006 Stock Incentive Plan, dated February 8, 2007 \(filed as Exhibit 10.38 to Registrant's Annual Report on Form 10-K filed with the Commission on February 28, 2007, and incorporated herein by reference\).+](#)

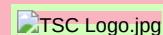
10.13 10.6 [Form of Incentive Stock Option Agreement under the 2006 Stock Incentive Plan, dated February 25, 2009 \(Exhibit 10.41 to the Registrant's Annual Report on Form 10-K, filed with the Commission on April 27, 2009, and incorporated herein by reference\).+](#)

10.14 10.7 [Tractor Supply Company 2009 Stock Incentive Plan \(filed as Exhibit 99.1 to the Registrant's Current Report on Form 8-K, filed with the Commission on April 14, 2009, and incorporated herein by reference\).+](#)

10.15 [Form of Incentive Stock Option Agreement under the Tractor Supply Company 2009 Stock Incentive Plan \(filed as Exhibit 10.44 to Registrant's Quarterly Report on Form 10-Q, filed with the Commission on August 4, 2009, and incorporated herein by reference\).+](#)

10.16 10.8 [Form of Restricted Share Unit Agreement under the Tractor Supply Company 2009 Stock Incentive Plan \(filed as Exhibit 10.45 to Registrant's Quarterly Report on Form 10-Q, filed with the Commission on August 4, 2009, and incorporated herein by reference\).+](#)

10.17 10.9 [Form of Nonqualified Stock Option Agreement under the Tractor Supply Company 2009 Stock Incentive Plan \(filed as Exhibit 10.46 to Registrant's Quarterly Report on Form 10-Q, filed with the Commission on August 4, 2009, and incorporated herein by reference\).+](#)



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	<a href="#">10.18</a> <a href="#">10.10</a> <a href="#">Form of Director Restricted Stock Unit Award Agreement (filed as Exhibit to Registrant's Quarterly Report on Form 10-Q, filed with the Commission on November 2, 2009, and incorporated herein by reference).+</a>
	<a href="#">10.19</a> <a href="#">10.11</a> <a href="#">Form of Restricted Share Unit Agreement for Officers (filed as Exhibit 10.49 to Registrant's Quarterly Report on Form 10-Q, filed with the Commission on November 2, 2009, and incorporated herein by reference).+</a>
	<a href="#">10.20</a> <a href="#">10.12</a> <a href="#">Form of Deferred Stock Unit Award Agreement for Directors (filed as Exhibit to Registrant's Quarterly Report on Form 10-Q, filed with the Commission on November 2, 2009, and incorporated herein by reference).+</a>
10.21	<a href="#">Compensation Recoupment Policy (filed as Exhibit 10.42 to Registrant's Quarterly Report on Form 10-Q, filed with the Commission on May 3, 2011, and incorporated herein by reference).+</a>
<a href="#">10.22</a> <a href="#">10.13</a>	<a href="#">First Amendment to the Tractor Supply Company 2009 Stock Incentive Plan, dated February 4, 2015 (filed as Exhibit 10.34 to the Registrant's Annual Report on Form 10-K, filed with the Commission on February 18, 2015, and incorporated herein by reference).</a>
<a href="#">10.23</a> <a href="#">10.14</a>	<a href="#">Note Purchase and Private Shelf Agreement, dated August 14, 2017, by and among Tractor Supply Company, PGIM, Inc. ("Prudential") and certain of its affiliates (the "Prudential Affiliates") party thereto (filed as Exhibit 10.1 to Current Report on Form 8-K, filed with the Commission on August 16, 2017, and incorporated herein by reference).</a>
10.24	<a href="#">Form of Performance Share Unit Agreement for Officers under the Tractor Supply Company 2009 Stock Incentive Plan (filed as Exhibit 10.33 to the Registrant's Annual Report on Form 10-K, filed with the Commission on February 22, 2018, and incorporated herein by reference).+</a>
10.25	<a href="#">Form of Performance Share Unit Agreement for the Chief Executive Officer under the Tractor Supply Company 2009 Stock Incentive Plan (filed as Exhibit 10.34 to the Registrant's Annual Report on Form 10-K, filed with the Commission on February 22, 2018, and incorporated herein by reference).+</a>
<a href="#">10.26</a> <a href="#">10.15</a>	<a href="#">Tractor Supply Company 2018 Omnibus Incentive Plan (filed as Exhibit A to Registrant's Proxy Statement on Schedule 14A for Registrant's Annual Meeting of Shareholders on May 10, 2018, filed with the Commission on March 27, 2018, and incorporated herein by reference).+</a>
<a href="#">10.27</a> <a href="#">10.16</a>	<a href="#">Form of Nonqualified Stock Option Agreement under the Tractor Supply Company 2018 Omnibus Incentive Plan (filed as Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q, filed with the Commission on August 9, 2018, and incorporated herein by reference).</a>
<a href="#">10.28</a> <a href="#">10.17</a>	<a href="#">Form of Restricted Share Unit Agreement under the Tractor Supply Company 2018 Omnibus Incentive Plan (filed as Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q, filed with the Commission on August 9, 2018, and incorporated herein by reference).</a>
<a href="#">10.29</a> <a href="#">10.18</a>	<a href="#">Form of Performance Share Unit Agreement for Officers under the Tractor Supply Company 2018 Omnibus Incentive Plan (filed as Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q, filed with the Commission on August 9, 2018, and incorporated herein by reference).+</a>
	<a href="#">Index</a>
	<a href="#">10.30</a> <a href="#">10.19</a> <a href="#">Form of Indemnification Agreement, by and between Tractor Supply Company and its executive officers and directors, dated November 8, 2018 (filed as Exhibit 10.1 to the Registrant's Annual Report on Form 8-K, filed with the Commission on November 14, 2018, and incorporated herein by reference).+</a>
10.31	<a href="#">Form of Performance Share Unit Agreement for Officers under the Tractor Supply Company 2018 Omnibus Incentive Plan (filed as Exhibit 10.39 to the Registrant's Annual Report on Form 10-K, filed with the Commission on February 21, 2019, and incorporated herein by reference).</a>

		<a href="#">reference).+  10.32 <u>Form of Performance Share Unit Agreement for Chief Executive Officer under the Tractor Supply Company 2018 Omnibus Incentive Plan (filed as Exhibit 10.40 to the Registrant's Annual Report on Form 10-K, filed with the Commission on February 21, 2019, and incorporated herein by reference).+</u></a>
	10.33	<a href="#">10.20 <u>Form of Restricted Share Unit Agreement under the Tractor Supply Company 2018 Omnibus Incentive Plan (filed as Exhibit 10.41 to the Registrant's Annual Report on Form 10-K, filed with the Commission on February 21, 2019, and incorporated herein by reference).+</u></a>
	10.34	<a href="#">10.21 <u>Form of Nonqualified Stock Option Agreement under the Tractor Supply Company 2018 Omnibus Incentive Plan (filed as Exhibit 10.42 to the Registrant's Annual Report on Form 10-K, filed with the Commission on February 21, 2019, and incorporated herein by reference).+</u></a>
10.35		<a href="#">Form of Change in Control Agreement, dated as of March 8, 2021 by and between Tractor Supply Company and each of Kurt D. Barton, Robert D. Mills, John P. Ordus, Jordan Estep, Melissa D. Kersey, Colin W. Yankee, Noni L. Ellison, Christi C. Korzekwa, Matthew L. Rubin (filed as Exhibit 10.2 to Current Report on Form 8-K, filed with the Commission on March 10, 2021, and incorporated herein by reference).+  10.36 <u>10.22 Employment Agreement, dated December 4, 2019, by and between Tractor Supply Company and Harry A. Lawton III (filed as Exhibit 10.1 to Registrant's Current Report on Form 8-K, filed with the Commission on December 6, 2019, and incorporated herein by reference).+</u></a>
10.37		<a href="#">Change in Control Agreement, dated March 8, 2021, by and between Tractor Supply Company and Harry A. Lawton III (filed as Exhibit 10.1 to Current Report on Form 8-K, filed with the Commission on March 10, 2021, and incorporated herein by reference).+  10.38 <u>10.23 Form of Performance Share Unit Agreement under the Tractor Supply Company 2018 Omnibus Incentive Plan (filed as Exhibit 10.48 to the Registrant's Annual Report on Form 10-K, filed with the Commission on February 20, 2020, and incorporated herein by reference).+</u></a>
	10.39	<a href="#">10.24 <u>Form of Restricted Share Unit Agreement under the Tractor Supply Company 2018 Omnibus Incentive Plan (filed as Exhibit 10.49 to the Registrant's Annual Report on Form 10-K, filed with the Commission on February 20, 2020, and incorporated herein by reference).+</u></a>
10.40		<a href="#">Form of Performance Share Unit Agreement for Petsense Employees under the Tractor Supply Company 2018 Omnibus Incentive Plan (filed as Exhibit 10.59 to the Registrant's Annual Report on Form 10-K, filed with the Commission on February 18, 2020, and incorporated herein by reference).+  10.41 <u>Form of Restricted Share Unit Agreement for Petsense Employees under the Tractor Supply Company 2018 Omnibus Incentive Plan (filed as Exhibit 10.60 to the Registrant's Annual Report on Form 10-K, filed with the Commission on February 18, 2021, and incorporated herein by reference).+</u></a>
	10.42	<a href="#">Form of Nonqualified Stock Option Agreement for Petsense Employees under the Tractor Supply Company 2018 Omnibus Incentive Plan (filed as Exhibit 10.61 to the Registrant's Annual Report on Form 10-K, filed with the Commission on February 18, 2021, and incorporated herein by reference).+  10.43 <u>10.25 First Amendment to Note Purchase and Private Shelf Agreement, dated October 1, 2020, by and among Tractor Supply Company, certain subsidiaries of Tractor Supply Company, PGIM, Inc. and certain affiliates of PGIM, Inc (filed as Exhibit 10.4 to Registrant's Current Report on Form 10-Q, filed with the Commission on October 22, 2020, and incorporated herein by reference).+</u></a>
	10.44	<a href="#">10.26 <u>Second Amendment to Note Purchase and Private Shelf Agreement, dated November 1, 2020, by and among Tractor Supply Company, PGIM, Inc. and the other noteholders (Exhibit 10.2 to Current Report on Form 8-K, filed with the Commission on November 2, 2020, and incorporated herein by reference).+</u></a>

[Offer Letter between Melissa D. Kersey and Tractor Supply Company \(filed as Exhibit 10.45 to Registrant's Quarterly Report on Form 10-Q, filed with the Commission on May 20, 2020, and incorporated herein by reference\).](#)

10.45 [Offer Letter between Melissa D. Kersey and Tractor Supply Company \(filed as Exhibit 10.45 to Registrant's Quarterly Report on Form 10-Q, filed with the Commission on May 20, 2020, and incorporated herein by reference\).](#)+

10.46 10.27 [Form of Restricted Share Unit Agreement under the Tractor Supply Company Omnibus Incentive Plan \(filed as Exhibit 10.46 to Registrant's Annual Report on Form 10-K, 10-K, filed with the Commission on February 17, 2022\).](#)+



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10.47 10.28 [Form of Restricted Share Unit Agreement under the Tractor Supply Company Omnibus Incentive Plan \(filed as Exhibit 10.46 to Registrant's Annual Report on Form 10-K, filed with the Commission on February 17, 2022\).](#)+

10.48 10.29 [Form of Performance Share Unit Agreement under the Tractor Supply Company Omnibus Incentive Plan \(filed as Exhibit 10.47 to Registrant's Annual Report on Form 10-K, filed with the Commission on February 17, 2022\).](#)+

10.49 10.30 [Form of Nonqualified Stock Option Agreement under the Tractor Supply Company Omnibus Incentive Plan \(filed as Exhibit 10.48 to Registrant's Annual Report on Form 10-K, filed with the Commission on February 17, 2022\).](#)+

10.50 10.31 [Form of Restricted Performance Share Unit Agreement for Petsense Employees under the Tractor Supply Company 2018 Omnibus Incentive Plan \(VP and Above\) \(filed as Exhibit 10.4 to Registrant's Annual Report on Form 10-K, filed with the Commission on February 17, 2022\), February 23, 2023.](#)+

10.51 10.32 [Form of Performance Share Unit Agreement for Petsense Employees under the Tractor Supply Company 2018 Omnibus Incentive Plan \(CEO\) \(filed as Exhibit 10.4 to Registrant's Annual Report on Form 10-K, filed with the Commission on February 17, 2022\), February 23, 2023.](#)+

10.52 [Form of Nonqualified Stock Option Agreement for Petsense Employees under the Tractor Supply Company 2018 Omnibus Incentive Plan \(filed as Exhibit 10.51 to Registrant's Annual Report on Form 10-K, filed with the Commission on February 17, 2022\).](#)+

10.53 10.33 [Third Amendment to Note Purchase and Private Shelf Agreement, dated September 20, 2022, by and among Tractor Supply Company, PGIM, Inc. and the other noteholders \(filed as Exhibit 10.2 to Registrant's Current Report on Form 8-K, filed with the Commission on October 5, 2022, and incorporated herein by reference\).](#)

10.54 10.34 [Credit Agreement, dated as of September 30, 2022, by and among Tractor Supply Company, as Borrower, certain lenders and Wells Fargo Bank, National Association, as Administrative Agent \(filed as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q, filed with the Commission on November 3, 2022, and incorporated herein by reference\).](#)

10.55 10.35 [Fourth Amendment to Note Purchase and Private Shelf Agreement, dated November 2, 2022, by and among Tractor Supply Company, PGIM, Inc. and the other noteholders \(filed as Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q, filed with the Commission on November 3, 2022, and incorporated herein by reference\).](#)

10.56 10.36 [Form of Omnibus Amendment to Non-Qualified Stock Option Grant Agreements \(filed as Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q, filed with the Commission on November 3, 2022, and incorporated herein by reference\).](#)+

10.57 10.37 [Letter Agreement, dated as of February 9, 2023, amending the Employment Agreement dated December 4, 2019, by and between Tractor Supply Company and Harry A. L.](#) (filed as Exhibit 10.1 to Current Report on Form 8-K, filed with the Commission on February 9, 2023).

(filed as Exhibit 10.1 to Current Report on Form 8-K, filed with the Commission on February 9, 2023, and incorporated herein by reference).

10.58 10.38 [Amended and Restated Change in Control Agreement, dated February 9, 2023 between Tractor Supply Company and Harry A. Lawton III](#) (filed as Exhibit 10.2 to Current Report on Form 8-K, filed with the Commission on February 9, 2023, and incorporated herein by reference).

10.59 10.39 [Form of Amended and Restated Change in Control Agreement, dated as February 9, 2023](#) (filed as Exhibit 10.3 to Current Report on Form 8-K, filed with the Commission on February 9, 2023, and incorporated herein by reference).

10.60 10.40 [Amended and Restated Performance Share Unit Agreement for CEO under the Supply Company 2018 Omnibus Incentive Plan \(CEO Grant Made in 2022, 2022\)](#), dated February 9, 2023 (filed as Exhibit 10.4 to Current Report on Form 8-K, filed with the Commission on February 9, 2023, and incorporated herein by reference). +

10.61 10.41 [Amended and Restated Performance Share Unit Agreement for CEO under the Supply Company 2018 Omnibus Incentive Plan \(CEO Grant Made in 2021, 2021\)](#), dated February 9, 2023 (filed as Exhibit 10.5 to Current Report on Form 8-K, filed with the Commission on February 9, 2023, and incorporated herein by reference).

10.62\* [Form of Performance Share Unit Agreement under the Tractor Supply Company Omnibus Incentive Plan \(VP and Above\)](#). +

10.63\* [Form of Performance Share Unit Agreement under the Tractor Supply Company Omnibus Incentive Plan \(CEO\)](#). +

10.64\* [Form of Performance Share Unit Agreement for Petsense under the Tractor Supply Company 2018 Omnibus Incentive Plan](#). +

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21\* [List of subsidiaries](#).

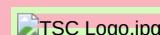
23\* [Consent of Ernst & Young LLP](#).

31.1\* [Certification of Chief Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002](#).

31.2\* [Certification of Chief Financial Officer under Section 302 of the Sarbanes-Oxley Act of 2002](#).

32\*\* [Certification of Chief Executive Officer and Chief Financial Officer under Section 906 of the Sarbanes-Oxley Act of 2002](#).

97.1\* [Tractor Supply Company Compensation Clawback Policy](#)



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101\* The following financial information from our Annual Report on Form 10-K for fiscal 2022, with the SEC on ~~February 23, 2023~~ February 23, 2024, formatted in Extensible Reporting Language (XBRL): (i) the Consolidated Balance Sheets at ~~December 30, 2023~~ December 30, 2023 and ~~December 25, 2021~~ December 31, 2022, (ii) the Consolidated Statements of Income for the fiscal years ended ~~December 31, 2022~~ December 25, 2022, ~~December 25, 2021~~ December 31, 2022, and ~~December 26, 2020~~ December 25, 2020, (iii) the Consolidated Statements of Comprehensive Income for the fiscal years ended ~~December 30, 2023~~ December 30, 2023, ~~December 25, 2021~~ December 31, 2022, and ~~December 26, 2020~~ December 25, 2020, (iv) the Consolidated Statements of Stockholders' Equity for the fiscal years ended ~~December 31, 2022~~ December 30, 2023, ~~December 25, 2021~~ December 31, 2022, and ~~December 26, 2020~~ December 25, 2021, (v) the Consolidated Statements of Cash Flows for the fiscal years ended ~~December 31, 2022~~ December 30, 2023, ~~December 25, 2021~~ December 31, 2022, and ~~December 26, 2020~~ December 25, 2021.

31, 2022, and December 26, 2020 December 25, 2021, and (vi) the Notes to Consolidated Financial Statements.

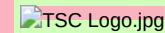
104 The cover page from the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 30, 2023, formatted in Inline XBRL (included in Exhibit 101).

\* Filed herewith

\*\* Furnished herewith

+ Management contract or compensatory plan or arrangement

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**DESCRIPTION OF THE REGISTRANT'S SECURITIES  
REGISTERED PURSUANT TO SECTION 12 OF THE  
SECURITIES EXCHANGE ACT OF 1934**

As of December 31, 2022 December 30, 2023, Tractor Supply Company had one class of common stock registered under Section 12 of the Securities Exchange Act of 1934, as amended: our common stock.

In this Exhibit 4.6.4.8, when we refer to the "Company," "we," "us" or "our" or when we refer to ourselves, we mean Tractor Supply Company, excluding, unless otherwise expressly stated, our subsidiaries and affiliates.

The following description is a summary of the material terms of our Restated Certificate of Incorporation, as amended (the "Certificate of Incorporation") and our Sixth Amended and Restated By-Laws (the "By-laws"), as currently in effect. This description is subject to, and qualified in its entirety by, reference to, our Certificate of Incorporation and our By-laws, both of which are exhibits to the Annual Report on Form 10-K of which this Exhibit 4.6.4.8 is a part. We encourage you to read our Certificate of Incorporation, our By-laws and the applicable provisions of the Delaware General Corporation Law ("DGCL"), for additional information.

**Authorized Capital**

As of December 31, 2022 December 30, 2023, our authorized capital stock consisted of 40,000 shares of common stock, par value \$.008 per share, and 40,000 shares of preferred stock, par value \$1.00 per share, of which 20,000 shares are designated Series B Preferred Stock.

**Common Stock**

*Voting Rights.* Under the terms of the Certificate of Incorporation, each holder of common stock is entitled to one vote for each share on all matters submitted to a vote of the stockholders, including the election of directors. Our stockholders do not have cumulative voting rights. Because of this, the holders of a majority of the shares of common stock entitled to vote and present in person or by proxy at an annual meeting of stockholders are able to elect all of the directors standing for election, if they so choose.

*Dividends.* Subject to preferences that may be applicable to any then outstanding preferred stock, the holders of common stock are entitled to receive ratably those dividends, if any, as may be declared from time to time by the Board of Directors out of legally available assets or funds.

*Liquidation.* In the event of our liquidation, dissolution, or winding up, holders of common stock are entitled to share ratably in the net assets legally available for distribution to stockholders after the payment of all of our debts and other liabilities and the satisfaction of any liquidation preference granted to holders of any outstanding shares of preferred stock.

*Rights and Preferences.* Holders of common stock have no preemptive or conversion rights. There are no redemption or sinking fund provisions applicable to the common stock. The rights, preferences, and privileges of the holders of common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of preferred stock, which we may designate in the future.

#### **Board of Directors**

The By-laws provide for a Board of Directors of not less than one member, the exact number to be determined from time to time by resolution adopted by the affirmative vote of a majority of the total number of directors then in office. The By-laws provide that directors will be elected to hold office for a term expiring at the next annual meeting of stockholders or until a successor is duly elected and qualified, until his or her earlier resignation or removal. In uncontested director elections each director is elected by the vote of the majority of the votes cast; provided, however, that in a contested election, the director shall be elected by a plurality of the votes of the shares.

present in person or represented by proxy at the meeting and entitled to vote on the election of directors. An incumbent nominee not receiving a majority of the votes cast in an uncontested election shall tender his or her offer of resignation to the Board of Directors for its consideration if such director previously submitted a conditional offer of resignation. A recommendation on whether or not to accept such resignation offer shall be made by a committee of independent directors that has been delegated responsibility of recommending nominees for director for appointment or election to the Board of Directors or (1) if each member of such committee did not receive the required majority vote or (2) if the committee has been appointed, a majority of the Board of Directors shall appoint a special committee of independent directors for such purpose of making a recommendation to the Board of Directors. If independent directors received the required majority vote, the Board of Directors shall accept the resignation offers.

#### **Amendment to By-laws**

The Certificate of Incorporation and By-laws provide that the Board of Directors is authorized to alter, amend or repeal the By-laws by the affirmative vote of a majority of the total number of directors then in office. Any amendment, alteration, change, addition or repeal of the By-laws by stockholders shall require the affirmative vote of the holders of at least a majority of our outstanding shares, voting together as a class, entitled to vote on such amendment, alteration, change, addition or repeal.

#### **Amendment to Certificate of Incorporation**

The Certificate of Incorporation provides that the affirmative vote of the holders of at least a majority of the outstanding stock entitled to vote thereon, voting together in a single class, is required to amend, alter, change, add or repeal any provision of, or to adopt a bylaw inconsistent with, the Certificate of Incorporation.

#### **Special Meetings of Stockholders**

The By-laws provide that special meetings of our stockholders may be called by the Chairman of the Board of Directors, the Chief Executive Officer or the President. In addition, the By-laws also provide that the Secretary shall call a special meeting of stockholders upon the written request of one or more stockholders who Net Long Beneficially Own (as such term is defined in the By-Laws), in the aggregate, not less than twenty percent (20%) of our outstanding shares of common stock, subject to the same conditions and procedural, notice and information requirements in connection with the advancement of stockholder business and director nominations, with which requesting stockholders must comply.

#### **Action on Written Consent**

Pursuant to the Certificate of Incorporation and the By-laws, any action required by law or the By-laws to be taken at any annual or special meeting of stockholders may be taken without a meeting if no action is taken at the meeting. An action may be taken without a meeting if the action is taken without prior notice and without a vote if a consent or consents in writing, setting forth the action, are signed by the holders of outstanding stock having not less than the minimum number of shares that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and are delivered to us as required by law. Prompt notice of the action and the corporate action without a meeting by less than unanimous written consent shall be given to the stockholders who have not so consented in writing.

## Advance Notice Requirements for Stockholder Proposals and Director Nominations

Our By-laws provide that stockholders seeking to nominate candidates for election as directors or to bring business before an annual or special meeting of stockholders must provide timely advance notice to us, and specify requirements as to the form and content of a stockholder's notice, which may prohibit stockholders from bringing matters before a meeting of stockholders or from making nominations of directors at a meeting of stockholders.

## Proxy Access

Our By-laws provide that, in certain circumstances, a stockholder, or a group of stockholders, owning continuously for at least three years shares of our stock representing an ownership percentage of at least three percent (3%) of the outstanding shares of common stock, may include director candidates that they have nominated in our annual meeting proxy materials, provided that the stockholder(s) or nominee(s) satisfy the requirements in our By-laws. The number of director nominees appearing in our annual meeting proxy materials cannot exceed the greater of (i) twenty percent (20%) of the number of members of the Board of Directors on the last day on which a nomination notice was submitted pursuant to Section 1.2 of the Certificate of Incorporation (rounded down to the nearest number) and (ii) two nominees. The nominating stockholder or group of stockholders is also required to timely deliver certain information and undertakings, and each nominee is required to meet the qualifications, as described in more detail in our By-laws.

## Authorized but Unissued Capital Stock

Our Certificate of Incorporation authorizes our Board of Directors, without further action by stockholders and subject to any limitations imposed by the listing standards of The Nasdaq Global Select Market, to issue up to 40,000 shares of preferred stock, par value \$1.00 per share, in one or more classes or series, to establish from time to time the number of shares to be included in each such class or series to fix the rights, powers and preferences of the shares of each such class or series and any qualifications, or restrictions thereon.

Delaware law does not require stockholder approval for any issuance of authorized shares. Additional shares may be used for a variety of corporate purposes, including future public offerings, to raise additional capital or to facilitate acquisitions.

One of the effects of the existence of unissued and unreserved common stock or preferred stock may be to enable our Board of Directors to issue shares to persons friendly to current management. Such issuance could render more difficult or discourage an attempt to obtain control of our company through a merger, tender offer, proxy contest or otherwise. Such an issuance may protect the continuing management and possibly deprive the stockholders of opportunities to sell their shares of common stock at prices higher than prevailing market prices.

## Limitation on Directors' Liability and Indemnification

Section 145(a) of the DGCL grants each corporation organized thereunder the power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as an officer, employee or agent of another corporation, partnership, joint venture, trust or other entity, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding, if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, if the person had a reasonable cause to believe the person's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation.

respect to any criminal action or proceeding, had reasonable cause to believe that the person was unlawful.

Section 145(b) of the DGCL grants each corporation organized thereunder the power to any person who was or is a party or is threatened to be made a party to any threatened, completed action or suit by or in the right of the corporation to procure a judgment in its favor by the fact that the person is or was a director, officer, employee or agent of the corporation, or serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) and reasonably incurred by the person in connection with the defense or settlement of such action if the person acted in good faith and in a manner the person reasonably believed to be in or not to the best interests of the corporation and except that no indemnification shall be

made pursuant to Section 145(b) of the DGCL in respect of any claim, issue or matter as to which the person shall have been adjudged to be liable to the corporation unless and only to the extent that the Delaware Court of Chancery or the court in which such action or suit was brought shall determine that, despite the adjudication of liability but in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for such expenses which the Delaware Court of Chancery or such other court shall deem proper.

Section 145(c) of the DGCL provides that to the extent that a present or former director or employee of the corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding to which he or she was referred to in Sections 145(a) and (b) of the DGCL, as described in the preceding paragraphs, in the defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith.

Section 145(g) of the DGCL provides, in general, that a corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation against any liability asserted against the person in any such capacity, out of the person's status as such, regardless of whether the corporation would have the power to indemnify the person against such liability under the provisions of the DGCL.

Section 102(b)(7) of the DGCL enables a corporation in its certificate of incorporation or bylaws, or in an amendment thereto, to eliminate or limit the personal liability of a director to the corporation or its stockholders of monetary damages for violations of the directors' fiduciary duty of care as to the corporation, except (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law, (iii) in the case of a criminal proceeding, if a director is liable under Section 174 of the DGCL (providing for director liability in the event of unlawful payment of dividends or unlawful stock purchases or redemptions) or (iv) for any transaction from which the director derived an improper personal benefit. Our Certificate of Incorporation indemnifies the directors and officers to the full extent of the DGCL and also allows the Board of Directors to indemnify employees. Such right of indemnification is not exclusive of any right to which such officer or director may be entitled as a matter of law and shall extend and apply to the estates, heirs, executors and administrators of such persons.

We maintain a directors' and officers' insurance policy. The policy insures directors and officers against losses arising from certain wrongful acts in their capacities as directors and officers. The insurance company reimburses us for those losses for which we have lawfully indemnified the directors and officers. The policy contains various exclusions that are normal and customary for policies of this type.

We believe that our Certificate of Incorporation, By-laws and insurance policies are necessary to attract and retain qualified persons to serve as our directors and officers.

The limitation of liability and indemnification provisions in our Certificate of Incorporation and By-laws may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duty. They may also reduce the likelihood of derivative litigation against directors and officers, even if a stockholder's action, if successful, might benefit us and other stockholders. Furthermore, a stockholder's interest

may be adversely affected to the extent we pay the costs of settlement and damage awards to directors and officers as required or allowed by these indemnification provisions.

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended ("Securities Act") may be permitted to directors, officers or persons controlling us pursuant to the provisions, we have been informed that in the opinion of the Securities and Exchange Commission, indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

#### **Delaware Anti-Takeover Statute**

Certain Delaware law provisions may make it more difficult for someone to acquire us through a tender offer, proxy contest or otherwise.

Section 203 of the DGCL provides that, subject to certain stated exceptions, an "interested stockholder" is any person (other than the corporation and any direct or indirect major subsidiary) who owns 15% or more of the outstanding voting stock of the corporation or is an associate of the corporation and was the owner of 15% or more of the outstanding voting stock of the corporation at any time within the three-year period immediately prior to the date of determination of the stockholder's status as an interested stockholder. Section 203 also prohibits a corporation from combining with any interested stockholder for a period of three years following the time that such stockholder became an interested stockholder unless:

- prior to such time the board of directors of the corporation approved either the combination or transaction which resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding shares owned by (i) persons who are directors and also officers and (ii) employee stock plans in which participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered or exchanged in a tender or exchange offer; or
- at or subsequent to such time, the business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least sixty-six and two-thirds percent (66 2/3%) of the outstanding stock which is not owned by the interested stockholder.

The effect of these provisions may make a change in control of our business more difficult by delaying, deferring or preventing a tender offer or other takeover attempt that a stockholder might make in its best interest. This includes attempts that might result in the payment of a premium to stockholders over the market price for their shares. These provisions also may promote the continuity of management by making it more difficult for a person to remove or change the incumbent members of the board of directors.

#### **Transfer Agent and Registrar**

Computershare Trust Company, N.A. is the transfer agent and registrar for our common stock.

#### **Listing**

Our common stock is listed on the Nasdaq Global Select Market under the symbol "TSCO".

Tractor Supply Company

**Performance Share Unit Agreement TRACTOR SUPPLY COMPANY  
EXECUTIVE DEFERRED COMPENSATION PLAN**

This PERFORMANCE SHARE UNIT AGREEMENT (this "Agreement") is made **Amended** and entered into as of the **[Grant Date]** (the "Grant Date"), being restated generally effective January 1, 2023.

**Preamble**

Tractor Supply Company a Delaware corporation (together with its Subsidiaries and Affiliates, (the "Company") established the Tractor Supply Company Executive Compensation Plan (the Plan), originally effective as applicable, the "Company" effective October 31, 2001, and **[Participant Name]** (the "Grantee") last restated effective January 1, 2009. Capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the Plan. The Company hereby amends and restates the meaning ascribed to such terms in the Plan to reflect the meaning ascribed to such terms in the Company's 2018 Omnibus Incentive Plan ("Plan") last restatement and to make certain other changes, effective as of January 1, 2023.

**WHEREAS, the Company has adopted Section 1. Purpose**

The purpose of the Plan which permits the issuance is to provide a select group of employees with the opportunity to receive Share Units based upon the satisfaction of performance objectives management or other conditions ("Performance Share Unit"); and

WHEREAS, the Compensation Committee of the Board of Directors highly compensated employees of the Company or a subcommittee thereof (or if no such committee is appointed, the Board of Directors of the Company) (each, the "Committee") determined that Grantee is entitled to and its subsidiaries and related partnerships an award of Performance Share Units under the Plan;

NOW, THEREFORE, the parties hereto agree as follows:

**PERFORMANCE SHARE UNIT GRANT**

Grantee: **[Participant Name]**  
**[Employee ID]**

Target Number of Performance Share Units  
Granted Hereunder ("Target Award"): **[# of Award Units Granted]**

Grant Date: **[Grant Date]**

**1. Grant of Performance Share Unit Award.**

1.1 The Company hereby grants to the Grantee the award ("Award") of Performance Share Units ("PSUs") set forth above on opportunity, in accordance with the terms and conditions set forth in the Plan, to defer compensation that otherwise would be payable currently. This Plan is intended to be an unfunded plan maintained primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees, within the meaning of sections 301(a)(3) and 401(a)(1) of the Employee Retirement Income Security Act of 1974.

amended ("ERISA"). The Plan is intended to be exempt from Parts 2, 3 and 4 of ERISA and shall be construed to effect such intent.

## Section 2. Administration

This Plan shall be administered by a committee (the "Committee") appointed by the Board of Directors of the Company; provided that in the absence of an administrative committee, the full Board shall be the Committee. The Committee may delegate authority to its officers and other persons to properly administer the Plan on a daily basis. The Committee shall have the complete discretionary authority to control the operation and the administration of this Agreement Plan, with all powers necessary to enable it to properly carry out such responsibility, including, but not limited to, the power to construe the terms of this Plan, to determine status, coverage and eligible benefits, and to resolve all interpretive, equitable and other questions that shall arise in the operation and administration of this Plan. All actions or determinations of the Committee shall be final, conclusive and binding on all persons.

## Section 3. Eligibility

Any employee of the Company, its subsidiaries, or Tractor Supply Company of Texas, LP will be eligible to participate in this Plan during any calendar year in which such employee is a member of a select group of management or highly compensated employees of the Company, within the meaning of sections 201(2), 301(a)(3) and 101(1) of ERISA; and is identified by the Committee as eligible to participate in the Plan ("Eligible Employee"). The designation by the Committee shall be deemed conclusive and irrebuttable evidence that such individual is for all purposes a member of a select group of management and highly compensated employees.

## Section 4. Contributions

(a) Elective Deferrals. After the determination of their eligibility to participate in the Plan pursuant to Section 3, Eligible Employees may make deferral elections in accordance with the procedures described herein.

(1) Amounts Deferred. An Eligible Employee may elect in accordance with procedures established by the Committee to defer receipt of up to 40% of his or her annual base salary (including vacation pay, sick pay and holiday pay), overtime differentials and commissions payable from the Company. An Eligible Employee may also elect to defer up to 92% of any annual cash bonus payment that may be payable. The Committee reserves the right in its discretion to alter the foregoing percentage limitations for any subsequent calendar years. Deferral elections shall be made in increments of 1% of compensation under procedures established by the Committee. An Eligible Employee who elects to defer any of his or her annual base salary or cash bonus payment under the Plan shall become a participant in the Plan (a "Participant").

Notwithstanding the foregoing, the Committee may, in its sole discretion, identify specific forms of compensation to be included in or excluded from a Participant's account.

compensation eligible for deferral, provided that such Committee action shall be taken prior to the deadline for submitting deferral elections.

(2) *Deferral Elections.* Except as otherwise provided in the bookkeeping account this Section 4, deferral elections will be maintained effective calendar year following the calendar year in which the election is made, and submitted to the Committee no later than December 31<sup>st</sup> of the year immediately following the year in which falls the period of service for which such compensation is earned. An election to defer may not be revoked, changed or modified for the calendar bonus payment at issue, except as otherwise provided herein. Unless otherwise provided by the Company Committee, a Participant must make a separate election with respect to each calendar year of participation in the PSUs. Plan procedures established by the Committee.

**1.2(3) Special Rules.** Notwithstanding any other provision herein:

(A) An Eligible Employee may make an election within the days after the date he or she first becomes eligible to participate in the Plan compensation for services to be performed after the election.

(B) To the extent a bonus payment falls within the definition of "performance-based compensation" (as defined in Treas. Reg. Section 1.409A-1), the Committee may permit a Participant to elect to defer such performance compensation at any time on or before the date that is six months before the end of the performance period, so long as the Participant performs services continuously during the performance period, later of (a) the beginning of the performance period, or (b) the date the performance-based compensation criteria are established, through the date the election is made, and provided further that in no event may an election to defer performance-based compensation be made if such compensation has become readily ascertainable.

**(b) Employer Matching Contribution.** The Grantee's rights Company shall the Participant's account a matching contribution equal to 100% of the first \$ base salary deferred by a

Participant under Section 4(a) for a calendar year and 50% of the next \$3,000 salary deferred under Section 4(a) for a calendar year, for a maximum contribution of \$4,500 per Participant per calendar year.

## Section 5. Establishment of Deferred Compensation Accounts

(a) At the time of a Participant's initial election to defer under Section 4(a), the Company shall establish a bookkeeping account (a "Deferred Compensation Account") for such Participant on its books. The amounts deferred under Section 4(a) shall be credited to the Participant's Deferred Compensation Account no later than the 15th of the month following the month that the compensation would have otherwise been paid to the Participant. Amounts credited under Section 4(b) shall be credited as of the date the deferral under Section 4(a) is credited for which the Section 4(b) deferral relates. Separate Deferred Compensation Accounts shall be created for each year and for annual base salary and annual bonus deferrals, respectively. Each

matching contributions shall be credited to the same Deferred Compensation as annual base salary deferrals for each year.

(b) The Company may establish a trust (the "Trust"), as described in Section 101, as a reserve for the benefits payable hereunder and for the purposes stated in the instrument. To the extent the Participants' benefits are not paid from the Trust, benefits shall be paid from the general assets of the Company. The Participants shall have no funded, secured or preferential right to payment hereunder, but rather at all times have the status of a general unsecured creditor.

## Section 6. Investment of Deferred Compensation Accounts

(a) If the Company establishes a Trust, the earnings, gains and losses credited to each respective Deferred Compensation Account in accordance with the investment experience of the Trust. The investment funds (e.g., mutual funds, corporate-owned life insurance arrangements or any other arrangement) may include fixed income funds) shall be selected and designated by the Committee from time to time in its sole discretion. The Committee at its discretion may direct Participants to direct the investment of their Accounts in such investment in accordance with such procedures as the Committee may adopt from time to time. A Participant's Deferred Compensation Account shall be credited as of each valuation date with income, gains or losses corresponding to the investment performance of the funds selected by that Participant or the Committee, as applicable.

(b) To the extent the Company does not establish a separate fund, designated investments for the payment of any benefits hereunder, such as the Deferred Compensation Accounts, or the applicable portion thereof, shall accrue interest calculated each calendar year, or other appropriate time period, at an annual rate equal to the prime rate on the first business day of such calendar year, compounded annually.

(c) In the event of a change in the ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company (within the meaning of Treasury Regulation Section 1.409A-3(i)(5)) (a "Change in Control"), the investment options available under subsection (a) shall not be modified, except to substitute

similar asset classes, and the interest rate used pursuant to subsection (b) above shall not be reduced, following the Change in Control.

## Section 7. Vesting

A Participant shall be fully vested at all times in all amounts credited to the Participant's Deferred Compensation Accounts.

## Section 8. Payment of Amounts from Deferred Compensation Accounts

### (a) Benefit Payments.

(1) Commencement of Distribution. The balance of a Participant's Deferred Compensation Accounts calculated under Section 6 shall be distributed

Participant on the Distribution Date (as defined below) selected by the Participant at the time of his deferral election pursuant to Section 4(a) for that particular year and to the Compensation Account, except as may be required by Section 8(d). The Company, in its discretion, may permit the Participant to elect among one or more of the following "Distribution Dates": (i) the date of the Participant's Separation from Service, Total and Permanent Disability and/or death (each, a "Distribution Event"); (ii) the anniversary of the date of the Participant's Separation from Service or Total and Permanent Disability Event; and/or (iii) some other specified date that is at least 24 months following the end of the calendar year for which the election is made. If no Distribution Date is selected by a Participant at the time of the Participant's deferral election pursuant to Section 4(a), or the Company does not permit the Participant to elect a Distribution Date other than Separation from Service, then distributions shall be made upon the Participant's Separation from Service.

(2) Form of Distribution. All payments under this Plan shall be made in cash. Except as otherwise provided, a Participant's Deferred Compensation Account shall be paid in a single lump sum payment or, if permitted by the Committee, in installments, as elected by the Participant at the time of the deferral election relating to such Deferred Compensation Account. If no form of payment is selected by a Participant at the time of a deferral, then payments shall be made in a single lump sum payment. The Company is not required to allow a Participant to elect a form of payment other than a single lump sum. If payments are made in installments, the amount of each installment shall be determined by dividing the balance in the Deferred Compensation Account on any payment date by the number of installments then remaining to be paid. Each remaining Deferred Compensation Account shall continue to accrue interest at the rate set forth above in Section 6 and in a manner as set forth above in Section 6 until paid in full.

(3) Election Changes. Notwithstanding anything herein to the contrary, to the extent allowed by the Committee, a Participant may elect to change the form of payment if (i) the election does not take effect until at least 12 months after the date on which the election is made, (ii) in the case of an election related to a payment made upon Total and Permanent Disability, death or an unforeseeable emergency, the payment with respect to which such election is made is deferred for a period of at least five years from the Award shall remain forfeitable at all times after such date such payment would otherwise have been made, and (iii) any election related to a payment to be made upon a specified time may not be made less than 12 months prior to the date on which date of the PSUs shall vest in accordance with Section 2 hereof. Except as otherwise determined by first scheduled payment under the Committee, this Award shall not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by Grantee other than by will or the laws of descent and distribution or by sale, assignment, transfer, pledge, hypothecation, loan or other disposition other than in accordance with this Section 1.2 shall be null and void. prior election.

1.3 Notwithstanding anything herein to the contrary, Grantee acknowledges and understands that the Award granted hereby is contingent upon Grantee's execution of the Protective Agreement attached hereto as (4) B Payments on Death, which Grantee is executing contemporaneously with this Agreement. In the event Grantee breaches any provisions of this Agreement, payment commence

the Participant's death, payment shall be made in a lump sum to the Participant's Designated Beneficiary. If a Participant dies and installment payments are being made, or are to be made, then the Participant's Designated Beneficiary(ies) shall receive the remaining balance credited to Participant's Deferred Compensation Account in a lump sum payment.

(5) **Payments on Total and Permanent Disability.** In the event of a breach of the Protective Agreement, the PSUs Participant's Total and Permanent Disability:

(A) payment of amounts deferred prior to January 1, 2017 shall be automatically forfeited without consideration effective as of the date of the breach;

(B) payment of amounts deferred on or after January 1, 2017 shall be made in the form selected by the Participant at the time of deferral pursuant to Section 8(a)(2) or, if no form of payment is selected by the Participant at the time of deferral, in a single lump sum;

unless the Participant makes an election to change the time and form of payment pursuant to Section 8(a)(3) in which event such breach first occurs. The following rights and remedies are in addition to any other rights and remedies that may be available. Payment will be available made to the Company Participant or to an adult with whom the Participant maintains his or her residence, as the Committee in its sole and absolute discretion shall not prevent the Grantee from determining. Such a payment to a legal guardian, conservator or adult assert that they shall prevent fully discharge the Company, the Committee and from bringing further liability on account thereof.

(b) The following capitalized terms shall have the meanings set forth below:

(1) "Total and Permanent Disability" means if the Participant (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months or (ii) is by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than 12 months under an accident and health plan covering employees of the Participant's employer.

(2) "Designated Beneficiary" means the one or more action items persons designated by a Participant in any applicable jurisdiction writing to the Grantee as a result of Grantee's breach receive all or part of the Protective Agreement. Without limiting Participant's Deferred Compensation Account upon the foregoing, Participant's death provided such designation is delivered to the Grantee or Grantee's beneficiaries or heirs on vesting of the PSUs, and which are held by Grantee or Grantee's beneficiaries or heirs as of the date of such breach shall immediately be forfeited without consideration.

## 2. Vesting and Payment.

2.1 **General.** Except as provided in Section 2.2, Section 2.3 or Section 2.4, the Award shall vest, if at all, 100% on the third anniversary of the Grant Date (the "Grant Date"), but only if and to the extent: (x) the Company has achieved the performance targets over the period (the "Performance Period") set forth on Exhibit A hereto, and (y) the Grantee has remained in service with the Company continuously.

the Vesting Date. The number of PSUs that vest may be greater than or less than the Target Award, as more specifically set forth on [Exhibit A](#).

## 2.2 Death; Disability.

(a) Notwithstanding Section 2.1, in the event the Grantee's employment with the Company terminates Committee prior to the Vesting Date on account of the Grantee's death, Grantee (or Participant's death. A designation may be replaced by a new beneficiary designation or may be revoked by the Grantee's estate) shall be vested in Participant at any time by written notice delivered to the number of PSUs that would have vested had Grantee remained employed with the Company continuously until the Vesting Date; provided, that any PSUs that vest pursuant to this Section shall not be settled until the Committee determines the number of PSUs that should be based on the extent to which the performance targets will have been achieved in accordance with Exhibit A attached hereto.

(b) Notwithstanding Section 2.1, in the event the Grantee's employment with the Company terminates prior to the Vesting Date on account of Participant's death, the event that a Designated Beneficiary(ies) has not been designated, cannot be located, or is not living at the time of Grantee's Permanent Disability, (or Participant's death, payment of any amounts then credited to the Grantee's representative) Participant's Deferred Compensation Account shall become vested and made to the Participant's surviving spouse or, if none, to the Participant's estate. If the Designated Beneficiary is missing or dies prior to Participant's death, then the remaining Designated Beneficiary(ies) in the number of PSUs that would have vested same class (i.e., primary or secondary), if any, shall receive the deceased missing Designated Beneficiary's share as if such Designated Beneficiary had remained employed with the Company continuously until the Vesting Date; provided that any PSUs that vest pursuant to this Section 2.2(b) shall not be settled until the Committee determines the number of PSUs that should vest based on the extent to which the performance targets will have been achieved in accordance with the attached hereto. For purposes of this Agreement, "Permanent Disability" shall have the meaning set forth in the long-term disability plan of the Company.

**2.3 Termination of Employment.** Except as provided in Section 2.2, Section 2.3, or as otherwise provided by the Committee, if the Grantee's service as an employee of the Company first terminates, if any Designated Beneficiary dies simultaneously with

terminates for any reason, Participant or within 24 hours of the Grantee Participant's death, all benefits payable under the Plan shall forfeit all rights be paid as Designated Beneficiary predeceased the Participant.

(3) "Separation from Service" means a "separation from service" that respects the Company and its affiliates pursuant to all PSUs that are not vested as of the date, the default definition in section 1.409A-1(h) of the Treasury Regulations.

#### 2.4(c) Change in Control Unforeseeable Emergency. Upon

(1) In the occurrence of an unforeseeable emergency, a Participant may apply to the Committee for withdrawal of his or her Deferred Compensation Accounts to the extent necessary to satisfy the emergency need. For purposes of this Plan, the term "unforeseeable emergency" shall mean a severe financial hardship experienced by the Participant resulting from an illness or accident of the Participant, the Participant's spouse or a dependent (as defined in Control, section 152(a) of the Internal Revenue Code of 1986, as amended (the "Code")) of the Participant, loss of Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant.

(2) Withdrawals for an unforeseeable emergency may not exceed amounts necessary to satisfy such emergency plus amounts necessary to provide reasonably anticipated as a result of the distribution, after taking into account the extent to which such hardship is or may be relieved through reimbursement or compensation by insurance or otherwise or by liquidation of the Participant's assets (to the extent liquidation of such assets would not itself cause severe financial hardship).

(3) The Committee shall have full and complete discretion to consider and make a determination concerning a request for a hardship withdrawal. The Committee shall also be entitled to reasonably rely upon the representations of a Participant concerning his or her qualification for a hardship withdrawal. All decisions of the Committee shall be final, binding and conclusive.

(4) In the event of a Participant's distribution as a result of an unforeseeable emergency hereunder or hardship distribution pursuant to Treasury Regulation 1.401(k)-1(d)(3) from a plan sponsored by the Company or its affiliates, any deferral elections for such Participant under this Plan shall be canceled. After such cancellation, the Participant shall not be permitted to make another deferral election under this Plan until the annual election period that ends more than six months after such distribution.

(a) In(d) Required Delay. Notwithstanding the event applicable provisions of the Plan or Appendix A regarding timing of distribution of payments, the surviving following special rules shall apply in order for this Plan to comply with Section 409A of the Change in Control (together with its Affiliates, Code: (i) to the Successor to the extent any distribution is to a "specified employee" (as defined under Section 409A of the Award granted hereby, (1) any in process Performance Periods subject to the applicable provisions of section 409A of the Code and to the extent the regulations thereunder require a delay of such distributions by a six-month period after the date immediately preceding of such Participant's Separation from Service, the Change in Control, (2) the number of PSUs that vest, no such distributions shall be eligible made prior to vest the date that is six months after the date of the Participant's Separation from Service with the Company, and (ii) any such delayed payments shall be paid to the Target Award, if the Change in Control occurs prior to the end of the lump sum within five business days after the end of the Performance Period, PSUs that are eligible to vest pursuant to (2) above shall vest on the Vesting Date provided the Grantee remains employed with the Successor until the Vesting Date (4) notwithstanding six-month delay. Section 2.3 or the immediately preceding clause of this paragraph, in the event the Grantee's employment with the Successor is terminated without Cause by the Successor, or terminates for Good Reason by the Grantee or on account of Grantee's death, Disability, Retirement or Early Retirement within 12 months following a Change in Control and prior to the Vesting Date, the number of PSUs otherwise eligible to vest pursuant to this paragraph shall immediately vest and be released to the Grantee (or Grantee's estate or other legal representatives) upon the Grantee's termination of employment.

(b) In the event the Successor does not assume the Award hereby, a number of PSUs equal to the Target Award, if the Performance Period ended prior to the Change in Control, shall vest as of the effective date of the Change in Control and the appropriate number of Shares shall be released in accordance with Section 2.5.

(c) For purposes of this Agreement the following terms shall have the meaning set forth below:

(i) "Cause" means (A) Grantee's failure or refusal to carry out lawful directions of the Company, which are reasonably consistent with the responsibilities of the Grantee's position; (B) a material act of dishonesty or dishonest conduct by the Grantee related to the business of the Company; (C) Grantee's conviction of, or a plea of guilty or no contest to, a felony, a lesser crime against the Company, or any crime involving dishonest conduct; (D) Grantee's habitual or repeated misuse or habitual or repeated performance of the Grantee's duties under the influence of alcohol or controlled substances; (E) Grantee's breach of any written agreement with the Company, including the Protective Agreement; (F) a breach of the Protective Agreement; or (G) any act materially compromising the Grantee's reputation or ability to represent the Company to the public or any act or omission by the Grantee that substantially impairs the Company's business, good will or reputation.

(ii) "Change in Control" shall have the meaning provided in the Plan.

(iii) "Early Retirement" means any retirement with the written consent of the Company at or before the time of such retirement, from employment with the Company prior to having reached the age of 55 and ten years of service with the Company, in accordance with any applicable early retirement plan of the Company then in effect or as may be approved by the Committee.

(iv) "Good Reason" means (A) a material reduction in a Grantee's position, authority, duties or responsibilities, (B) any reduction in a Grantee's annual salary as in effect immediately prior to a Change in Control; (C) the relocation of the office at which the Grantee is performing the majority of Grantee's duties following a Change in Control to a location more than 30 miles from the location at which the Grantee performed such duties prior to the Change in Control; or (D) the failure by the Company or the Successor to continue to provide the Grantee with benefits substantially similar in aggregate value to those enjoyed by the Grantee under any of the Company's pension, life insurance, medical, health and accident or disability plans in which Grantee was participating immediately prior to a Change in Control, unless the Grantee is offered participation in other comparable benefit plans generally available to similarly situated employees of the Company or the Successor after the Change in Control. Grantee may not resign Grantee's employment for Good Reason unless (y) Grantee has provided the Company prior written notice of Grantee's intent to resign for Good Reason within six

calendar days of first becoming aware of the event giving rise to the alleged Reason and has set forth in reasonable detail the specific circumstances allegedly constitute Good Reason and (z) the Company does not cure circumstances that would result in Good Reason within thirty (30) calendar days after receipt of such notice. If the Company fails to cure such circumstances during the thirty (30) calendar day cure period, Grantee's employment will terminate following the expiration of the cure period.

(v) "Retirement" means retirement of Grantee from employment with the Company on or after such Grantee having reached the age of and ten years of service with the Company. Interests

2.5 Settlement. Grantee shall be entitled to settlement of the PSUs covered by this Agreement at the time that such PSUs vest pursuant to Section 2.1, Section 2.3 and Section 2.4, as applicable. Such settlement shall be made as promptly as practicable thereafter (but in no event after the thirtieth day following the date on which the PSUs vest), through the issuance to the Grantee (or to the executors or administrators of the Grantee's estate in the event of the Grantee's death) of a stock certificate (or electronic record) for such Shares, provided that if such Shares have been registered in the name of the Grantee with the relevant transfer agent, such Shares will be delivered to the Grantee (or to the executors or administrators of the Grantee's estate) as soon as practicable thereafter. Notwithstanding anything in this Agreement to the contrary, if Grantee's employment terminates for Cause prior to the date on which Shares are delivered, Grantee shall forfeit all of the PSUs.

2.6 Withholding Obligations. Except as otherwise provided required by law, the Company, upon the settlement of law, benefits payable to Participants and beneficiaries under this Plan may not be in any PSUs subject to any restrictions or assigned (either at law or in equity), alienated, sold, transferred, pledged, encumbered or subjected to this Award, the Company shall reduce the number of Shares that otherwise would be issued to the Grantee upon settlement attachment, garnishment, execution or other legal or equitable process by creditors of the Award by Participant's beneficiaries.

#### Section 10. Amendment, Suspension and Termination

The Company, in its sole and absolute discretion, at any time may amend, suspend or terminate the Plan or any portion thereof in any manner and to any extent it deems appropriate. Such amendment, suspension or termination of the Plan shall be final and binding on all Participants and Designated Beneficiaries. Such amendment, suspension or termination shall not alter or impair a number of Shares or the aggregate Fair Market Value on Participant's rights to any amounts deferred as of the date of such issuance equal to the amount of the amendment, suspension or termination without the consent of the Participant affected thereby.

#### Section 11. General Creditor Status/Unfunded Obligation

This Plan constitutes a mere contractual promise by the Company to make future payments as provided under this Plan to Participants and, where applicable, Designated Beneficiaries. Notwithstanding any other provision of this Plan, a Participant and his or her Designated Beneficiary shall be treated as general, unsecured creditors of the Company at all times under the Plan. Neither a Participant nor a Designated Beneficiary shall have any preferred claim on, or any beneficial interest in, any assets of the Company, any other person, or any trust maintained in connection with the Plan which is superior in any manner to the payment right of any other general and unsecured creditor of the Company. It is the intention of the Company that the Compensation Accounts be unfunded for tax purposes and for purposes of ERISA and this Plan shall be construed and operated to effect such intent. Furthermore, it is intended that the recognition of income on amounts deferred by a Participant

related investment adjustments) shall be determined under section 451(a) of the Code and such recognition shall be deferred until such amounts are actually received by the Participant.

The Company may establish a grantor trust described in Treasury Regulation Sections 1.677(a)-(d) to accumulate funds to pay the Deferred Compensation Amounts to Participants, provided that the trust assets shall be subject to the claims of the Company's general creditors and shall be required to be used to satisfy the withholding tax obligation claims of the Company's general creditors in the event the Company becomes "Insolvent" under the terms of such trust.

## Section 12. No Right to Employment or Other Benefits

Nothing contained in this Plan shall confer or shall be construed as conferring upon any Participant the right to continue in the employ of the Company with respect to which the Award is being settled, as determined by the Committee (but in no event greater than the maximum withholding any specific capacity or for any specific employment or at any specific rate applicable to wages of the Grantee).compensation

### 3. Dividend Rights: Section 13. Claims Procedures

The Grantee(a) (1) Any Participant or, if the Participant is deceased, the Participant's Designated Beneficiary (the "Claimant," which term shall not be construed to include any individual to whom any dividend equivalent rights in respect of the PSUs covered by this Award are payable).

4. No Right to Continued Service; Limitation of Rights. duly authorized

Nothing in this Agreement or representative of Claimant) may file a claim re benefits under the Plan shall be interpreted or construed by submitting to con the Grantee any right to continue service an officer or employee Committee a statement setting out the general nature of the Company. In addition, the granting PSUs will not give Grantee any rights to similar grants in future years. claim.

5. Adjustments. (2) If a duly submitted claim is filed, the Committee shall send notice within 90 days of the date the claim is received unless circumstances require an extension of time for processing the claim. Such extension shall not exceed 90 days and no extension shall be allowed unless, within the initial 90-day period, the Claimant is sent an extension notice indicating the special circumstances requiring the extension and specifying a date by which the Committee expects to make its decision.

The (3) If a duly submitted claim is wholly or partly denied, the Company shall set forth the following:

(A) the specific reason or reasons for the denial:

(B) specific references to pertinent Plan provisions on which the Committee based its denial;

(C) a description of Section 4.2 any additional material information needed for the Claimant to perfect his or her claim and an explanation why the material or information is needed;

(D) a statement that the Claimant may request a review of the written application to the Committee, review pertinent Plan documents, and submit issues and comments in writing;

(E) a statement that any appeal of the Plan are hereby incorporated by reference, and the PSUs are subject to such provisions. Any Committee's determination made by the Committee or the Board pursuant to such provisions shall be made in accordance with writing to the provisions Committee will be made in writing to the provisions Committee within 60 days after receipt of the Committee's notice of denial of benefits, and that if the Claimant appeals the action to the Committee in writing within the 60-day period will result in the Committee's determination final, binding and conclusive; and

(F) the address of the Committee to which the Claimant may forward his or her appeal.

(b) Within 60 days after denial of a claim as herein provided, the Claimant or his or her authorized representative may submit a written request for review of the denied claim to the Committee. The Claimant may submit, in writing, whatever issues and comments the Claimant deems pertinent. The Committee shall re-examine all facts related to the appeal and make a final determination as to whether the denial of benefits is justified under the circumstances. The Committee shall advise the Claimant in writing of the decision on the appeal, the specific reasons for the decision, and the specific provisions on which the decision is based. The notice of the decision shall be final and binding for all purposes given within 60 days of the Plan and this Agreement.

#### 6. Administration Subject to Plan.

The Grantee hereby acknowledges Claimant's written request for review. Special circumstances (such as a hearing) would make the rendering of a decision within the 60-day period infeasible, but in no event shall the Committee render a final decision regarding the denial of a claim for benefits later than 120 days after its receipt of the written request for review. If an extension of time for review is required because of special circumstances, the Grantee agrees to be bound by all the terms and provisions thereof. The terms of this Agreement are governed by the terms of the Plan and in the case of any inconsistency between the terms of this Agreement and the terms of the Plan, the terms of the Plan shall govern. The Committee shall have the power to interpret and administer the Plan and this Agreement and to adopt such rules as are necessary for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules. All actions taken by the Committee in interpreting and determining made by the Committee extension shall be binding upon the Grantee, the Company and all other interested persons. No member of the Committee shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Award.

#### 7. Modification of Agreement.

Subject to the restrictions contained in date the Plan, the Committee may waive any conditions or rights under, amend any terms of, suspend, discontinue, cancel or terminate, the Award, prospectively or retroactively, provided that any such waiver, amendment, alteration, suspension, disconnection or termination that would materially and adversely affect the rights of the Grantee or any holder or beneficiary of the Award shall not to that extent be made without the consent of the Grantee, holder or beneficiary affected.

## 8. Section 409A.

Notwithstanding anything herein to the contrary, to the maximum extent permitted by applicable law, the settlement of the PSUs to be made to the Grantee pursuant to this Agreement is intended to qualify as a "short-term deferral" pursuant to Section 1(b)(4) of the Regulations and this Agreement shall be interpreted consistently therewith. However, under certain circumstances, settlement of the PSUs may not qualify, and in that case, the Committee shall administer the grant and settle such PSUs in strict compliance with Section 409A of the Code. Further, notwithstanding anything herein to the contrary, if at the time of Grantee's termination of employment with the Company and all Service Recipients, the Grantee is a "specified employee" as defined in Section 409A of the Code, and the deferral of the commencement of payments or benefits otherwise payable hereunder as a result of such termination of service is necessary in order to prevent the imposition of any accelerated or additional tax under Section 409A of the Code, then the Company will defer the commencement of the payment of any such payments or benefits hereunder (without any reduction in such extension period commences).

payments or benefits ultimately paid or provided to the Grantee) to the minimum extent necessary to satisfy Section 409A of the Code until the date that is six months and one day following the Grantee's termination of employment.

**the 14. Miscellaneous**

(a) Withholding. The Company (or the earliest date as is permitted under Section 409A of the Code), if such payment or benefit is payable upon a termination of employment. For purposes of this Agreement, a "termination of employment" shall have the same meaning as "separation from service" under Section 409A of the Code. ~~take any~~ and Grantee shall be deemed ~~all~~ actions which it deems necessary and appropriate to have remained employed so long as Grantee has not "separated from service" ~~satisfy any federal, state and local withholding obligations with the Company or its Successor.~~ Each payment of PSUs constitutes a "separate payment" for purposes of Section 409A of the Code.

Although the Company intends ~~respect~~ to administer this Performance Share Unit Agreement so that the Award will be exempt from, or will be interpreted and comply with the requirements of Section 409A of the Code, the Company does not warrant that the Award made ~~any amounts payable~~ under this Performance Share Unit Agreement will qualify for favorable tax treatment under Section 409A of the Code or any provision of federal, state, local or foreign law. The Company shall not be liable to the Grantee for any tax, interest, or penalties that Grantee might owe as a result of the Award made under this Performance Share Unit Agreement. ~~Plan.~~

## 9. (b) Severability.

If any provision of ~~Except as otherwise provided herein~~, this Agreement becomes, or is deemed to be invalid, illegal, or unenforceable in any jurisdiction, then such provision shall be severed from the Agreement and shall not affect the validity of any Person or the Award, or would disqualify the Plan or Award under any laws.

applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended in the determination of the Committee, materially altering the intent of the Plan or Award, such provision shall be stricken as to such jurisdiction, Person or Award, and the remainder of the Plan and Award shall remain in full force and effect.

**10. Governing Law.**

The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Tennessee without giving effect to the choice of law principles thereof, except to the extent that such laws are preempted by federal law.

**11. Successors in Interest.**

This Agreement shall inure to the benefit of and be binding upon any successors to the Company. This Agreement shall and inure to the benefit of the Grantee and their representatives. All obligations imposed upon Company, the Grantee Participant and their heirs, executors, administrators, legal representatives, and successors to the Company shall be binding upon the Company and the Grantee's heirs, executors, administrators, legal representatives, and successors to the Company.

**12. (c) Resolution/Choice of Disputes Law.** This Plan shall be construed in accordance with and governed by the law of the State of Tennessee, except to the extent preempted by federal law.

Any dispute(d) Discharge of Obligations. The payment by the Company of benefits due under this Plan to a Participant or disagreement which may arise Designated Beneficiary discharges the Company's obligations under this Plan with respect to such Participant and the Participant shall have no rights under this Plan.

(e) Construction. The headings and subheadings set forth in this Plan are intended for convenience only and have no substantive meaning whatsoever. In the construction of or in any way related to this Plan, the masculine shall include the feminine and the singular shall include the plural.

(f) Entire Agreement. This Plan contains the entire agreement between the parties hereto with respect to the interpretation, construction or application of the matter hereof and supersedes all understandings, both oral and written, respecting the subject matter hereof.

(g) 409A Compliance. The provisions of this Plan are intended to comply with and shall be interpreted consistent with, the requirements of section 409A of the Code so as to avoid any adverse tax consequences under section 409A of the Code. Notwithstanding any other provision of this Agreement, any reference to termination of the Participant's employment for any reason shall be determined by reference to the date of termination of employment that constitutes a Separation from Service. Neither the Company nor any affiliates make any representations with respect to the application of section 409A of the Code to the economic or legal consequences of any payments hereunder. Each Participant shall be fully responsible for the potential application of section 409A of the Code to the legal consequences of payments payable to the Participant hereunder shall be binding and conclusive on the Grantee and the Company shall not indemnify or otherwise compensate any Participant for all purposes. any violation of section 409A of the Code that may occur in connection with the Plan. In accordance with the provisions under Treas. Reg. Section 1.409A-3(j)(4), the Committee may, in its discretion, provide for the acceleration of the time or schedule of a payment under this Plan.

Plan to pay employment taxes and any income taxes imposed on the amount due to pay such employment taxes; and to reflect payment of state, local, or foreign obligations arising from participation in the Plan that apply to an amount deferred in the Plan before the amount is paid or made available to the Participant and any taxes imposed on the amount distributed to pay such state, local, or foreign taxes. In the event of the Plan's termination, benefits will be paid at the time and in the manner provided under the terms of the Plan unless the Plan is terminated in accordance with Treas. Reg. Section 1.409A-3(j)(4)(ix), in which event payment may be accelerated in accordance with Treas. Reg. Section 1.409A-3(j)(4)(ix).

### 13. Notices.

Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of its Secretary or its designee, and any notice to be given to the Grantee shall be addressed to Grantee at the address (including electronic address) then reflected in the Company's books and records. By giving notice pursuant to this Section 13, either party may hereafter designate a new address for notices to be given to the Company or Grantee. Any notice, which is required to be given to the Grantee, shall, if the Grantee is then deceased, be given to the Grantee's personal representative if such representative has previously informed the Company of the representative's status and address by written notice under this Section 13. Any notice shall have been deemed duly given when (i) delivered in person, (ii) delivered in an electronic form approved by the Company, (iii) enclosed in a sealed envelope or wrapper addressed as aforesaid, deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service, or (iv) enclosed in a properly sealed envelope or wrapper addressed as aforesaid, deposited (with fees prepaid) in an office regularly maintained by FedEx, UPS, or comparable non-public mail carrier.

IN WITNESS WHEREOF, the parties have Company has caused this Performance Share Unit Agreement Plan, as amended and restated, to be executed by its duly authorized officer and its seal affixed hereto on this 1 day of the day and year first above written, 2022.

Tractor Supply Company

By: \_\_\_\_\_

Grantee:

(electronically accepted)

## EXHIBIT A

### TRACTOR SUPPLY COMPANY

[Performance Share Unit Award

Performance Targets]By:

Title:

## EXHIBIT B Appendix A. Benefits and Special Terms Restated Separate Agreements

### PROTECTIVE AGREEMENT

This Protective Agreement ("Agreement") Appendix A describes the benefits and special terms with respect to certain prior Deferred Compensation Agreements ("Agreements") is made by and between Tractor Supply Company and its subsidiaries, affiliates, successors and assigns (the "Company") certain Participants to whom this Appendix applies and the undersigned individual ("Executive"). The original date of each separate Agreement is listed on Schedule J Appendix. This Plan, together with the Appendix, consolidates all such agreements under this Plan. The terms of this Plan shall be the sole terms and provisions of such Agreements and such separate Agreements shall thereupon be void and of no effect. Generally, the terms and provisions of the Plan shall apply to the accounts maintained under this Appendix A, except however, that this Appendix A shall apply to such accounts notwithstanding any provisions of the Plan.

WHEREAS A. **Definitions.** Solely for purposes of this Appendix A, the Company and Executive agree that the Company has a legitimate business interest in, among other things, its Confidential Information (defined below) and Trade Secrets (as defined below), and in the significant time, money, training, team building and other efforts expended by the Company to develop Executive's skills to assist Executive in performing Executive's duties for the Company, including with respect to establishing, developing and maintaining the goodwill and business relationships with the Company's customers, vendors and employees, all of which Executive agrees are valuable assets of the Company to which it has devoted substantial resources;

WHEREAS, the Company and Executive agree that the Company's Confidential Information and Trade Secrets, including key information about, and goodwill of, its customers, vendors and employees are not generally known to the public and were developed over time and at significant cost to the Company, and are the subject of reasonable efforts of protection by the Company against disclosure to unauthorized parties; and

**WHEREAS**, as part of performing Executive's duties for the Company, Executive will have access to and/or will use the Company's Confidential Information and Trade Secrets and will work with customers, vendors and Employees; and

**WHEREAS**, the Company and Executive agree that this Agreement is reasonable to protect the Company against the irreparable harm it would suffer if Executive left the Company's employment (for any reason) and used or disclosed the Company's Confidential Information and Trade Secrets, and/or interfered with the good will and relationships the Company has in its customers, vendors and employees.

**NOW, THEREFORE**, for good and valuable consideration, to which Executive would not otherwise be entitled without entering into this Agreement, including promises and covenants contained in this Agreement; (b) Executive's employment with the Company; (c) Executive's access to and use of the Company's Confidential Information and Trade Secrets, including key information and goodwill in, its customers, vendors and employees; and (d) the opportunity to receive an equity grant from the Company pursuant to the Tractor Supply Company Performance Share Unit Agreement, the Company and Executive agree as follows (including the foregoing recitals which are expressly incorporated by reference into this Agreement): following definitions shall apply:

1. **Disclosures** "Agreement Effective Date" means, with respect to any Appendix A Participant, the date of the original Agreement as listed on Schedule A.
2. In order to maintain Executive's confidentiality obligations and to avoid conflicts of interest which may arise, Executive will disclose (and allow) "Appendix A Deferred Compensation Account" or "Appendix A Account" shall be the account established by the Company for the Appendix A Participant pursuant to the terms of the Plan. The Company will disclose to any future prospective employers the existence of Section 2 of this Appendix A.
3. "Appendix A Participant" means an individual, regardless of whether the individual has become a Participant pursuant to Section 4(a), who is listed on Schedule A and is hereby deemed to be a "Participant" in the Plan.
4. "Cause" means incompetence, insubordination, conviction of or plea of guilty to a felony, intoxication, or drug addiction.
5. "Continuous Service" means the period beginning on the Agreement Effective Date and the nature of Executive's confidentiality and restrictive covenants obligations arising from it before Executive accepts any new position or terminates employment.

## **2.6. Definitions.**

2.1 "Confidential Information" "Retirement" means information that is disclosed and used in a termination of employment on or after the Company's business anniversary. The information is not generally known by the public and the Company's business is not generally known. Appendix A Participant attains age fifty-five (55), other than a termination by the public, including but not limited to: trade secrets propri

customized software and databases; manufacturing processes and methods, formulas, research and development; new product plans; the Company's commercial records pertaining to its existing or potential customers, including key customer information, contract terms and related information; confidential business opportunities, merger or acquisition activity (including targets, opportunities, or prospects); commercial information regarding suppliers or vendors, including key supplier or vendor information, contract terms and related information; strategies Company for advertising and marketing; confidential business processes and strategies, including policies and procedures; personnel composition (wages, specialization, etc.); and revenue data and reports, including pricing, quoting and billing methods; other business information that the Company maintains as confidential. Executive specifically understands and agrees that the term Confidential Information also includes all confidential information of a third party that may be communicated to, acquired, learned of, or developed by Executive in the course of or as a result of Executive's employment with the Company. Confidential Information does not include information that is or may become known to Executive or to the public from sources outside the Company and through means other than a breach of this Agreement or disclosure by Executive after written approval from the Company. Cause.

2.2 "**B. Competitive Product or Service**" means any product, process or service (in existence or under development) Establishment and Maintenance of a person or organization other than Deferred Compensation Appendix A Account. The Company has previously established the Company that is Appendix A Deferred Compensation Accounts in accordance with the same as, similar terms of the Agreements, and made annual bookkeeping additions to or competes with, a process, system or service (in existence or under development) upon which Executive worked or had responsibilities the Appendix A Accounts at the Company during the twenty-four (24) months prior amounts specified in the Agreements, together with interest thereon. No further annual bookkeeping additions shall be made to Appendix A Account, provided, however, that earnings shall continue to be thereto in accordance with Section 6 of the Last Day (as defined below). Plan.

2.3 "**Competitor**" means Executive or any other person or organization engaged in or about to become engaged in, research or development, production, marketing, leasing, selling, or servicing of a Competitive Product or Service.

Executive and the Company agree that the definition of "Competitor" specifically includes, but is not limited to, Lowe's, Home Depot, Ace Hardware, True Value, PetSmart, Petco, Chewy's and their respective organizations, partnerships, ventures, sister companies, franchisees, affiliates or any organization in which they have an interest and which are involved in the farm and ranch, pet, and/or hardware industry, which otherwise compete with the Company.

For purposes of this Agreement, "Competitor" is further limited to any general specialty retail, wholesale membership club, or merchandising business, including their respective parent companies, subsidiaries and/or affiliates, that: (a) (i) sells farm and ranch, pet and/or hardware goods or merchandise at retail to consumers or businesses (whether through physical locations, via the internet or combined), or (ii) plans to sell such goods or merchandise at retail to consumers and/or businesses (whether through physical locations, via the internet or combined) within twenty-four months following Executive's Last Day; and **C.** (b) has gross annual consolidated sales volume or revenues attributable to its retail operations (whether through physical locations, via the internet or combined) equal to or in excess of \$100 million Employment.

Prior1. Termination Benefits. If an Appendix A Participant has a Separation from Service before Retirement or death, except for termination for Cause subject to accepting Section 8(d) of the Plan, his Appendix A Account paid to him in a position with a Company who could reasonably be considered a Competitor under this Section, Executive agrees to consult single listed within ninety (90) days of his Separation from Service in accordance with Executive Vice President following vesting schedule. Any amounts in which the Participant is not vested at the time of Human Resources, or his/her supervisor for clarification as to whether or not the Company views a prospective employee as a consulting client or other business relationship as a Competitor. Participation in such consulting relationship shall be forfeited upon such Separation from Service.

Full Years of Continuous Service to Separation from Service	Percentage Vested
Less than 5 years	0%
At least 5 years but less than 8 years	30%
At least 8 years but less than 10 years	60%
10 years or more	100%

2.4. "2. Customer Termination for Cause" means. Notwithstanding any other provision in this Plan, if the Participant is discharged by the Company for Cause, all amounts otherwise payable under this Appendix A shall be forfeited and the Participant shall have no right to receive any payment from the Appendix A Account at any time. '

D. Compensation Due Upon Retirement, Death or entity(ies) whorom within twenty-four (24) months prior Disability.

The benefits payable hereunder shall be paid in accordance with the provisions of this Section D, subject to any contrary election of the Appendix A Participant pursuant to any transition elections permitted during 2007 and/or 2008, or a withdrawal from an unforeseeable emergency pursuant to Section 8(c) of the Plan.

1. Retirement Benefits. Upon Separation from Service by the Appendix A Participant or by the Company without cause on or after the date on which the Appendix A Participant attains age fifty-five (55), the Company shall pay the Last Day, Executive, directly or Indirectly (e.g., through Executive's employer or a company in which Executive is supervised): (a) provided products or services Appendix A Participant shall receive the amount held in connection with his Appendix A Account in equal annual payments to be made over a period of five (5) years. Subject to Section 8(c) of the Plan, payments shall begin on the first day of the month following the Participant's Separation from the Company. Service.

2.5 **“2. Indirectly Death Benefits”** means (including as defined in Section 2.4) that Executive will not assist others in performing business activities that Executive is prohibited from engaging in directly under this Agreement.

2.6 **“i. Last Day”** means Executive’s last day of Subject to Paragraph 2.6 above, in the event the Appendix A Participant’s employment with the Company terminates by reason of death of the reason for Executive’s separation, Appendix A Participant, the Company shall transfer the Appendix A Account to the Designated Beneficiary(ies) of the Appendix A Participant, including voluntary and involuntary.

2.7 **“Restricted Geographic Area”** means interest accrued in accordance with Section 6 of the territory (i.e.: (i) state(s), (ii) county(ies), Plan, within ninety (90) days after the death of the Appendix A Participant. In the event that no Designated Beneficiary has been designated, can be located, or (iii) city(ies)) in which, the Executive was living at the twenty-four (24) months time of Appendix A Participant’s death, payable to the Designated Beneficiary(ies) in which Executive was last working. Any amounts then credited to the Appendix A Participant’s Appendix A Account shall be paid to the Designated Beneficiary(ies) in which Executive was last working. If a Designated Beneficiary is missing or dies prior to Appendix A Participant’s death, then the Last Day, Executive: (a) provided Material services to the Company (or remaining Designated Beneficiary(ies) in which Executive was last working), supervised, directly or Indirectly, the servicing activities), and/or (b) solicited Customers or otherwise sold services on behalf of the Company (or in which Executive supervised, directly or Indirectly, the solicitation or servicing activities related to such Customers). **“Material”** means the Executive’s primary job duties and responsibilities in connection with working with Customers or directly supervising individuals who work with Customers.

2.8 **“Restricted Period”** means the period of Executive’s employment with the Company and a period of months after the Last Day as set forth below based on Executive’s job position with the Company. Executive recognizes that this definition is reasonably and narrowly tailored to the Company’s legitimate business needs and need for protection with each position Executive holds at the Company.

- i. CEO 24 months
- ii. President 24 months
- iii. EVP 18 months
- iv. SVP 12 months
- v. VP 6 months

2.9 **“Trade Secret”** means information defined as a trade secret under applicable state law or the Defend Trade Secrets Act of 2016.

3. **Restrictive Covenants.** To protect the Company’s legitimate business interests, including with respect to Executive’s access to and use of the Company’s Confidential Information and Trade Secrets, including key information about the Company’s products, services, customers, and employees, Executive agrees that:

3.1 **Non-Competition.** During the Restricted Period and while Executive is working in the Restricted Geographic Area, Executive will not, directly or Indirectly, perform the same function or class (i.e., primary or similar) for any other company.

responsibilities Executive performed for secondary), if any, shall the Company for a Competitor deceased or missing Designated Beneficiary's share as if such Designated Beneficiary had not designated in connection the first instance. If any Designated Beneficiaries simultaneously with a Competitive Product Appendix A Participant Service. Notwithstanding the foregoing, Executive may accept employment with a Competitor whose business is diversified, provided that (a) Executive will not be engaged in working on or providing Competitive Products or Services or otherwise use or disclose Confidential Information or Trade Secrets; and (b) the Company receives prior written assurance from the Competitor and Executive that are satisfactory to the Company that Executive will not work on or provide Competitive Products or Services, or otherwise use or disclose Confidential Information or Trade Secrets. In addition, nothing in this Agreement is intended to prohibit Executive from investing Executive's funds in securities of a company engaged in a business that is directly competitive with the Company if the securities of such a person are listed for trading on a registered securities exchange or actively traded in an over-the-counter market and Executive's holdings represent less than one percent (1%) within 24 hours of the number of outstanding shares or principal amount of Appendix A Participant's death, all amounts payable hereunder shall be paid to the Designated Beneficiary predeceased the securities of such a person. Appendix A Participant.

3.2 **ii. Non-Solicitation** In the event the Appendix A Participant dies, retires, or is terminated, Executive shall not directly or indirectly: (a) recruit, encourage (or attempt to solicit, recruit or encourage) or assist others in soliciting, recruiting or encouraging, any Company employees or former employees with whom Executive worked, had business contact, or about whom Executive gained non-public Confidential Information ("Employees or Former Employees"); (b) communicate with Employees or Former Employees for the purpose of inducing, assisting, encouraging and/or facilitating them to terminate employment with Permanent Disability, the Company or find employment or work with another person or entity; (c) provide or pass along to any person or entity shall pay the name, contact and/or background information about any Employees or Former Employees or provide references or other information about them; (d) provide or pass along to Employees or Former Employees any information regarding potential jobs or employment opportunities for which to work, including but not limited to job openings, postings, or the names or contact information of individuals or companies hiring people or accepting job applications; and/or (e) offer employment or work to any Employees or Former Employees. For purposes of this covenant, "Former Employees" shall refer to employees who were employed by the Company at the time remaining balance of the amount of compensation Executive was receiving for recruiting or hiring, but were employed by, or working for Appendix A Participant Account, including accrued interest in accordance with Section 2055 of the Internal Revenue Code, within ninety (90) days after the Company in the three (3) months prior to the time of death of the attempted recruiting or hiring of the Executive. Appendix A Participant, as provided in Paragraph (i) above.

3.3 **3. Non-interference of Vendors and Suppliers** Disability Benefits. During the Restricted Period, Executive will not directly or indirectly interfere with the Company's relationships with its vendors or suppliers in any way that would impair the Company's relationship with such vendors or suppliers, including but not limited to:

reducing, diminishing or otherwise restricting the flow of supplies, services or goods from the vendors or suppliers to the Company.

3.4 Covenants are Reasonable. Executive acknowledges and agrees that: the covenants in this section are necessary and essential to protect the Company's Confidential Information, Trade Secrets and the goodwill in its customer list; the covenants are reasonable, necessary and proportional to protect the Executives; the area, duration and scope of the covenants in this section are reasonable and necessary to protect the Company; they do not unduly oppress or interfere with Executive's ability to earn a livelihood in Executive's chosen profession; they are not unduly burdensome to Executive; the covenants do not impose an undue restraint on Executive's trade or any of the public interests that may be involved; a good and valuable consideration exists for Executive's agreement to be bound by the covenants; and the Company has a legitimate business purpose in requiring Executive to abide by the covenants set forth in this section.

3.5 Certain Prohibitions on Non-competes. Employee understands and agrees that Employee's restrictive covenant obligations in this Section shall not apply to Employee if Employee is covered under applicable state statute or local ordinance/rule prohibiting non-competes or non-solicits, including on the basis of Employee's income at the time of enforcement. Current examples of states/jurisdictions with such prohibitions include, but are not limited to: Alabama; California; District of Columbia; Illinois; Maine; Massachusetts; Nevada; New Hampshire; Oklahoma; Oregon; North Dakota; Rhode Island; Virginia; and Washington.

#### 4. Confidential Information and Trade Secrets.

4.1 Access and Use. Executive expressly acknowledges and agrees that, by virtue of Executive's employment with the Company and execution of Executive's duties for the Company, Executive will have access to and use certain Confidential Information and Trade Secrets, and that such Confidential Information and Trade Secrets constitute confidential and proprietary information and/or Trade Secrets of the Company, all of which is the Company's exclusive property. Accordingly, Executive agrees that Executive will not, directly or indirectly, without the written consent of the Company: (a) use Confidential Information or Trade Secrets for the benefit of any person or entity other than the Company; (b) remove, copy, duplicate or otherwise reproduce any document or tangible object embodying or pertaining to any of the Confidential Information or Trade Secrets, except as required to perform responsibilities for Company; and (c) employ and thereafter, publish, release, disclose, deliver or otherwise make available to any third party any Confidential Information or Trade Secrets, by any means of communication, including oral, documentary, electronic or magnetic information transmitted by any device or media.

4.2 Duration of Confidential Information and Trade Secrets. Executive's obligation of non-disclosure and non-use shall last so long as the information remains confidential. Executive, however, understands that, if Executive resides and works in any state requiring a temporal limit on non-disclosure, the

Confidential Information that is not a Trade Secret shall be protected for more than two (2) years following the Last Day. Executive also understands that Trade Secrets are protected by statute and are not subject to any time limits. Executive also agrees to contact the Company before using, disclosing, or distributing Confidential Information or Trade Secrets if Executive has any questions as to whether such information is protected information.

**4.3 Immunity under the Defend Trade Secrets Act of 2016.** Executive shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a Trade Secret that: (a) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, in the course of a lawful investigation, by an attorney, and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Disclosures to a court or other authority in a proceeding are protected if they are made under seal, or pursuant to court order are also protected in other circumstances under said Act.

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**4.4 Non-Disparagement:** Executive agrees that, except in the course of performance of Executive's duties for the Company and subject to the exceptions set forth in Section 4.3 and 4.5, Executive will not at any time after the date of this Agreement disparage, criticize or make any negative remarks or comments, orally or in writing, to any third party, via media or otherwise, about the Company, any of its employees, or about any director, officer, employee or agent of the Company, or about any of the above, which remarks or comments reasonably could be expected to injure, or potentially harm, or injure the goodwill or reputation of the Company. The term "media" as used herein includes, without limitation, radio, television, film, internet, and social media, such as Twitter and Facebook.

**4.5 Additional Legal Exceptions to Non-Disclosure Obligations.** Nothing in this Agreement shall be construed to prevent disclosure of Confidential Information as may be required by applicable law or regulation; especially with respect to a federal or state administrative agency (e.g., EEOC, equivalent employment agency, etc.), or pursuant to the valid order of a court of competent jurisdiction or an authorized government agency, provided that the disclosure does not exceed the extent of disclosure required by such law, regulation or order. In addition, nothing in this Agreement in any way prohibits or is intended to restrict or impede, and shall not be interpreted or understood as restricting or impeding, Executive from exercising Executive's rights under Section 7 of the National Labor Relations Act (NLRA) or otherwise disclosing information permitted by law.

**5. Return of Company Property and Information.** Executive agrees to return to the Company all property and information belonging to the Company (in electronic or paper copy form). Executive shall also disclose to Company any passwords for Executive's computer or other access codes for anything associated with Executive's employment.

with the Company, and shall not delete or modify or alter any property prior to its transfer to the Company.

## **6. Assignment of Inventions and Original Works**

6.1 **Prior Inventions and Creative Works.** Executive understands and agrees that Executive's obligation (on or before the date Executive executes this Agreement) is to identify to the Company in writing any of Executive's Prior Inventions and Creative Works. Executive's failure to do so means that no such Prior Inventions or Creative Works exist. Executive agrees not to incorporate, or permit to be incorporated, any Prior Invention or Creative Works owned by Executive which Executive has an interest, into a Company product, process, program, machine, including any software code created or developed on the Company's behalf or in which the Company has an ownership interest pursuant to the terms of this Agreement, without the Company's prior written consent. **Inventions** means all Inventions that were made by Executive during Executive's employment with the Company, that belong to Executive and relate to the Company's current or proposed business, products, services, research and development, and are not presently assigned by Executive to this Agreement. **Creative Works** means any and all works of authorship, including, for example, written documents, spreadsheets, graphics, trademarks, service marks, algorithms, computer programs and code, product formulas, mask works, brochures,

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presentations, photographs, music or compositions, manuals, reports, compilations of various elements.

6.2 **Assignment of Inventions.** Executive agrees to promptly make written disclosure to the Company of, to hold in trust for the sole right and benefit of the Company, and presently assign to the Company (or its designees) any additional consideration, all of Executive's right, title, and interest in and to any and all Inventions that Executive invents during Executive's employment for a period of one (1) year following the Last Day. Executive understands that the obligations under this Section do not apply to any Invention for which the equipment, supplies, facility, or Confidential Information or Trade Secret of the Company was used and which was developed entirely on Executive's own initiative, unless (a) the Invention relates (i) to the business of the Company, or (ii) to the Company's actual or demonstrably anticipated research or development, (b) the Invention results from any work performed by Executive for the Company, or (c) the Invention is a "Trade Secret". **Invention(s)** means inventions, developments, concepts, improvements, designs, discoveries, devices, apparatus, processes, practices, compositions, formulas, machines, articles of manufacture, methods (including business methods), inventive ideas, algorithms, computer software code and programs, protocols, formulas, mask works, compositions, trademarks, service marks, trade secrets, whether or not reduced to practice, patentable, or registrable under patent, copyright, trademark, or similar laws, which Executive invents solely or jointly, during normal working hours or when Executive is expected to be working, or that relate to the business of the Company or to the Company.

or demonstrably anticipated research or development, or that are substantially aided by Executive's use of the Company's equipment, supplies, facilities, Confidential Information or Trade Secrets, or contains any of the Company's Confidential Information or Trade Secrets, or that are the direct or substantial result of any work performed by Executive for the Company. "Invent," "Invention" and "Invented" means to conceive of, develop, reduce to practice, or otherwise create an invention (as that term is commonly understood) and is not limited to its usage under U.S. or foreign patent law.

6.3 Works Made for Hire. Executive acknowledges that all Works that are made by Executive (solely or jointly with others) within the scope of and during the period of Executive's employment with the Company and are protectable by copyright are "works made for hire," as that term is defined in the United States Copyright Act (17 U.S.C. § 101) and are deemed to be created and owned by the Company under the U.S. Copyright law. In the event that the Creative Work is determined not to be a "work made for hire," this Agreement shall operate as an irrevocable assignment by Executive to the Company of all applicable state, federal, and international copyrights, trademarks, service marks, and other similar rights in the Creative Work, including all right, title, and interest.

6.4 Patent and Copyright Registrations. Executive agrees (both during and after employment) to: assist the Company (or its designees), at the Company's expense, but without additional compensation to Executive, to file in the United States and in any other countries or territories to which the Company directs any assignment, in any Invention, applications for United States or foreign patent or copyright registrations, or other intellectual property rights in any and all countries where such rights may be available. The Company is unable for any reason whatsoever, including

the Company's inability after expending reasonable efforts to locate Executive, Executive's mental or physical incapacity, to secure Executive's signature, to apply for or to pursue any application for any United States or foreign patent or copyright registrations or other intellectual property rights (or on any documents or applications for such rights) covering Inventions, Prior Inventions, or Works assigned to the Company under this Agreement, Executive shall irrevocably designates and appoints the Company and its duly authorized officers and agents as Executive's agent and attorney-in-fact to act for and on Executive's behalf and in Executive's stead to execute and file any such applications, documents and to do all other lawfully permitted acts to further the prosecution and issuance of patents or copyright registrations or transfers thereof with the same legal force and effect as if executed by Executive. This appointment is coupled with an interest in and to the Inventions and Creative Works and shall survive Executive's death or disability.

6.5 Duty to Disclose Information and Maintain Records. Executive agrees that while employed and for two (2) years following the Last Day of Employment, Executive shall promptly disclose to the Company in writing all Inventions and Creative Works that are or were developed by Executive, alone or jointly with others, along

attempts to register, patent, or otherwise claim ownership over or alienate Inventions and Creative Works.

6.6 Moral Rights. To the maximum extent allowed by law, the assignment of rights in this Section 6 includes all rights of paternity, integrity, disclosure, withdrawal and any other rights that may be known as or referred to as "moral rights," "copyright," "artist's rights," "droit moral" or the like (collectively, "Moral Rights"). To the extent that Executive retains any such Moral Rights under applicable law, Executive hereby ratifies and consents to (and provides all necessary ratifications and consents to) any action that may be taken with respect to such Moral Rights by (or authorized by) the Company, and Executive agrees not to assert any Moral Rights with respect thereto. Executive will confirm any such ratifications, consents and agreements from time to time as requested by the Company.

6.7 Exceptions to Assignments. Executive understands that the obligations under this Section 6 do not apply to any Invention for which the Invention was developed using equipment, supplies, facility, or Confidential Information or Trade Secrets that the Company was not entitled to use, or which was developed entirely on Executive's own initiative, unless (a) the Invention relates (i) to the business of the Company, or (ii) to the Company's actual or demonstrably anticipated research or development, or (iii) to the Invention results from any work performed by Executive for the Company.

7. At-Will. Executive acknowledges and agrees that nothing in this Agreement is a guarantee or assurance of employment for any specific period of time. Executive understands that Executive is an at-will employee and that either Executive or the Company may terminate this at-will employment relationship at any time for any reason prohibited by law.

8. Severability and Reformation. The covenants in each section of this Agreement are independent of any other provisions of this Agreement. Each term of this Agreement constitutes a separate covenant between the parties, and each term is severable from any other term. Executive and the Company agree if any provision, paragraphs, subparagraphs,

phrases, words, or other portions of this Agreement are determined by an appropriate court to be invalid or unenforceable as written, they shall be modified as necessary to comport with the reasonable intent and expectations of the parties and in providing reasonable protection to all of the Company's legitimate business interests, and such modification shall not affect the remaining provisions of this Agreement. If they cannot be modified to be made valid or enforceable, then they shall be removed from this Agreement, and all remaining terms and provisions shall remain enforceable.

9. Tolling. Where permitted by law, the Company reserves the right to, and Executive will not object, that a court of competent jurisdiction extend the Restriction Period for any period of time that Executive is in breach of this Agreement as a matter of equitable relief so that the Company receives the full benefit of Executive's performance of the restrictive covenants.

**10. Relief, Remedies and Enforcement.** Executive acknowledges and agrees that a breach of any provision of this Agreement by Executive will cause serious and irreparable injury to the Company that will be difficult to quantify and that damages alone will not adequately compensate the Company. In the event of a breach of this Agreement by Executive, Executive agrees that the Company may seek injunctive relief, both temporary and final, enjoining and restraining such breach or threatened or intended breach. Executive further agrees that should Executive breach this Agreement, pay the Company will be entitled to any and all other legal or equitable remedies available to it, including Appendix A Participant the recovery of the balance of any amount paid to Executive to enter into this Agreement. Appendix A Account in equal monthly installments over a period of five (5) years beginning on the disgorgement of any profits, commissions, or fees received by Executive, any subsequent employers, any business owned or operated by Executive or any of Executive's agents, heirs, or assigns. Executive further agrees that in the event of a breach of this Agreement, the Performance Share Units ("PSUs") granted to Executive shall be automatically forfeited without consideration effective as of the date on which such breach first occurs. second month after it is determined that Appendix A Participant is Totally and Permanently Disabled. The foregoing rights and remedies are in addition Appendix A Account shall continue to any other rights and remedies that may be available to the Company and shall not prevent (and the Company shall not assert that they shall prevent) the Company from bringing one or more actions in any applicable jurisdiction to seek injunctive relief or recover damages as a result of Executive's breach of this Agreement. Without limiting the foregoing, to the extent permitted under applicable law, any shares that have previously been delivered to Executive or Executive's beneficiaries or heirs on vesting of the PSUs, and which are still held by Executive or Executive's beneficiaries or heirs as of the date of such breach, shall immediately be forfeited without consideration. Executive shall also pay to the Company all reasonable costs and attorneys' fees the Company incurred because of Executive's breach of any provisions of this Agreement.

**11. Entire Agreement, Amendments.** Executive agrees that this Agreement constitutes the entire agreement and understanding between the parties and supersedes any prior agreements, either oral or in writing, between Executive and the Company. The Company is credited with respect to all matters within the scope of this Agreement, including but not limited to any restrictive covenants contained in Executive's employment agreements (if any). No provision of this Agreement may be waived, or discharged unless such waiver, modification, or discharge is agreed to in writing and signed by Executive and the President of the Company. This Agreement shall be enforced in accordance with its terms and shall not be construed against either party.

**12. No Conflicts.** Executive represents and warrants that Executive will perform of all the terms of this Agreement, and the performance of Executive's duties as an Executive of the

Company or the fact of Executive's employment with the Company, do not and breach any agreement between Executive and any other person, including a employer.

**13. Survival.** The obligations Executive has undertaken in this Agreement shall survive the Last Day and no dispute regarding any other provisions of this Agreement regarding Executive's employment or the termination of Executive's employment shall prevent the operation and enforcement of these obligations.

**14. Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall constitute an original, and all of which shall constitute one instrument. A signature made on a .PDF or facsimile copy of this Agreement or a signature to this Agreement transmitted by .PDF or facsimile shall have the same effect as an original signature.

**15. Successors and Assigns.** This Agreement shall be binding upon, and to the benefit of, the parties and their respective successors and permitted assigns. Executive may not assign Executive's rights and obligations under this Agreement without prior written consent of the Company. The Company may assign this Agreement and/or its rights or obligations under this Agreement. Any and all rights and remedies of the Company under this Agreement shall inure to the benefit of and be enforceable by any successor or assignee of the Company.

**16. Governing Law/Venue/Waiver.** This Agreement shall be construed and enforced in accordance with the laws of the State of Tennessee without regard to the principles of conflicts of laws.

**17. Restrictive Covenant Addenda.** Executive acknowledges and agrees to different restrictive covenant obligations than those set forth in Section 3 above, which shall apply to Executive if Executive resides or works in certain jurisdictions. While Executive resides or works in such a state, including on the Last Day, Executive agrees that the restricted activities set forth in Section 3, as well as any other applicable obligations set forth in this Agreement, shall be superseded only as set forth in the Addendum, hereto as [6.Appendix A](#).

**18. Electronic Signature.** Executive agrees that the Company may provide this Agreement with a copy for which Executive has provided an electronic signature and that such electronic signature may be satisfied by procedures that the Company or a third party designated by the Company has established or may establish, including an electronic signature system, and Executive's electronic signature shall be the same as the electronic signature and shall have the same force and effect as, Executive's written signature. By electronically accepting this Agreement, Executive agrees to the following statement: "I acknowledge that the electronic contract contains my electronic signature, which I have executed with the intent to sign this Agreement."

**IN WITNESS WHEREOF**, the undersigned have executed this Agreement freely and voluntarily with the intention of being legally bound by it.

Executive	Tractor Supply Company
By: _____	By: _____
Name: _____	Name: _____
Dated: _____	Title: _____
	Dated: _____

**APPENDIX Tractor Supply Company  
Executive Deferred Compensation Plan**

**Schedule A**

**ADDENDA TO THE PROTECTIVE AGREEMENT Separate Deferred Compensation Agreements**

As set forth in Section 17, the following individuals had separate individual compensation agreements that were merged into this plan as of the Protective Agreement, Executive acknowledges January 1, 2009. The amended and agreements apply to Executive if Executive resides or works in any restated plan as of the jurisdictions:

California  
Louisiana  
Massachusetts  
Nebraska  
North Dakota  
Oklahoma  
Virginia  
Washington  
Wisconsin.

**CALIFORNIA ADDENDUM**

Capitalized terms used but not defined in this addendum shall have the meanings ascribed to such terms in the protective agreement ("agreement"). In connection with my new or continuing employment with tractor supply company (or one of its subsidiaries or affiliated companies) (the "company") January 1, 2009, constituted a complete restatement and for other good and valuable consideration and sufficiency all of which I acknowledge), to the extent that California

applies, my signature to the Agreement is my agreement to the modifications below in this California Addendum.

No. 1:

Section 2.8 "**Restricted Period**" is amended such that the following language solely applies:

"**Restricted Period**" means the period of Employee's employment with the Company. Employee recognizes that these durational terms are reasonably and narrowly tailored to the Company's legitimate business interest and need for protection of the Company's Confidential Information and Trade Secrets with each administrative position Employee holds at the Company.

No. 2:

Section 6.7 "**Exceptions to Assignments**" is amended such that the following language solely applies:

Executive understands that the obligations under this Section 6 do not apply to any Invention for which no equipment, supplies, facility, or Confidential Information or Trade Secrets of the Company was used and which was developed entirely on the Executive's own time, unless (a) the Invention relates (i) to the business of the Company, or (ii) to the Company's actual or demonstrably anticipated research or development, or (b) the Invention results from any work performed by Executive for the Company. Executive further understands that the provisions of California Labor Code Section 2870 apply:

- a. Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any **amendment** of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employee's own equipment, supplies, facilities, or trade secret information except for inventions that either: (i) relate at the time of conception or reduction to practice to the employer's business, or actual or demonstrably anticipated research or development of the employer; or (ii) result from any work performed by the employee for the employer.
- b. To the extent a provision in this Agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.

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Executive will advise the Company promptly in writing of any inventions that Executive believes meets the criteria of Labor Code Section 2870 and are not otherwise previously disclosed to permit a determination of ownership by the Company. Any disclosure will be received in confidence.

No. 3:

Section 8 "**Severability and Reformation**" is amended such that the following language solely applies:

Should any one or more of the parts or subparts of a provision contained in this Agreement, for any reason, be held to be invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any part or subpart of a provision of this Agreement or any other jurisdiction, but the parties agree that a court shall reform and construe this Agreement as if such invalid, unenforceable part or subpart of a provision had never been contained in this Agreement and a court shall reform such part or subpart so that it would be valid and enforceable to the maximum extent permitted in such jurisdiction. Without limiting the foregoing, the parties intend that the parts and subparts in this Agreement shall be deemed a series of separate covenants and agreements. If, in any legal proceeding, a court shall refuse to enforce all the parts and subparts, that part or subpart shall be severed from this Agreement. It is the intention of the parties that the remaining eliminated separate parts and subparts be enforced in such a proceeding.

No. 4:

Section 16 "**Governing Law/Venue/Waiver**" is amended such that the following language solely applies:

This Agreement shall be construed and enforced in accordance with the laws of the State of California without reference to principles of conflicts of laws.

**Tractor Supply Company  
Performance Share Unit Agreement**

This PERFORMANCE SHARE UNIT AGREEMENT (this "Agreement") is made and entered into as of \_\_\_\_\_ (the "Grant Date"), between Tractor Supply Company, a Delaware corporation (together with its Subsidiaries and Affiliates, as applicable, the "Company"), and \_\_\_\_\_ (the "Grantee"). Capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the Company's 2018 Long-Term Incentive Plan (the "Plan").

WHEREAS, the Company has adopted the Plan, which permits the issuance of Performance Awards, including an award that provides the right to receive Share Units upon the satisfaction of performance objectives or other conditions (a "Performance Share Unit"); and

WHEREAS, the Compensation and Human Capital Committee of the Board of Directors of the Company or a subcommittee thereof (or if no such committee is appointed, the Board of Directors of the Company) (each, the "Committee") has determined that Grantee is entitled to an award of Performance Share Units under the Plan;

NOW, THEREFORE, the parties hereto agree as follows:

## PERFORMANCE SHARE UNIT GRANT

Grantee: [REDACTED]

### Target Number of Performance Share

#### Units Granted Hereunder (“Target

Award”):

Grant Date:

1. Grant of Performance Share Unit Award.

1.1 The Company hereby grants to the Grantee the award ("Award") of Performance Share Units ("PSUs") set forth above on the terms and conditions in this Agreement and as otherwise provided in the Plan. A bookkeeping account will be maintained by the Company to keep track of the PSUs.

1.2 The Grantee's rights with respect to the Award shall remain forfeited times prior to the dates on which the PSUs shall vest in accordance with Section 1.2 hereof. Except as otherwise determined by the Committee, this Award may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Grantee other than by will or the laws of descent and distribution. Any sale, assignment, transfer, pledge, hypothecation, loan or other disposition other than in accordance with the terms of this Section 1.2 shall be null and void.

1.3 Notwithstanding anything herein to the contrary, Grantee acknowledges and understands that the Award granted hereby is contingent upon Grantee's execution of the Protective Agreement attached hereto as Exhibit B, which Grantee is executing contemporaneously with this Agreement. In the event Grantee breaches any provision of the Protective Agreement, the PSUs shall be automatically forfeited with no consideration effective as of the date on which such breach first occurs. The following rights and remedies are in addition to any other rights and remedies that are available to the Company and shall not

prevent (and Grantee shall not assert that they shall prevent) the Company from bringing one or more actions in any applicable jurisdiction to recover damages resulting from Grantee's breach of the Protective Agreement. Without limiting the foregoing, to the extent permitted under applicable law, any Shares that have previously been delivered to Grantee or Grantee's beneficiaries or heirs on vesting of the PSUs which are still held by Grantee or Grantee's beneficiaries or heirs as of the date of the breach, shall immediately be forfeited without consideration.

## 2. Vesting and Payment.

**2.1 General.** Except as provided in Section 2.2, Section 2.3 or Section 2.4, the Award shall vest, if at all, 100% on the third anniversary of the Grant Date (the "Date"), but only if and to the extent: (x) the Company has achieved the performance targets over the period (the "Performance Period") set forth on Exhibit A hereto, and (y) the Grantee has remained in service with the Company continuously

the Vesting Date. The number of PSUs that vest may be greater than or less than the Target Award, as more specifically set forth on Exhibit A.

**2.2 Death; Disability; Without Cause; Good Reason.**

(a) Notwithstanding Section 2.1, in the event the Grantee's employment with the Company terminates prior to the Vesting Date on account of Grantee's death, Grantee (or the Grantee's estate) shall become vested in the number of PSUs that would have vested had Grantee remained employed with the Company continuously until the Vesting Date; provided, that any PSUs that vest pursuant to this Section 2.2(a) shall not be settled until the Committee determines the number of PSUs that should vest based on the extent to which the performance targets will have been achieved in accordance with Exhibit A attached hereto; provided, further, that in the event of a Change in Control following the Grantee's death, the Grantee shall vest in the Target Award in accordance with Section 2.4(a).

(b) Notwithstanding Section 2.1, in the event the Grantee's employment with the Company terminates prior to the Vesting Date on account of Grantee's Permanent Disability, Grantee (or the Grantee's legal representative) shall become vested in the number of PSUs that would have vested had Grantee remained employed with the Company continuously until the Vesting Date; provided, that any PSUs that vest pursuant to this Section 2.2(b) shall not be settled until the Committee determines the number of PSUs that should vest based on the extent to which the performance targets will have been achieved in accordance with Exhibit A attached hereto; provided, further, that in the event of a Change in Control following the Grantee's termination due to Permanent Disability, the Grantee shall vest in the Target Award in accordance with Section 2.4(a). For purposes of this Agreement, "Permanent Disability" shall have the meaning set forth in the long-term disability plan of the Company.

(c) Notwithstanding Section 2.1, in the event the Grantee's employment with the Company is terminated prior to the Vesting Date (i) by the Company for Cause or (ii) by Grantee for Good Reason, in each case, Grantee shall become vested in the number of PSUs that would have vested had Grantee remained employed with the Company continuously until the Vesting Date, multiplied by a fraction, the numerator of which is the number of days that the Grantee was employed with the Company from the Grant Date through the date of Grantee's termination of employment and the denominator of which is the number of days from the Grant Date through the Vesting Date; provided, that any PSUs that vest pursuant to this Section 2.2(c) shall not be settled until the Committee determines the number of PSUs that should vest based on the extent to which the performance targets will have been achieved in accordance with Exhibit A attached hereto; provided, further, that in the event of a Change in Control following the Grantee's termination in accordance with this Section 2.2(c), the Grantee shall vest in the pro rata portion of the Target Award upon such Change in Control (unless otherwise

Company continuously until the Vesting Date, multiplied by a fraction, the numerator of which is the number of days that the Grantee was employed with the Company from the Grant Date through the date of Grantee's termination of employment and the denominator of which is the number of days from the Grant Date through the Vesting Date; provided, that any PSUs that vest pursuant to this Section 2.2(c) shall not be settled until the Committee determines the number of PSUs that should vest based on the extent to which the performance targets will have been achieved in accordance with Exhibit A attached hereto; provided, further, that in the event of a Change in Control following the Grantee's termination in accordance with this Section 2.2(c), the Grantee shall vest in the pro rata portion of the Target Award upon such Change in Control (unless otherwise

provided in the Grantee's employment agreement or change in control agreement with the Company).

**2.3 Termination of Employment.** Except as provided in Section 2.2, Section 2.3 and as otherwise provided by the Committee, if the Grantee's service as an employee of the Company terminates for any reason, the Grantee shall forfeit all rights with respect to the PSUs that his or her deferred compensation accrued under the Agreement as of the date of termination, except to the extent that such rights are vested on such date.

**2.4 Change in Control.** Upon the occurrence of a Change in Control,

(a) In the event the entity surviving the Change in Control (together with its Affiliates, the "Successor") assumes the Award granted hereby, (1) any incomplete Performance Periods shall end upon the date immediately preceding the Change in Control, (2) the number of PSUs that shall be eligible to vest shall be the number of PSUs in the Award, if the Change in Control occurs prior to the end of the Performance Period, (3) any PSUs that are eligible to vest pursuant to (2) above shall vest on the Vesting Date, provided the Grantee remains employed with the Successor until the Vesting Date, and (4) notwithstanding Section 2.3 or the immediately preceding clause (3) of this paragraph, in the event the Grantee's employment with the Successor is terminated without Cause governed solely by the Successor, or terminates for Good Reason by the Grantee or on account of the Grantee's death, Disability, Retirement or Early Retirement, within 12 months following a Change in Control and prior to the Vesting Date, the number of PSUs otherwise eligible to vest pursuant to this paragraph shall immediately vest, subject to Section 8, be released to the Grantee (or Grantee's estate or legal representative) upon the Grantee's termination of employment.

(b) In the event the Successor does not assume the Award granted hereby, a number of PSUs equal to the Target Award, if the Performance Period has not ended prior to the Change in Control, shall vest as of the effective date of the Change in Control and the appropriate number of Shares shall be released in accordance with Section 2.5, provided, however, if the Award consists of "deferral of compensation" subject to Section 409A of the Code and the Change in Control is not a "change in the ownership of the Company," a "change in the effective control of the Company," or a "change in the ownership of a substantial portion of the assets of the Company" as such terms are defined in Section 1.409A-3(i)(5) of the U.S. Treasury Regulations or if such settlement is prohibited under Section 409A of the Code, then such Target Award shall be settled upon the earlier to occur of (i) the Vesting Date and (ii) the Grantee's

termination of employment or death, in each case, to the extent required to comply with Section 409A of the Code.

(c) For purposes of this Agreement the following terms shall have the meaning set forth below:

(i) "Cause" shall have the meaning set forth in the employment agreement with the Company (or, if the employment is terminated under circumstances in which the change in control agreement with the Company governs, the change in control agreement).

(ii) "Change in Control" shall have the meaning provided in t

(iii) "Early Retirement" means any retirement with the written consent of the Company at or before the time of such retirement from active employment with the Company prior to having reached the age of 55 and ten years of service with the Company, in accordance with the applicable early retirement policy of the Company then in effect or be approved by the Committee.

(v) "Retirement" means retirement of Grantee from employment with the Company on or after such Grantee having the age of 55 and ten years of service with the Company.

**2.5 Settlement.** Grantee shall be entitled to settlement of the PSUs covered by this Agreement at the time that such PSUs vest pursuant to Section 2.1, Section 2.3, Section 2.4, as applicable. Subject to Section 8, such settlement shall be made promptly as practicable thereafter (but in no event after the thirtieth (30th) day following the date on which the PSUs vest and, in any event, no later than March 15th following the conclusion of the Performance Period), through the issuance to the Grantee or the executors or administrators of Grantee's estate in the event of the Grantee's death or incapacity, of a stock certificate (or evidence such Shares have been registered in the name of Grantee with the relevant stock agent) for a number of Shares equal to the number of such vested PSUs. Notwithstanding anything in this Agreement to the contrary, if Grantee's employment terminates for Cause prior to the date on which Shares are delivered, Grantee shall forfeit all of the PSUs.

**2.6 Withholding Obligations.** Except as otherwise provided by the Company upon the settlement of any PSUs subject to this Award, the Company shall reduce the number of Shares that would otherwise be issued to the Grantee upon settlement of the Award by a number of Shares having an aggregate Fair Market Value on the date of such issuance equal to the payment to satisfy the withholding tax obligation of the Company with respect to which the Award is being settled, as determined by the Committee (but in no event greater than the maximum withholding rate applicable to the wages of the Grantee).

### 3. Dividend Rights.

The Grantee shall not be entitled to any dividend equivalent rights in respect of the PSUs covered by this Award.

### 4. No Right to Continued Service; Limitation of Rights.

Nothing in this Agreement or the Plan shall be interpreted or construed to give the Grantee any right to continue service as an officer or employee of the Company. In addition, the granting of the PSUs will not give Grantee any rights to similar compensation in future years.

### 5. Adjustments.

The provisions of Section 4.2 of the Plan are hereby incorporated by reference and the PSUs are subject to such provisions. Any determination made by the Committee or the Board pursuant to such provisions shall be made in accordance with the provisions of the Plan and shall be final and binding for all purposes of the Plan and this Agreement.

### 6. Administration Subject to Plan.

The Grantee hereby acknowledges receipt of a copy of the Plan and agrees to be bound by all the terms and provisions thereof. The terms of this Agreement shall be governed by the terms and conditions of the Plan, and in the case of any inconsistency between the terms of this Agreement and the terms of the Plan, the terms of the Plan shall govern. The Committee shall have the sole power to interpret and administer the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revise such rules. All actions taken and all interpretations and determinations made by the Committee shall be final and binding upon the Grantee, the Company and any other interested persons. No member of the Committee shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Award.

### 7. Modification of Agreement.

Subject to the restrictions contained in the Plan, the Committee may without notice or conditions or rights under, amend any terms of, or alter, suspend, discontinue, or terminate, the Award, prospectively or retroactively; provided that any such amendment, alteration, suspension, discontinuance, cancellation or termination would materially and adversely affect the rights of the Grantee or any holder or beneficiary of the Award shall not to that extent be effective without the consent of the Grantee, holder or beneficiary affected.

### 8. Section 409A.

Notwithstanding anything herein to the contrary, to the maximum extent permitted by applicable law, the settlement of the PSUs to be made to the Grantee pursuant to this Agreement is intended to qualify as a "short-term deferral" pursuant to Section 1(b)(4) of the Regulations and this Agreement shall be interpreted consistently therewith. However, under certain circumstances, settlement of the PSUs may not qualify, and in that case, the Committee shall administer the grant and settle such PSUs in strict compliance with

Section 409A of the Code. Further, notwithstanding anything herein to the contrary, if the Grantee is a "specified employee" as defined in Section 409A of the Code, and the deferral of the commencement of any payments or benefits of a PSU is necessary in order to prevent the imposition of any accelerated or additional tax under Section 409A of the Code, then the Company will defer the commencement of the payment of any payments or benefits hereunder (without any reduction in such payments or benefits ultimately paid or provided to the Grantee) to the minimum extent necessary to comply with Section 409A of the Code until the date that is six months and one day following the Grantee's termination of employment with the Company (or the earliest date permitted under Section 409A of the Code), if such payment or benefit is payable following the termination of employment. For purposes of this Agreement, a "termination of employment" shall have the same meaning as "separation from service" under Section 409A of the Code and Grantee shall be deemed to have remained employed so long as the Grantee has not "separated from service" with the Company or Successor. The payment of PSUs constitutes a "separate payment" for purposes of Section 409A of the Code.

Although the Company intends to administer this Performance Share Unit Agreement so that the Award will be exempt from, or will be interpreted and administered in a manner that complies with the requirements of Section 409A of the Code, the Company does not warrant that the Award made under this Performance Share Unit Agreement will qualify for favorable tax treatment under Section 409A of the Code or any other provision of federal, state or foreign law. The Company shall not be liable to the Grantee for any tax, interest or penalties that Grantee might owe as a result of the Award made under this Performance Share Unit Agreement.

**9. Severability.**

If any provision of this Agreement is, or becomes, or is deemed to be illegal, or unenforceable in any jurisdiction or as to any Person or the Award, such provision shall be disqualify the Plan or Award under any laws deemed applicable by the Committee. Such provision shall be construed or deemed amended to conform to the applicable law if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, Person or Award, and the remainder of the Plan or Award shall remain in full force and effect.

**10. Governing Law.**

The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Tennessee without giving effect to the conflict of law principles thereof, except to the extent that such laws are preempted by federal law.

**11. Successors in Interest.**

This Agreement shall inure to the benefit of and be binding upon any successors to the Company. This Agreement shall inure to the benefit of the Grantee and his or her heirs, executors, administrators and successors. All obligations imposed upon the Grantee and all rights granted to the Grantee under this Agreement shall be binding upon the Grantee's heirs, executors, administrators and successors.

**12. Resolution of Disputes.**

Any dispute or disagreement which may arise under, or as a result of, or in any way related to, the interpretation, construction or application of this Agreement, shall be referred to the Committee for determination. The determination shall be determined by the Committee. Any determination made hereunder shall be final and conclusive on the Grantee and the Company for all purposes.

**13. Notices.**

Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of its Secretary or its designee, and any notice to be given to the Grantee shall be addressed to Grantee at the address (including electronic address) then reflected in the Company's books and records. By giving notice pursuant to this Section 13, either party may hereafter designate a new address for notices to be given to the Company or Grantee. Any notice, required to be given to the Grantee, shall, if the Grantee is then deceased, be given to the Grantee's personal representative if such representative has previously informed the Company of the representative's status and address by written notice under this Section 13. Any notice shall have been deemed duly given when (i) delivered in person, (ii) delivered in an electronic form approved by the Company, (iii) enclosed in a sealed envelope or wrapper addressed as aforesaid, deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service, or (iv) enclosed in a properly sealed envelope or wrapper addressed as aforesaid, deposited (with fees prepaid) in an office regularly maintained by UPS, or comparable non-public mail carrier.

**14. Acceptance of this Award.**

If you agree to all of the terms of this Agreement, and would like to accept the Award, you must sign and date this Agreement where indicated below. For this Agreement to remain effective, you must accept it on or before the date that is 90 calendar days after the date of this Agreement (the "Acceptance Date"). If you do not accept the Award by 5:00 p.m. Eastern Time on the Acceptance Date, the Award and this Agreement will become void and of no further effect (unless otherwise agreed to by the Company).

IN WITNESS WHEREOF, the parties have caused this Performance Share Agreement to be duly executed effective as of the day and year first above written.

Plan.

Date of Agreement	Name
	Tractor Supply Company
	By:

Grantee:

(electronically accepted)

#### EXHIBIT A

##### [Performance Share Unit Award Performance Targets]

#### EXHIBIT B

##### PROTECTIVE AGREEMENT

This Protective Agreement ("Agreement") is made by and between Tractor Supply Company and its subsidiaries, affiliates, successors and assigns (the "Company") and the undersigned individual ("Executive").

**WHEREAS**, the Company and Executive agree that the Company has a legitimate business interest in, among other things, its Confidential Information (defined below) and Trade Secrets (defined below), and in the significant time, money, team building and other efforts it expends to develop Executive's skills to enable Executive in performing Executive's duties for the Company, including with respect to establishing, developing and maintaining the goodwill and business relationships with the Company's customers, vendors and employees, all of which Executive agrees to protect as valuable assets of the Company to which it has devoted substantial resources;

**WHEREAS**, the Company and Executive agree that the Company's Confidential Information and Trade Secrets, including key information about, and goodwill of, the Company,

customers, vendors and employees are not generally known to the public developed over time and at significant cost to the Company, and are the subject of reasonable efforts of protection by the Company against disclosure to unauthorized parties; and

**WHEREAS**, as part of performing Executive's duties for the Company, Executive will have access to and/or will use the Company's Confidential Information and Trade Secrets and will work with customers, vendors and Employees; and

**WHEREAS**, the Company and Executive agree that this Agreement is reasonable to protect the Company against the irreparable harm it would suffer if Executive left the Company's employment (for any reason) and used or disclosed the Company's Confidential Information and Trade Secrets, and/or interfered with the good will and relationships the Company has in its customers, vendors and employees.

**NOW, THEREFORE**, for good and valuable consideration, to which Executive would not otherwise be entitled without entering into this Agreement, including the promises and covenants contained in this Agreement; (a) Executive's continued employment with the Company; (b) Executive's access to and use of the Company's Confidential Information and Trade Secrets, including key information and goodwill in, its customers, vendors and employees; and (d) the opportunity to receive an equity grant from the Company pursuant to the Tractor Supply Company Performance Share Unit Agreement, the Company and Executive agree as follows (including the foregoing recitals which are expressly incorporated in this Agreement):

**1. Disclosures**. In order to maintain Executive's confidentiality obligations and to avoid conflicts of interest which may arise, Executive will disclose (and cause a prospective employer to disclose) to any future prospective employers the existence of this Agreement and the nature of Executive's confidentiality and restrictive covenants and obligations arising from it before Executive accepts any new position of employment.

**2. Definitions**.

2.1 "Confidential Information" means information that is created and used in the Company's business and which is not generally known by the public, including but not limited to: trade secrets, proprietary or customized software and data, manufacturing processes and methods, product formulas, research and development, new product plans; the Company's confidential records pertaining to its existing and potential customers, including key customer contact information, contract terms and related information; confidential business opportunities; merger or acquisition opportunities (including targets, opportunities, or prospects); confidential information received from suppliers or vendors, including key supplier or vendor contact information, contract terms and related information; strategies for advertising and marketing; confidential business processes and strategies, including training, policies and procedures; personnel composition (wages, specialization, etc.); financial and revenue data, reports, including pricing, quoting and billing methods; and any other business information that the Company maintains as confidential. Executive specifically

understands and agrees that the term Confidential Information also includes confidential information of a third party that may be communicated to, acquired, learned of, or developed by Executive in the course of or as a result of Executive's employment with the Company. Confidential Information does not include information that is or may become known to Executive or to the public from sources outside the Company and through means other than a breach of this Agreement or disclosure by Executive after written approval from the Company.

2.2 **"Competitive Product or Service"** means any product, process, service or system (in existence or under development) of any person or organization other than the Company that is the same as, similar to, or competes with, a product, process, service or system (in existence or under development) upon which Executive worked or had responsibilities at the Company during the twenty-four (24) months prior to the Last Day (as defined below).

2.3 **"Competitor"** means Executive or any other person or organization engaged in or about to become engaged in, research or development, production, marketing, leasing, selling, or servicing of a Competitive Product or Service.

Executive and the Company agree that the definition of "Competitor" specifically includes, but is not limited to, Lowe's, Home Depot, Ace Hardware, True Value, PetSmart, Petco, Chewy's and their respective organizations, partnerships, ventures, sister companies, franchisees, affiliates or any organization in which they have an interest and which are involved in the farm and ranch, pet, and/or hardware industry or which otherwise compete with the Company.

For purposes of this Agreement, "Competitor" is further limited to any general specialty retail, wholesale membership club, or merchandising business, including its respective parent companies, subsidiaries and/or affiliates, that: (a) (i) sells farm and ranch, pet and/or hardware goods or merchandise at retail to consumers or businesses (whether through physical locations, via the internet or combined), or (ii) plans to sell such goods or merchandise at retail to consumers and/or businesses (whether through physical locations, via the internet or combined) within twenty-four (24) months following Executive's Last Day; **and** (b) has gross annual consolidated sales volume or revenues attributable to its retail operations (whether through physical locations, via the internet or combined) equal to or in excess of \$100 million.

Prior to accepting a position with a Company who could reasonably be considered a Competitor under this Section, Executive agrees to consult with the Executive Vice President of Human Resources, or his/her successor, for clarification as to whether or not the Company views a prospective employer, consulting client or business relationship as a Competitor.

2.4 **"Customer"** means any person(s) or entity(ies) whom, within twenty-four (24) months prior to the Last Day, Executive, directly or indirectly (e.g., through other Executives whom Executive supervised): (a) provided products or services in connection with.

with the Company's business; or (b) provided written proposals concerning products or services from the Company.

2.5 **"Indirectly"** means (including as defined in Section 2.4) that Executive not assist others in performing business activities that Executive is prohibited from engaging in directly under this Agreement.

2.6 **"Last Day"** means Executive's last day of employment with the Company regardless of the reason for Executive's separation, including voluntary and involuntary.

2.7 **"Restricted Geographic Area"** means the territory (*i.e.* (i) state, county(ies), or (iii) city(ies)) in which, during the twenty-four (24) months prior to the Last Day, Executive: (a) provided Material services on behalf of the Company (or Executive supervised, directly or Indirectly, the servicing activities), and/or (b) provided services to Customers or otherwise sold services on behalf of the Company (or in which Executive supervised, directly or Indirectly, the solicitation or servicing activities related to Customers). **"Material"** means the Executive's primary job duties and responsibilities connection with working with Customers or directly supervising individuals working with Customers.

2.8 **"Restricted Period"** means the period of Executive's employment with the Company and a period of months after the Last Day as set forth below based on Executive's job position with the Company. Executive recognizes that this definition is reasonably and narrowly tailored to the Company's legitimate business need and need for protection with each position Executive holds at the Company.

- i. CEO 24 months
- ii. President 24 months
- iii. EVP 18 months
- iv. SVP 12 months
- v. VP 6 months

2.9 **"Trade Secret"** means information defined as a trade secret under applicable state law or the Defend Trade Secrets Act of 2016.

3. **Restrictive Covenants**. To protect the Company's legitimate business interests, including with respect to Executive's access to and use of the Company's Confidential Information and Trade Secrets, including key information about the Company's goodwill in, its customers and employees, Executive agrees that:

3.1 **Non-Competition**. During the Restricted Period and while in the Restricted Geographic Area, Executive will not, directly or Indirectly, perform the same or similar

responsibilities Executive performed for the Company for a Competitor in connection with a Competitive Product or Service. Notwithstanding the foregoing, Executive may accept employment with a Competitor whose business is diversified, provided that Executive will not be engaged in working on or providing Competitive Products or Services or otherwise use or disclose Confidential Information or Trade Secrets to the Company receives prior written assurances from the Competitor and Executive's compensation are satisfactory to the Company that Executive will not work on or provide Competitive Products or Services to the Company.

Products or Services, or otherwise use or disclose Confidential Information or Trade Secrets. In addition, nothing in this Agreement is intended to prevent Executive from investing Executive's funds in securities of a person engaged in a business that is directly competitive with the Company if the securities of such a person are not trading on a registered securities exchange or actively traded in an over-the-counter market and Executive's holdings represent less than one percent (1%) of the number of outstanding shares or principal amount of the securities of such a person.

**3.2 Non-Solicitation and Non-Inducement of Employees.** During the Restricted Period, Executive shall not directly or indirectly: (a) solicit, recruit, entice (or attempt to solicit, recruit or encourage), or by assisting others in soliciting, recruiting or encouraging, any Company employees or former employees with whom Executive has worked, had business contact, or about whom Executive gained non-public Confidential Information ("Employees or Former Employees"); (b) contact or communicate with Employees or Former Employees for the purpose of interfering with their employment with the Company or assisting, encouraging and/or facilitating them to terminate their employment with the Company or find employment or work with another person or entity; (c) provide or pass along to any person or entity the name, contact and/or background information of any Employees or Former Employees or provide references or any other information about them; (d) provide or pass along to Employees or Former Employees information regarding potential jobs or entities or persons for which to work, including, but not limited to job openings, job postings, or the names or contact information of individuals or companies hiring people or accepting job applications; and/or interfere with the employment or work to any Employees or Former Employees. For purposes of this covenant, "Former Employees" shall refer to employees who are not employees of the Company at the time of the attempted recruiting or hiring, but were employees of the Company working for the Company in the three (3) months prior to the time of the attempted recruiting or hiring and/or interference.

**3.3 Non-interference of Vendors and Suppliers.** During the Restricted Period, Executive will not directly or indirectly interfere with the Company's relationship with its vendors or suppliers in any way that would impair the Company's relationship with such vendors or suppliers, including by reducing, diminishing or otherwise restricting the flow of supplies, services or goods from the vendors or suppliers to the Company.

**3.4 Covenants are Reasonable.** Executive acknowledges and agrees that: the covenants in this section are necessary and essential to protect the Company's Confidential Information, Trade Secrets and the goodwill in its customer list and Executives; the area, duration and scope of the covenants in this section are reasonable and necessary to protect the Company; they do not unduly oppress or interfere with Executive's ability to earn a livelihood in Executive's chosen profession; they are not an undue restraint on Executive's trade or any of the public interests that may be involved; good and valuable consideration exists for Executive's agreement to be bound by the covenants; and the Company has a legitimate business purpose in requiring Executive to abide by the covenants set forth in this section.

3.5 Certain Prohibitions on Non-competes. Employee understands that Employee's restrictive covenant obligations in this Section shall not apply to Employee if Employee is covered under applicable state statute or local ordinance/rule prohibiting non-competes or non-solicits, including on the basis of Employee's income at the time of enforcement. Current examples of states/jurisdictions with such prohibitions include, but are not limited to: Alabama; California; District of Columbia; Illinois; Maine; Massachusetts; Nevada; New Hampshire; Oklahoma; Oregon; North Dakota; Rhode Island; Virginia; and Washington.

#### 4. Confidential Information and Trade Secrets.

4.1 Access and Use. Executive expressly acknowledges and agrees that, by virtue of Executive's employment with the Company and execution of Executive's duties for the Company, Executive will have access to and use certain Confidential Information and Trade Secrets, and that such Confidential Information and Trade Secrets constitute confidential and proprietary to the Company. Executive agrees that all Confidential Information and/or Trade Secrets of the Company, all of which is the Company's exclusive property. Accordingly, Executive agrees that Executive will not, without the written consent of the Company: (a) use Confidential Information and Trade Secrets for the benefit of any person or entity other than the Company; (b) remove, copy, duplicate or otherwise reproduce any document or tangible object embodying or pertaining to any of the Confidential Information or Trade Secrets except as required to perform responsibilities for Company; and (c) employed and thereafter, publish, release, disclose, deliver or otherwise make available to any third party any Confidential Information or Trade Secrets in any communication, including oral, documentary, electronic or magnetic information transmittal device or media.

4.2 Duration of Confidential Information and Trade Secrets. The obligation of non-disclosure and non-use shall last so long as the information remains confidential. Executive, however, understands that, if Executive lives and works in any state requiring a temporal limit on non-disclosure, Confidential Information that is not a Trade Secret shall be protected for no longer than two (2) years following the Last Day. Executive also understands that Trade Secrets are protected by statute and are not subject to any time limits. Executive also agrees to contact the Company before using, disclosing, or distributing Confidential Information or Trade Secrets if Executive has any questions as to whether such information is protected information.

4.3 Immunity under the Defend Trade Secrets Act of 2016. Executive shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a Trade Secret that: (a) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney, and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document filed in a proceeding, or other proceeding, if such filing is made under seal. Disclosures to a court made under seal, or pursuant to court order are also protected in such circumstances under said Act.

4.4 Non-Disparagement: Executive agrees that, except in the course of performance of Executive's duties for the Company and subject to the exceptions in Section 4.3 and 4.5, Executive will not at any time after the date of this Agreement disparage, criticize or make any negative remarks or comments, orally or in writing, to any third party, via media or otherwise, about the Company, any of the Company, or about any director, officer, employee or agent of any of the Company, which remarks or comments reasonably could be expected to injure, or potentially harm, or injure the goodwill or reputation of the Company. The term "media" as used herein includes, without limitation, radio, television, film, internet, and social media, such as Twitter and Facebook.

4.5 Additional Legal Exceptions to Non-Disclosure Obligations: nothing in this Agreement shall be construed to prevent disclosure of Company Information as may be required by applicable law or regulation; especially with respect to a federal or state administrative agency (e.g., EEOC, equivalent employment agency, etc.), or pursuant to the valid order of a court of competent jurisdiction or an authorized government agency, provided that the disclosure does not exceed the extent of disclosure required by such law, regulation or order. In addition, nothing in this Agreement in any way prohibits or is intended to restrict or impede, and shall not be interpreted or understood as restricting or impeding, Executive from exercising Executive's rights under Section 7 of the National Labor Relations Act (NLRA) or otherwise disclosing information permitted by law.

5. Return of Company Property and Information: Executive agrees that on the Last Day (or earlier if requested by the Company) to immediately return to the Company all property and information belonging to the Company (in electronic or copy form). Executive shall also disclose to Company any passwords for Executive's computer or other access codes for anything associated with Executive's employment with the Company, and shall not delete or modify or alter any property prior to its return to the Company.

#### 6. Assignment of Inventions and Original Works.

6.1 Prior Inventions and Creative Works: Executive understands that Executive's obligation (on or before the date Executive executes this Agreement) is to identify to the Company in writing any of Executive's Prior Inventions or Creative Works. Executive's failure to do so means that no such Prior Inventions or Creative Works exist. Executive agrees not to incorporate, or permit the incorporation, any Prior Invention or Creative Works owned by Executive, which Executive has an interest, into a Company product, process, program, machine, including any software code created or developed on the Company's behalf or in which the Company has an ownership interest pursuant to the terms of this Agreement, without the Company's prior written consent. "Prior Inventions" means all Inventions that were made by Executive during Executive's employment with the Company, that belong to Executive and relate to the Company's current or proposed business, products, services, research and development, and are not presently assigned by Executive to this Agreement. "Creative Works" means any and all works of authorship, including, for example, written documents, spreadsheets, graphics, trademarks, service marks, algorithms, computer programs and code, mathematical formulas, mask works, brochures,

presentations, photographs, music or compositions, manuals, reports or compilations of various elements.

6.2 Assignment of Inventions. Executive agrees to promptly make written disclosure to the Company of, to hold in trust for the sole right and benefit of the Company, and presently assign to the Company (or its designees) any additional consideration, all of Executive's right, title, and interest in and to any and all Inventions that Executive invents during Executive's employment for a period of one (1) year following the Last Day. Executive understands that the obligations under this Section do not apply to any Invention for which the equipment, supplies, facility, or Confidential Information or Trade Secrets used by the Company was used and which was developed entirely on Executive's own initiative, unless (a) the Invention relates (i) to the business of the Company, or (ii) to the Company's actual or demonstrably anticipated research or development, or (iii) the Invention results from any work performed by Executive for the Company. "Invention(s)" means inventions, developments, concepts, improvements, designs, discoveries, devices, apparatus, processes, practices, compositions, formulas, machines, articles of manufacture, methods (including business methods), inventive ideas, algorithms, computer software code and programs, protocols, formulas, mask works, compositions, trademarks, service marks, trade secrets, whether or not reduced to practice, patentable, or registrable under patent, copyright, trademark, or similar laws, which Executive invents solely or jointly, during normal working hours or when Executive is expected to be working, or that relate to the business of the Company or to the Company's actual or demonstrably anticipated research or development, or that are substantially aided by Executive's use of the Company's equipment, supplies, facility, Confidential Information or Trade Secrets, or contains any of the Company's Confidential Information or Trade Secrets, or that are the direct or substantial result of any work performed by Executive for the Company. "Invent," "Invented" and "Invented" means to conceive of, develop, reduce to practice, or to invent (as that term is commonly understood) and is not limited to its usage under U.S. or foreign patent law.

6.3 Works Made for Hire. Executive acknowledges that all Works that are made by Executive (solely or jointly with others) within the scope of and during the period of Executive's employment with the Company and are protectable by copyright are "works made for hire," as that term is defined in the United States Copyright Act (17 U.S.C. § 101) and are deemed to be ordered by the Company under the U.S. Copyright law. In the event that the Creative Work is determined not to be a "work made for hire," this Agreement shall operate as an irrevocable assignment by Executive to the Company of all applicable state, federal, and international copyrights, trademarks, service marks, and other similar rights in the Creative Work, including all right, title, and interest.

6.4 Patent and Copyright Registrations. Executive agrees (both during and after employment) to: assist the Company (or its designees) at the Company's expense, but without additional compensation to Executive, to protect the Company's rights, as well as the rights of any government entities or parties to which the Company directs any assignment, in any Invention.

copyrights, or other intellectual property rights in any and all countries  
Company is unable for any reason whatsoever, including

the Company's inability after expending reasonable efforts to locate Executive, the Executive's mental or physical incapacity, to secure Executive's signature to apply for or to pursue any application for any United States or foreign patent, copyright registrations or other intellectual property rights (or on any documents) transferring ownership thereof) covering Inventions, Prior Inventions, or Creative Works assigned to the Company under this Agreement, Executive irrevocably designates and appoints the Company and its duly authorized officers and agents as Executive's agent and attorney-in-fact to act for and on Executive's behalf and in Executive's stead to execute and file any such applications and documents and to do all other lawfully permitted acts to further the protection and issuance of patents or copyright registrations or transfers thereof with the same legal force and effect as if executed by Executive. This appointment is coupled with an interest in and to the Inventions and Creative Works and shall survive Executive's death or disability.

**6.5 Duty to Disclose Information and Maintain Records.** Executive agrees that while employed and for two (2) years following the Last Day of Employment, Executive will promptly disclose to the Company in writing all Inventions and Creative Works that Executive authored or conceived by Executive, alone or jointly with others, along with any attempts to register, patent, or otherwise claim ownership over or alienate any such Inventions and Creative Works.

**6.6 Moral Rights.** To the maximum extent allowed by law, the assignment of rights in this Section 6 includes all rights of paternity, integrity, disclosure, withdrawal and any other rights that may be known as or referred to as "moral rights," "artist's rights," "droit moral" or the like (collectively, "Moral Rights"). To the extent that Executive retains any such Moral Rights under applicable law, Executive hereby ratifies and consents to (and provides all necessary ratifications and consents to) any action that may be taken with respect to such Moral Rights by (or authorized by) the Company, and Executive agrees not to assert any Moral Rights with respect thereto. Executive will confirm any such ratifications, consents and agreements from time to time as requested by the Company.

**6.7 Exceptions to Assignments.** Executive understands that the obligations under this Section 6 do not apply to any Invention for which the equipment, supplies, facility, or Confidential Information or Trade Secret used to create the Invention was developed entirely on Executive's own initiative, unless (a) the Invention relates (i) to the business of the Company, or (ii) to the Company's actual or demonstrably anticipated research or development, or (b) the Invention results from any work performed by Executive for the Company.

**7. At-Will.** Executive acknowledges and agrees that nothing in this Agreement is a guarantee or assurance of employment for any specific period of time. Executive understands that Executive is an at-will employee and that either Executive or the Company may terminate the Agreement at any time.

may terminate this at-will employment relationship at any time for any reason prohibited by law.

**8. Severability and Reformation.** The covenants in each section of this Agreement are independent of any other provisions of this Agreement. Each term of this Agreement constitutes a separate covenant between the parties, and each term is severable from any other term. Executive and the Company agree if any provision of this Agreement is held to be invalid or unenforceable, then such provision shall be stricken, and the remaining provisions of this Agreement shall remain in full force and effect. If any provision of this Agreement is held to be invalid or unenforceable, the parties shall negotiate in good faith to modify such provision to make it valid and enforceable. If the parties are unable to agree on a modification that would render the provision valid and enforceable, then such provision shall be stricken, and the remaining provisions of this Agreement shall remain in full force and effect.

phrases, words, or other portions of this Agreement are determined by an appropriate court to be invalid or unenforceable as written, they shall be modified as necessary to comport with the reasonable intent and expectations of the parties and in providing reasonable protection to all of the Company's legitimate business interests. If such modification shall not affect the remaining provisions of this Agreement, then they cannot be modified to be made valid or enforceable, then they shall be stricken from this Agreement, and all remaining terms and provisions shall remain enforceable.

**9. Tolling.** Where permitted by law, the Company reserves the right to, and Executive will not object, that a court of competent jurisdiction extend the Restricted Period for any period of time that Executive is in breach of this Agreement as a matter of equitable relief so that the Company receives the full benefit of Executive's performance under the restrictive covenants.

**10. Relief, Remedies and Enforcement.** Executive acknowledges and agrees that a breach of any provision of this Agreement by Executive will cause serious and irreparable injury to the Company that will be difficult to quantify and that damages alone will not adequately compensate the Company. In the event of a threatened or intended breach of this Agreement by Executive, the Company will be entitled to injunctive relief, both temporary and final, enjoining and restraining Executive from committing such breach or threatened or intended breach. Executive further agrees that should Executive breach this Agreement, the Company will be entitled to any and all other equitable remedies available to it, including the recovery and return of any amounts paid to Executive to enter into this Agreement, the disgorgement of any profits, commissions or fees realized by Executive, any subsequent employers, any business or assets operated by Executive, or any of Executive's agents, heirs, or assigns. Executive further agrees that should Executive breach this Agreement, the Performance Shares ("PSUs") granted to Executive shall be automatically forfeited without consideration as of the date on which such breach first occurs. The foregoing rights and remedies are in addition to any other rights and remedies that may be available to the Company and shall not prevent (and Executive shall not assert that they shall not) the Company from bringing one or more actions in any applicable jurisdiction for injunctive relief or recover damages as a result of Executive's breach of this Agreement. Without limiting the foregoing, to the extent permitted under applicable law, any rights and remedies that have previously been delivered to Executive or Executive's beneficiaries or heirs in connection with the vesting of the PSUs, and which are still held by Executive or Executive's beneficiaries or heirs as of the date of such breach, shall immediately be forfeited without consideration. Executive shall also pay the Company all reasonable costs and attorneys' fees incurred by the Company because of Executive's breach of any provisions of this Agreement.

**11. Entire Agreement, Amendments.** Executive agrees that this Agreement constitutes the entire agreement and understanding between the parties and supersedes any prior agreements, either oral or in writing, between Executive and Company with respect to all matters within the scope of this Agreement. No provision of this Agreement may be modified, waived, or discharged unless such modification, or discharge is agreed to in writing and signed by Executive and President of the Company. This Agreement shall be enforced in accordance with its terms and shall not be construed against either party.

**12. No Conflicts.** Executive represents and warrants that Executive will perform all the terms of this Agreement, and the performance of Executive's duties as an Executive of the

Company or the fact of Executive's employment with the Company, do not and will not breach any agreement between Executive and any other person, including a former employer.

**13. Survival.** The obligations Executive has undertaken in this Agreement shall survive the Last Day and no dispute regarding any other provisions of this Agreement regarding Executive's employment or the termination of Executive's employment shall prevent the operation and enforcement of these obligations.

**14. Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall constitute an original, and all of which shall constitute one instrument. A signature made on a .PDF or facsimile copy of this Agreement or a signature to this Agreement transmitted by .PDF or facsimile shall have the same effect as an original signature.

**15. Successors and Assigns.** This Agreement shall be binding upon, and inure to the benefit of, the parties and their respective successors and permitted assigns. Executive may not assign Executive's rights and obligations under this Agreement without prior written consent of the Company. The Company may assign this Agreement and/or its rights or obligations under this Agreement. Any and all rights and remedies of the Company under this Agreement shall inure to the benefit of and be enforceable by any successor or assignee of the Company.

**16. Governing Law/Venue/Waiver.** This Agreement shall be construed and enforced in accordance with the laws of the State of Tennessee without reference to the principles of conflicts of laws.

**17. Restrictive Covenant Addenda.** Executive acknowledges and agrees to different restrictive covenant obligations than those set forth in Section 3 above, which shall apply to Executive if Executive resides or works in certain jurisdictions. While Executive resides or works in such a state, including on the Last Day, Executive agrees that the restricted activities set forth in Section 3, as well as any other applicable obligations set forth in this Agreement, shall be superseded only as set forth in the Addendum attached hereto as Appendix A.

**18. Electronic Signature.** Executive agrees that the Company may sign this Agreement with a copy for which Executive has provided an electronic signature, and that such electronic signature may be satisfied by procedures that the Company or a third party designated by the Company has established or may establish an electronic signature system, and Executive's electronic signature shall be the same and shall have the same force and effect as, Executive's written signature. By electronically accepting this Agreement, Executive agrees to the following: "This electronic contract contains my electronic signature, which I have executed with the intent to sign this Agreement."

**IN WITNESS WHEREOF**, the undersigned have executed this Agreement freely and voluntarily with the intention of being legally bound by it.

**Executive**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Dated: \_\_\_\_\_

**Tractor Supply Company**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Dated: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**APPENDIX A**  
**ADDENDA TO THE PROTECTIVE AGREEMENT**

As set forth in Section 17 of the Protective Agreement, Executive acknowledges that different restrictive covenant obligations than those set forth in Section 17 above may apply to Executive if Executive resides or works in any of the following jurisdictions:

California  
Louisiana  
Massachusetts  
Nebraska  
North Dakota  
Oklahoma  
Virginia  
Washington  
Wisconsin.

## **CALIFORNIA ADDENDUM**

Capitalized terms used but not defined in this Addendum shall have the meanings ascribed to such terms in the Protective Agreement ("Agreement"). In connection with my new or continuing employment with Tractor Supply Company (or one of its subsidiaries or affiliated companies) (the "Company") and for other good and valuable consideration (the receipt and sufficiency all of which I acknowledge in writing to the Company), to the extent that California law applies, my signature to the Agreement is my agreement to the modifications set forth below in this California Addendum.

### **No. 1:**

Section 2.8 "**Restricted Period**" is amended such that the following language solely applies:

"**Restricted Period**" means the period of Employee's employment with the Company. Employee recognizes that these durational terms are reasonably and narrowly tailored to the Company's legitimate business interest and need for protection with respect to the information and know-how associated with each administrative position Employee holds at the Company.

### **No. 2:**

Section 6.7 "**Exceptions to Assignments**" is amended such that the following language solely applies:

Executive understands that the obligations under this Section 6 do not apply to any Invention for which no equipment, supplies, facility, or Confidential Information or Trade Secrets of the Company was used and which was developed entirely by the Executive's own time, unless (a) the Invention relates (i) to the business of the Company, or (ii) to the Company's actual or demonstrably anticipated research or product development, or (b) the Invention results from any work performed by Executive for the Company. Executive further understands that the provisions of California Labor Code Section 2870 apply:

- a. Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely by his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either: (i) relate to the time of conception or reduction to practice of the invention to the employee's business, or actual or demonstrably anticipated research or development for the employer; or (ii) result from any work performed by the employee for the employer.
- b. To the extent a provision in this Agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.

Executive will advise the Company promptly in writing of any inventions Executive believes meets the criteria of Labor Code Section 2870 and are not otherwise previously disclosed to permit a determination of ownership by the Company. Any disclosure will be received in confidence.

No. 3:

Section 8 “**Severability and Reformation**” is amended such that the following language solely applies:

Should any one or more of the parts or subparts of a provision contained in this Agreement, for any reason, be held to be invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other part or subpart of a provision of this Agreement or any other jurisdiction, but the parties agree that a court shall reform and construe this Agreement as if such invalid, illegal or unenforceable part or subpart of a provision had never been contained in this Agreement, and a court shall reform such part or subpart so that it would be valid and enforceable to the maximum extent permitted in such jurisdiction. Without limiting the foregoing, the parties intend that the parts and subparts in this Agreement shall be deemed a series of separate covenants and agreements. If, in any legal proceeding, a court shall refuse to enforce all the parts and subparts, that part or subpart shall be severed from this Agreement. It is the intention of the parties that the remaining eliminated separate parts and subparts be enforced in such a proceeding.

No. 4:

Section 16 “**Governing Law/Venue/Waiver**” is amended such that the following language solely applies:

This Agreement shall be construed and enforced in accordance with the laws of the State of California without reference to principles of conflicts of laws.

**Tractor Supply Company  
Performance Share Unit Agreement**

This PERFORMANCE SHARE UNIT AGREEMENT (this “Agreement”) is made and entered into as of the **[Grant Date]** (the “Grant Date”), between Tractor Supply Company, a Delaware corporation (together with its Subsidiaries and Affiliates,

applicable, the "Company"), and **[Participant Name]** (the "Grantee"). Capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the Company's 2018 Omnibus Incentive Plan (the "Plan").

WHEREAS, the Company has adopted the Plan, which permits the issuance of Performance Awards, including an award that provides the right to receive Share Units upon the satisfaction of performance objectives or other conditions (a "Performance Unit"); and

WHEREAS, the Compensation Committee of the Board of Directors of the Company or a subcommittee thereof (or if no such committee is appointed, the Directors of the Company) (each, the "Committee") has determined that Grantee is entitled to an award of Performance Share Units under the Plan;

NOW, THEREFORE, the parties hereto agree as follows:

#### **PERFORMANCE SHARE UNIT GRANT**

Grantee: **[Participant Name]**  
**[Employee ID]**

Target Number of Performance Share Units  
Granted Hereunder ("Target Award"): **[# of Award Units Granted]**

Grant Date: **[Grant Date]**

1. **Grant of Performance Share Unit Award.**

1.1 The Company hereby grants to the Grantee the award ("Award") of Performance Share Units ("PSUs") set forth above on the terms and conditions set forth in this Agreement and as otherwise provided in the Plan. A bookkeeping account shall be maintained by the Company to keep track of the PSUs.

1.2 The Grantee's rights with respect to the Award shall remain forfeitable at any time prior to the dates on which the PSUs shall vest in accordance with Section 1.1 hereof. Except as otherwise determined by the Committee, this Award may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Grantee other than by will or the laws of descent and distribution. Any sale, assignment, transfer, pledge, hypothecation, loan or other disposition other than in accordance with this Section 1.2 shall be null and void.

1.3 Notwithstanding anything herein to the contrary, Grantee acknowledges and understands that the Award granted hereby is contingent upon Grantee's execution of the Protective Agreement attached hereto as Exhibit B, which Grantee is expected to contemporaneously with this Agreement. In the event Grantee breaches any provision of the Protective Agreement, the PSUs shall be automatically forfeited without consideration effective as of the date on which such breach first occurs. The foregoing rights and remedies are in addition to any other rights and remedies that are available to the Company and shall not prevent (and Grantee shall not assert to prevent) the Company from pursuing any other remedies available to the Company.

shall prevent) the Company from bringing one or more actions in any appropriate jurisdiction to recover damages as a result of Grantee's breach of the Performance Agreement. Without limiting the foregoing, to the extent permitted under applicable law, any Shares that have previously been delivered to Grantee or Grantee's beneficiaries or heirs on vesting of the PSUs, and which are still held by Grantee or Grantee's beneficiaries or heirs as of the date of such breach, shall immediately be forfeited without consideration.

## 2. Vesting and Payment.

2.1 General. Except as provided in Section 2.2, Section 2.3 or Section 2.4, the Award shall vest, if at all, 100% on the third anniversary of the Grant Date (the "Vesting Date"), but only if and to the extent: (x) the Company has achieved the performance targets over the period (the "Performance Period") set forth on Exhibit A attached hereto, and (y) the Grantee has remained in service with the Company continuously from the Grant Date until the Vesting Date. The number of PSUs that vest may be greater than or less than the Target Award, as more specifically set forth on Exhibit A.

### 2.2 Death; Disability.

(a) Notwithstanding Section 2.1, in the event the Grantee's employment with the Company terminates prior to the Vesting Date on account of Grantee's death, Grantee (or the Grantee's estate) shall become vested in the number of PSUs that would have vested had Grantee remained employed with the Company continuously until the Vesting Date; provided, that any PSUs that vest pursuant to this Section 2.2(a) shall not be settled until the Committee determines the number of PSUs that should vest based on the extent to which the performance targets will have been achieved in accordance with Exhibit A attached hereto.

(b) Notwithstanding Section 2.1, in the event the Grantee's employment with the Company terminates prior to the Vesting Date on account of Grantee's Permanent Disability, Grantee (or the Grantee's legal representative) shall become vested in the number of PSUs that would have vested had Grantee remained employed with the Company continuously until the Vesting Date; provided, that any PSUs that vest pursuant to this Section 2.2(b) shall not be settled until the Committee determines the number of PSUs that should vest based on the extent to which the performance targets will have been achieved in accordance with Exhibit A attached hereto. For purposes of this Agreement, "Permanent Disability" shall have the meaning set forth in the local disability plan of the Company.

2.3 Termination of Employment. Except as provided in Section 2.2, Section 2.3 or as otherwise provided by the Committee, if the Grantee's service as an employee of the Company

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terminates for any reason, the Grantee shall forfeit all rights with respect to all PSUs that are not vested on such date.

### 2.4 Change in Control; Petsense Divestiture.

(a) Upon the occurrence of a Change in Control, in the event the Grantee is still surviving the Change in Control (together with its Affiliates, the "Successor") and the Award granted hereby, (1) any in process Performance Periods shall end on the date immediately preceding the Change in Control, (2) the number of PSUs that are eligible to vest shall be the Target Award, if the Change in Control occurs prior to the end of the Performance Period, (3) any PSUs that are eligible to vest pursuant to the above shall vest on the Vesting Date, provided the Grantee remains employed by the Successor until the Vesting Date, and (4) notwithstanding Section 2.3 or the immediately preceding clause (3) of this paragraph, in the event the Grantee's employment with the Successor is terminated without Cause by the Successor, or terminates for a Reason by the Grantee or on account of Grantee's death, Disability Retirement or Retirement within 12 months following a Change in Control and prior to the Vesting Date, the number of PSUs otherwise eligible to vest pursuant to this paragraph shall immediately vest and be released to the Grantee (or Grantee's estate or other representative) upon the Grantee's termination of employment.

(b) In the event the Successor does not assume the Award granted hereby, a number of PSUs equal to the Target Award, if the Performance Period has not ended prior to the Change in Control, shall vest as of the effective date of the Change in Control and the appropriate number of Shares shall be released in accordance with Section 2.5.

(c) Upon the occurrence of a Petsense Divestiture, a number of PSUs equal to the Target Award, if the Performance Period has not ended prior to the Petsense Divestiture, shall vest as of the effective date of the Petsense Divestiture and the appropriate number of Shares shall be released in accordance with Section 2.5.

(d) For purposes of this Agreement the following terms shall have the meaning set forth below:

(i) "Cause" means (A) Grantee's failure or refusal to carry out lawful directions of the Company, which are reasonably consistent with the responsibilities of the Grantee's position; (B) a material act of dishonesty or dishonest conduct by the Grantee related to the business of the Company; (C) Grantee's conviction of, or a no contest to, a felony, a lesser crime against the Company, or any crime involving dishonest conduct; (D) Grantee's habitual or repeated misuse or habitual or repeated performance of the Grantee's duties under the influence of alcohol or controlled substances; (E) Grantee's breach of any written agreement with the Company, including the Protective Agreement; (F) a breach of the Protective Agreement; or (G) any act materially compromising the Grantee's reputation or ability to represent the Company in the public or any act or omission by the Grantee that substantially impairs the Company's business, good will or reputation.

(ii) "Change in Control" shall have the meaning provided in the Plan.

(iii) "Early Retirement" means any retirement with the written consent of the Company at or before the time of such retirement, from employment with the Company prior to having reached the age of 55 and ten years of service with the Company, in accordance with any applicable early retirement plan of the Company then in effect or as may be approved by the Committee.

(iv) "Good Reason" means (A) a material reduction in a Grantee's position, authority, duties or responsibilities, (B) any reduction in a Grantee's base salary as in effect immediately prior to a Change in Control; (C) the relocation of the office at which the Grantee is to perform the majority of Grantee's duties following a Change in Control to a location more than 30 miles from the location at which the Grantee performed such duties prior to the Change in Control; or (D) the failure of the Company or the Successor to continue to provide the Grantee with benefits substantially similar in aggregate value to those enjoyed by the Grantee under any of the Company's compensation, life insurance, medical, health and accident or disability plans in which the Grantee was participating immediately prior to a Change in Control, unless the Grantee is participating in other comparable benefit plans generally available to similarly situated employees of the Company or its Successor after the Change in Control. Grantee may not resign Grantee's employment for Good Reason unless (y) Grantee has provided the Company with prior written notice of Grantee's intent to resign for Good Reason within sixty (60) calendar days of first becoming aware of the event giving rise to the Good Reason and has set forth in reasonable detail the specific circumstances that allegedly constitute Good Reason and (z) the Company does not cure such circumstances that would result in Good Reason within thirty (30) calendar days of receipt of such notice. If the Company fails to cure such circumstances during the三十 (30) calendar day cure period, Grantee's employment will terminate following the expiration of the cure period.

(v) "Petsense Divestiture" means, as determined by the Board, (i) the sale of all of the equity interests in Petsense LLC ("Petsense"), or (ii) a sale or disposition of all or substantially all of the assets of Petsense, in each case to an unaffiliated third party.

(vi) "Retirement" means retirement of Grantee from employment with the Company on or after such Grantee having reached the age of 55 and ten years of service with the Company.

**2.5 Settlement.** Grantee shall be entitled to settlement of the PSUs covered by this Agreement at the time that such PSUs vest pursuant to Section 2.1, Section 2.2, Section 2.3 or Section 2.4, as applicable. Such settlement shall be made as promptly as practicable thereafter (but in no event after the thirtieth day following the date on which the PSUs vest or such other time period as may be required by Section 409A of the Code) through the issuance to the Grantee (or to the executors or administrators of Grantee's estate in the event of the Grantee's death) of a stock certificate (or evidence such that Shares have been registered in the name of the Grantee with the relevant stock transfer agent) for a number of Shares equal to the number of such vested PSUs. Notwithstanding anything in this Agreement to the contrary, if Grantee's employment terminates for Cause prior to the date on which Shares are delivered, Grantee shall forfeit all of the PSUs.

**2.6 Withholding Obligations.** Except as otherwise provided by the Company, upon the settlement of any PSUs subject to this Award, the Company shall require the Grantee to deliver to the Company a number of Shares that would otherwise be issued to the Grantee upon settlement of the Award by a number of Shares having an aggregate Fair Market Value on the date of such issuance equal to the

payment to satisfy the withholding tax obligation of the Company with respect to the Award is being settled, as determined by the Committee (but in no event than the maximum withholding rate applicable to wages of the Grantee).

3. Dividend Rights.

The Grantee shall not be entitled to any dividend equivalent rights in respect of PSUs covered by this Award.

4. No Right to Continued Service; Limitation of Rights.

Nothing in this Agreement or the Plan shall be interpreted or construed to confer on the Grantee any right to continue service as an officer or employee of the Company. In addition, the granting of the PSUs will not give Grantee any rights to similar compensation in future years.

5. Adjustments.

The provisions of Section 4.2 of the Plan are hereby incorporated by reference and the PSUs are subject to such provisions. Any determination made by the Committee or the Board pursuant to such provisions shall be made in accordance with the provisions of the Plan and shall be final and binding for all purposes of the Plan and this Agreement.

6. Administration Subject to Plan.

The Grantee hereby acknowledges receipt of a copy of the Plan and agrees to be bound by all the terms and provisions thereof. The terms of this Agreement shall be governed by the terms of the Plan, and in the case of any inconsistency between the terms of this Agreement and the terms of the Plan, the terms of the Plan shall prevail. The Committee shall have the sole power to interpret and administer the Plan, to amend the Plan and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules. Any actions taken and all interpretations and determinations made by the Committee shall be final and binding upon the Grantee, the Company and all other interested persons. No member of the Committee shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Award.

7. Modification of Agreement.

Subject to the restrictions contained in the Plan, the Committee may without notice or conditions or rights under, amend any terms of, or alter, suspend, discontinue, or terminate, the Award, prospectively or retroactively; provided that any such amendment, alteration, suspension, discontinuance, cancellation or termination would materially and adversely affect the rights of the Grantee or any holder or beneficiary of the Award shall not to that extent be effective without the consent of the Grantee, holder or beneficiary affected.

8. Section 409A.

Notwithstanding anything herein to the contrary, to the maximum extent permitted by applicable law, the settlement of the PSUs to be made to the Grantee pursuant to this Agreement is intended to qualify as a "short-term deferral" pursuant to Section 409A of the Code.

1(b)(4) of the Regulations and this Agreement shall be interpreted cor-  
therewith. However, under

certain circumstances, settlement of the PSUs may not so qualify, and in that case the Committee shall administer the grant and settlement of such PSUs in strict compliance with Section 409A of the Code. Further, notwithstanding anything herein to the contrary, if at the time of Grantee's termination of employment with the Company and all Recipients, the Grantee is a "specified employee" as defined in Section 409A of the Code, and the deferral of the commencement of any payments or benefits of the PSUs is payable hereunder as a result of such termination of service is necessary in order to prevent the imposition of any accelerated or additional tax under Section 409A of the Code, then the Company will defer the commencement of the payment of any payments or benefits hereunder (without any reduction in such payments or benefits ultimately paid or provided to the Grantee) to the minimum extent necessary to comply with Section 409A of the Code until the date that is six months and one day following the Grantee's termination of employment with the Company (or the earliest date permitted under Section 409A of the Code), if such payment or benefit is payable following the termination of employment. For purposes of this Agreement, a "termination of employment" shall have the same meaning as "separation from service" under Section 409A of the Code and Grantee shall be deemed to have remained employed so long as the Grantee has not "separated from service" with the Company or Successor. The payment of PSUs constitutes a "separate payment" for purposes of Section 409A of the Code.

Although the Company intends to administer this Performance Share Unit Agreement so that the Award will be exempt from, or will be interpreted and comply with, the requirements of Section 409A of the Code, the Company does not warrant that the Award made under this Performance Share Unit Agreement will qualify for favorable tax treatment under Section 409A of the Code or any other provision of federal, state or foreign law. The Company shall not be liable to the Grantee for any tax, interest or penalties that Grantee might owe as a result of the Award made under this Performance Share Unit Agreement.

#### 9. Severability.

If any provision of this Agreement is, or becomes, or is deemed to be illegal, or unenforceable in any jurisdiction or as to any Person or the Award, such provision shall disqualify the Plan or Award under any laws deemed applicable by the Committee. Such provision shall be construed or deemed amended to conform to the applicable law if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, Person or Award, and the remainder of the Plan and Award shall remain in full force and effect.

#### 10. Governing Law.

The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Tennessee without giving effect to the

of law principles thereof, except to the extent that such laws are preempted by law.

11. Successors in Interest.

This Agreement shall inure to the benefit of and be binding upon any successors to the Company. This Agreement shall inure to the benefit of the Grantee and its representatives. All

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obligations imposed upon the Grantee and all rights granted to the Company under this Agreement shall be binding upon the Grantee's heirs, executors, administrators and successors.

12. Resolution of Disputes.

Any dispute or disagreement which may arise under, or as a result of, or in any way related to, the interpretation, construction or application of this Agreement shall be determined by the Committee. Any determination made hereunder shall be final and conclusive on the Grantee and the Company for all purposes.

13. Notices.

Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of its Secretary or its designee, and any notice to be given to the Grantee shall be addressed to Grantee at the address (including electronic address) then reflected in the Company's books and records. By giving notice pursuant to this Section 13, either party may hereafter designate a new address for notices to be given to the Company or Grantee. Any notice, required to be given to the Grantee, shall, if the Grantee is then deceased, be given to the Grantee's personal representative if such representative has previously informed the Company of the representative's status and address by written notice under this Section 13. Any notice shall have been deemed duly given when (i) delivered in person, (ii) delivered in an electronic form approved by the Company, (iii) enclosed in a sealed envelope or wrapper addressed as aforesaid, deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service, or (iv) enclosed in a properly sealed envelope or wrapper addressed as aforesaid, deposited (with fees prepaid) in an office regularly maintained by UPS, or comparable non-public mail carrier.

IN WITNESS WHEREOF, the parties have caused this Performance Share Agreement to be duly executed effective as of the day and year first above written.

Tractor Supply Company

By: \_\_\_\_\_

Grantee:

(electronically accepted)

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**EXHIBIT A**

**[Performance Share Unit Award Performance Targets]**

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**EXHIBIT B**

**PROTECTIVE AGREEMENT**

This Protective Agreement ("Agreement") is made by and between Tractor Supply Company and its subsidiaries, affiliates, successors and assigns (the "Company") and the undersigned individual ("Executive").

**WHEREAS**, the Company and Executive agree that the Company has a legitimate business interest in, among other things, its Confidential Information (defined below) and Trade Secrets (defined below), and in the significant time, money, team building and other efforts it expends to develop Executive's skills to enable Executive in performing Executive's duties for the Company, including with respect to establishing, developing and maintaining the goodwill and business relationships the Company's customers, vendors and employees, all of which Executive agarable assets of the Company to which it has devoted substantial resources;

**WHEREAS**, the Company and Executive agree that the Company's Confidential Information and Trade Secrets, including key information about, and goodwill of, the Company's customers, vendors and employees are not generally known to the public and are the result of significant effort and expense developed over time and at significant cost to the Company, and are the subject of reasonable efforts of protection by the Company against disclosure to unauthorized parties; and

**WHEREAS**, as part of performing Executive's duties for the Company, Executive will have access to and/or will use the Company's Confidential Information and Trade Secrets and will work with customers, vendors and Employees; and

**WHEREAS**, the Company and Executive agree that this Agreement is reasonable to protect the Company against the irreparable harm it would suffer if Executive left the Company's employment (for any reason) and used or disclosed the Company's Confidential Information and Trade Secrets, and/or interfered with the good relationships the Company has in its customers, vendors and employees.

**NOW, THEREFORE**, for good and valuable consideration, to which Executive would not otherwise be entitled without entering into this Agreement, including promises and covenants contained in this Agreement; (b) Executive's employment with the Company; (c) Executive's access to and use of the Company's Confidential Information and Trade Secrets, including key information and goodwill in, its customers, vendors and employees; and (d) the opportunity to receive an equity grant from the Company pursuant to the Tractor Supply Company Performance Share Unit Agreement, the Company and Executive agree as follows (including the foregoing recitals which are expressly incorporated in this Agreement):

**1. Disclosures.** In order to maintain Executive's confidentiality obligations and to avoid conflicts of interest which may arise, Executive will disclose (and cause the Company to disclose) to any future prospective employers the existence of this Agreement and the nature of Executive's confidentiality and restrictive covenants and obligations arising from it before Executive accepts any new position of employment.

**2. Definitions.**

2.1 **"Confidential Information"** means information that is created and used in the Company's business and which is not generally known by the public, including but not limited to: trade secrets, proprietary or customized software and data, manufacturing processes and methods, product formulas, research and development, new product plans; the Company's confidential records pertaining to its existing and potential customers, including key customer contact information, contract terms and related information; confidential business opportunities; merger or acquisition opportunities (including targets, opportunities, or prospects); confidential information received from suppliers or vendors, including key supplier or vendor contact information, terms and related information; strategies for advertising and marketing; confidential business processes and strategies, including training, policies and procedures; personnel composition (wages, specialization, etc.); financial and revenue data, reports, including pricing, quoting and billing methods; and any other business information that the Company maintains as confidential. Executive specifically understands and agrees that the term Confidential Information also includes confidential information of a third party that may be communicated to, acquired by, learned of, or developed by Executive in the course of or as a result of Executive's employment with the Company. Confidential Information does not include information that is or may become known to Executive or to the public from sources outside the Company and through means other than a breach of this Agreement or disclosure by Executive after written approval from the Company.

2.2 **"Competitive Product or Service"** means any product, process, service or technology (in existence or under development) of any person or organization other than the Company that is the same as, similar to, or competes with, a product, process or service (in existence or under development) upon which Executive worked or performed responsibilities at the Company during the twenty-four (24) months prior to the date of this Agreement (as defined below).

2.3     **“Competitor”** means Executive or any other person or organization engaged in or about to become engaged in, research or development, production, marketing, leasing, selling, or servicing of a Competitive Product or Service.

Executive and the Company agree that the definition of “Competitor” specifically includes, but is not limited to, Lowe’s, Home Depot, Ace Hardware, True Value, PetSmart, Petco, Chewy’s and their respective organizations, partnerships, wholly-owned sister companies, franchisees, affiliates or any organization in which they have an interest and which are involved in the farm and ranch, pet, and/or hardware industry or which otherwise compete with the Company.

For purposes of this Agreement, “Competitor” is further limited to any general or specialty retail, wholesale membership club, or merchandising business, including its respective parent companies, subsidiaries and/or affiliates, that: (a) (i) sells farm and ranch, pet and/or hardware goods or merchandise at retail to consumers or businesses (whether through physical locations, via the internet or combined), or (ii) has plans to sell such goods or merchandise at retail to consumers and/or businesses (whether through physical locations, via the internet or combined) within twenty-four (24) months following Executive’s Last Day; **and** (b) has gross annual consolidated sales volume or revenues attributable to its retail operations (whether through physical locations, via the internet or combined) equal to or in excess of \$100 million.

Prior to accepting a position with a Company who could reasonably be considered a Competitor under this Section, Executive agrees to consult with the Executive Vice President of Human Resources, or his/her successor, for clarification as to whether or not the Company views a prospective employer, consulting client or business relationship as a Competitor.

2.4     **“Customer”** means any person(s) or entity(ies) whom, within twenty-four (24) months prior to the Last Day, Executive, directly or Indirectly (e.g., through other Executives whom Executive supervised): (a) provided products or services in connection with the Company’s business; or (b) provided written proposals concerning the sale of products or services from the Company.

2.5     **“Indirectly”** means (including as defined in Section 2.4) that Executive does not assist others in performing business activities that Executive is prohibited from performing directly under this Agreement.

2.6     **“Last Day”** means Executive’s last day of employment with the Company, regardless of the reason for Executive’s separation, including voluntary and involuntary.

2.7     **“Restricted Geographic Area”** means the territory (*i.e.*: (i) state(s), county(ies), or (iii) city(ies)) in which, during the twenty-four (24) months prior to the Last Day, Executive: (a) provided Material services on behalf of the Company (or through other Executives whom Executive supervised, directly or Indirectly, the servicing activities), and/or (b) provided services to Customers or otherwise sold services on behalf of the Company (or in which Executive supervised, directly or Indirectly, the solicitation or servicing activities related to the Company).

Customers). **“Material”** means the Executive’s primary job duties and responsibilities in connection with working with Customers or directly supervising individuals who interact with Customers.

2.8 **“Restricted Period”** means the period of Executive’s employment by the Company and a period of months after the Last Day as set forth below based on the Executive’s job position with the Company. Executive recognizes that this definition of the term is reasonably and narrowly tailored to the Company’s legitimate business needs and need for protection with each position Executive holds at the Company.

- i. CEO 24 months ii. President 24 months iii. EVP 18 months
- iv. SVP 12 months v. VP 6 months

2.9 **“Trade Secret”** means information defined as a trade secret under applicable state law or the Defend Trade Secrets Act of 2016.

3. **Restrictive Covenants.** To protect the Company’s legitimate business interests, including with respect to Executive’s access to and use of the Company’s Confidential Information and Trade Secrets, including key information about the Company’s goodwill in, its customers and employees, Executive agrees that:

3.1 **Non-Competition.** During the Restricted Period and while within the Restricted Geographic Area, Executive will not, directly or indirectly, perform the following acts or similar:

responsibilities Executive performed for the Company for a Competitor in connection with a Competitive Product or Service. Notwithstanding the foregoing, Executive will not accept employment with a Competitor whose business is diversified, provided that Executive will not be engaged in working on or providing Competitive Products or Services or otherwise use or disclose Confidential Information or Trade Secrets to the Company unless the Company receives prior written assurances from the Competitor and Executive’s compensation and benefits are satisfactory to the Company that Executive will not work on or provide Competitive Products or Services, or otherwise use or disclose Confidential Information or Trade Secrets. In addition, nothing in this Agreement is intended to prevent Executive from investing Executive’s funds in securities of a person engaged in a business directly competitive with the Company if the securities of such a person are listed on a registered securities exchange or actively traded in an over-the-counter market and Executive’s holdings represent less than one percent (1%) of the total number of outstanding shares or principal amount of the securities of such a person.

3.2 **Non-Solicitation and Non-Inducement of Employees.** During the Restricted Period, Executive shall not directly or indirectly: (a) solicit, recruit, entice, or encourage (or attempt to solicit, recruit or encourage), or by assisting others in soliciting, recruiting, or encouraging, any Company employees or former employees with whom Executive worked, had business contact, or about whom Executive gained non-public Confidential Information (“Employees or Former Employees”); (b) contact, communicate with Employees or Former Employees for the purpose of inducing, assisting, encouraging and/or facilitating them to terminate their employment.

Company or find employment or work with another person or entity; (c) provide along to any person or entity the name, contact and/or background information of any Employees or Former Employees or provide references or any other information about them; (d) provide or pass along to Employees or Former Employees information regarding potential jobs or entities or persons for which to work, including but not limited to job openings, job postings, or the names or contact information of individuals or companies hiring people or accepting job applications; and/or offer employment or work to any Employees or Former Employees. For purposes of this covenant, "Former Employees" shall refer to employees who are not employees of the Company at the time of the attempted recruiting or hiring, but were employees of the Company working for the Company in the three (3) months prior to the time of the attempted recruiting or hiring and/or interference.

3.3 Non-interference of Vendors and Suppliers. During the Restricted Period, Executive will not directly or indirectly interfere with the Company's relationship with its vendors or suppliers in any way that would impair the Company's relationship with such vendors or suppliers, including by reducing, diminishing or otherwise restricting the flow of supplies, services or goods from the vendors or suppliers to the Company.

3.4 Covenants are Reasonable. Executive acknowledges and agrees that: the covenants in this section are necessary and essential to protect the Company's Confidential Information, Trade Secrets and the goodwill in its customer list and Executives; the area, duration and scope of the covenants in this section are reasonable and necessary to protect the Company; they do not unduly oppress or interfere with Executive's ability to earn a livelihood in Executive's chosen profession; they are not an undue restraint on Executive's trade or any of the public interests that may be involved; a good and valuable consideration exists for Executive's agreement to be bound by the covenants; and the Company has a legitimate business purpose in requiring Executive to abide by the covenants set forth in this section.

3.5 Certain Prohibitions on Non-competes. Employee understands that Employee's restrictive covenant obligations in this Section shall not apply to Employee if Employee is covered under applicable state statute or local ordinance/rule prohibiting non-competes or non-solicits, including on the basis of Employee's income at the time of enforcement. Current examples of states/jurisdictions with such prohibitions include, but are not limited to: Alabama; California; District of Columbia; Illinois; Maine; Massachusetts; Nevada; New Hampshire; Oklahoma; Oregon; North Dakota; Rhode Island; Virginia; and Washington.

#### **4. Confidential Information and Trade Secrets.**

4.1 Access and Use. Executive expressly acknowledges and agrees that, by virtue of Executive's employment with the Company and execution of Executive's duties for the Company, Executive will have access to and use certain Confidential Information and Trade Secrets, and that such Confidential Information and Trade Secrets constitute confidential and proprietary information of the Company.

information and/or Trade Secrets of the Company, all of which is the Company's exclusive property. Accordingly, Executive agrees that Executive will not, directly or indirectly, without the written consent of the Company: (a) use Confidential Information or Trade Secrets for the benefit of any person or entity other than the Company; (b) remove, copy, duplicate or otherwise reproduce any document or tangible object embodying or pertaining to any of the Confidential Information or Trade Secrets, except as required to perform responsibilities for Company; and (c) employ and thereafter, publish, release, disclose, deliver or otherwise make available to any third party any Confidential Information or Trade Secrets, in any communication, including oral, documentary, electronic or magnetic information, by any transmittal device or media.

**4.2 Duration of Confidential Information and Trade Secrets**

Executive's obligation of non-disclosure and non-use shall last so long as the information remains confidential. Executive, however, understands that, if Executive resides and works in any state requiring a temporal limit on non-disclosure of Confidential Information that is not a Trade Secret shall be protected for more than two (2) years following the Last Day. Executive also understands that Trade Secrets are protected by statute and are not subject to any time limits. Executive also agrees to contact the Company before using, disclosing, or distributing Confidential Information or Trade Secrets if Executive has any questions as to whether such information is protected information.

**4.3 Immunity under the Defend Trade Secrets Act of 2016**

Executive shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a Trade Secret that: (a) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney, and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document filed in a court or other proceeding, if such filing is made under seal. Disclosures to a court made under seal, or pursuant to court order are also protected in such circumstances under said Act.

**4.4 Non-Disparagement**

Executive agrees that, except in the general performance of Executive's duties for the Company and subject to the exceptions in Section 4.3 and 4.5, Executive will not at any time after the date of this Agreement disparage, criticize or make any negative remarks or comments, orally or in writing, to any third party, via media or otherwise, about the Company, any director, officer, employee or agent of the Company, or about any director, officer, employee or agent of any company above, which remarks or comments reasonably could be expected to injure, or potentially harm, or injure the goodwill or reputation of the Company. The term "media" as used herein includes, without limitation, radio, television, film, internet, and social media, such as Twitter and Facebook.

**4.5 Additional Legal Exceptions to Non-Disclosure Obligations**

Any provision in this Agreement shall be construed to prevent disclosure of Confidential Information.

Information as may be required by applicable law or regulation; especially with respect to a federal or state administrative agency (e.g., EEOC, equivalent employment agency, etc.), or pursuant to the valid order of a court of competent jurisdiction or an authorized government agency, provided that the disclosure does not exceed the extent of disclosure required by such law, regulation or order. In addition, nothing in this Agreement in any way prohibits or is intended to restrict or impede, and shall not be interpreted or understood as restricting or impeding, Executive from exercising Executive's rights under Section 7 of the National Labor Relations Act (NLRA) or otherwise disclosing information permitted by law.

**5. Return of Company Property and Information.** Executive agrees that on the Last Day (or earlier if requested by the Company) to immediately return to the Company all property and information belonging to the Company (in electronic or physical copy form). Executive shall also disclose to Company any passwords for Executive's computer or other access codes for anything associated with Executive's employment with the Company, and shall not delete or modify or alter any property prior to its return to the Company.

#### **6. Assignment of Inventions and Original Works.**

**6.1 Prior Inventions and Creative Works.** Executive understands and agrees that Executive's obligation (on or before the date Executive executes this Agreement) is to identify to the Company in writing any of Executive's Prior Inventions or Creative Works. Executive's failure to do so means that no such Prior Inventions or Creative Works exist. Executive agrees not to incorporate, or permit to be incorporated, any Prior Invention or Creative Works owned by Executive which Executive has an interest, into a Company product, process, program, machine, including any software code created or developed on the Company's behalf or in which the Company has an ownership interest pursuant to the terms of this Agreement, without the Company's prior written consent. **Inventions**" means all Inventions that were made by Executive during Executive's employment with the Company, that belong to Executive and relate to the Company's current or proposed business, products, services, research and development, and are not presently assigned by Executive to this Agreement. **Creative Works**"means any and all works of authorship, including, for example, written documents, spreadsheets, graphics, trademarks, service marks, algorithms, computer programs and code, product formulas, mask works, brochures,

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presentations, photographs, music or compositions, manuals, reports, compilations of various elements.

**6.2 Assignment of Inventions.** Executive agrees to promptly make written disclosure to the Company of, to hold in trust for the sole right and benefit of the Company, and presently assign to the Company (or its designees) for any additional consideration, all of Executive's right, title, and interest in and to any and all Inventions that Executive invents during Executive's employment.

for a period of one (1) year following the Last Day. Executive understands obligations under this Section do not apply to any Invention for which the Company's equipment, supplies, facility, or Confidential Information or Trade Secrets were used and which was developed entirely on Executive's own initiative, unless (a) the Invention relates (i) to the business of the Company, or (ii) to the Company's actual or demonstrably anticipated research or development, or (b) the Invention results from any work performed by Executive for the Company. "Invention(s)" means inventions, developments, concepts, improvements, designs, discoveries, devices, apparatus, processes, practices, compositions, formulas, machines, articles of manufacture, methods (including business methods), inventive ideas, algorithms, computer software code and programs, protocols, formulas, mask works, compositions, trademarks, service marks, trade secrets, whether or not reduced to practice, patentable, or registrable under patent, copyright, trademark, or similar laws, which Executive Invents solely or jointly, during normal working hours or when Executive is expecting to be working, or that relate to the business of the Company or to the Company's actual or demonstrably anticipated research or development, or that are substantially aided by Executive's use of the Company's equipment, supplies, facility, Confidential Information or Trade Secrets, or contains any of the Company's Confidential Information or Trade Secrets, or that are the direct or substantial result of any work performed by Executive for the Company. "Invent" and "Invented" means to conceive of, develop, reduce to practice, or otherwise invent (as that term is commonly understood) and is not limited to its usage under U.S. or foreign patent law.

6.3 Works Made for Hire. Executive acknowledges that all Works that are made by Executive (solely or jointly with others) within the period of and during the period of Executive's employment with the Company and are protectable by copyright are "works made for hire," as that term is defined in the United States Copyright Act (17 U.S.C. § 101) and are deemed to be ordered by the Company under the U.S. Copyright law. In the event that the Creative Work is determined not to be a "work made for hire," this Agreement shall operate as an irrevocable assignment by Executive to the Company of all right, title, and interest in and to all applicable state, federal, and international copyrights, trademarks, service marks, and other similar rights in the Creative Work, including all right, title, and interest.

6.4 Patent and Copyright Registrations. Executive agrees (both during and after employment) to: assist the Company (or its designees) at the Company's expense, but without additional compensation to Executive, to protect the Company's rights, as well as the rights of any government entities or other parties to which the Company directs any assignment, in any Invention, in copyrights, or other intellectual property rights in any and all countries where the Company is unable for any reason whatsoever, including

the Company's inability after expending reasonable efforts to locate Executive, the Executive's mental or physical incapacity, to secure Executive's signature, to apply for or to pursue any application for any United States or foreign patent, copyright registrations or other intellectual property rights (or on any documents).

transferring ownership thereof) covering Inventions, Prior Inventions, or Works assigned to the Company under this Agreement, Executive irrevocably designates and appoints the Company and its duly authorized and agents as Executive's agent and attorney-in-fact to act for and on Executive's behalf and in Executive's stead to execute and file any such applications and to do all other lawfully permitted acts to further the protection and issuance of patents or copyright registrations or transfers thereof with the same legal force and effect as if executed by Executive. This appointment is coupled with an interest in and to the Inventions and Creative Works and will survive Executive's death or disability.

**6.5 Duty to Disclose Information and Maintain Records.** Executive agrees that while employed and for two (2) years following the Last Day of Employment, Executive will promptly disclose to the Company in writing all Inventions and Creative Works authored or conceived by Executive, alone or jointly with others, along with all attempts to register, patent, or otherwise claim ownership over or alienate any such Inventions and Creative Works.

**6.6 Moral Rights.** To the maximum extent allowed by law, the assignment of rights in this Section 6 includes all rights of paternity, integrity, disclosure, withdrawal and any other rights that may be known as or referred to as "parental rights," "artist's rights," "droit moral" or the like (collectively, "Moral Rights"). To the extent that Executive retains any such Moral Rights under applicable law, Executive hereby ratifies and consents to (and provides all necessary ratifications and consents to) any action that may be taken with respect to such Moral Rights by (or authorized by) the Company, and Executive agrees not to assert any Moral Rights with respect thereto. Executive will confirm any such ratifications, consents and agreements from time to time as requested by the Company.

**6.7 Exceptions to Assignments.** Executive understands that the obligations under this Section 6 do not apply to any Invention for which the Invention was developed using Company equipment, supplies, facility, or Confidential Information or Trade Secrets, or which was developed entirely on Executive's own time, unless (a) the Invention relates (i) to the business of the Company, or (ii) to the Company's actual or demonstrably anticipated research or development, and (b) the Invention results from any work performed by Executive for the Company.

**7. At-Will.** Executive acknowledges and agrees that nothing in this Agreement is a guarantee or assurance of employment for any specific period of time. Executive understands that Executive is an at-will employee and that either Executive or the Company may terminate this at-will employment relationship at any time for any reason prohibited by law.

**8. Severability and Reformation.** The covenants in each section of this Agreement are independent of any other provisions of this Agreement. Each term of this Agreement constitutes a separate covenant between the parties, and each term is severable from any other term. Executive and the Company agree if any provision is found to be invalid, the remaining paragraphs, subparagraphs,

phrases, words, or other portions of this Agreement are determined by an appropriate court to be invalid or unenforceable as written, they shall be modified as necessary to comport with the reasonable intent and expectations of the parties and in providing reasonable protection to all of the Company's legitimate business interests; and such modification shall not affect the remaining provisions of this Agreement. If they cannot be modified to be made valid or enforceable, then they shall be removed from this Agreement, and all remaining terms and provisions shall remain enforceable.

**9. Tolling.** Where permitted by law, the Company reserves the right to toll the Statute of Limitations and Executive will not object, that a court of competent jurisdiction extend the Restricted Period for any period of time that Executive is in breach of this Agreement as a matter of equity and to provide the Company with equitable relief so that the Company receives the full benefit of Executive's promise to comply with the restrictive covenants.

**10. Relief, Remedies and Enforcement.** Executive acknowledges and agrees that a breach of any provision of this Agreement by Executive will cause serious and irreparable injury to the Company that will be difficult to quantify and that damages alone will not adequately compensate the Company. In the event of a threatened or intended breach of this Agreement by Executive, the Company will be entitled to injunctive relief, both temporary and final, enjoining and restraining Executive from committing such breach or threatened or intended breach. Executive further agrees that should Executive breach this Agreement, the Company will be entitled to any and all other equitable remedies available to it, including the recovery and return of any amounts paid to Executive to enter into this Agreement, the disgorgement of any profits, commissions or fees realized by Executive, any subsequent employers, any business or assets operated by Executive, or any of Executive's agents, heirs, or assigns. Executive agrees that should Executive breach this Agreement, the Performance Shares ("PSUs") granted to Executive shall be automatically forfeited without consideration as of the date on which such breach first occurs. The foregoing rights and remedies are in addition to any other rights and remedies that may be available to the Company and shall not prevent (and Executive shall not assert that they shall not) the Company from bringing one or more actions in any applicable jurisdiction for injunctive relief or recover damages as a result of Executive's breach of this Agreement. Without limiting the foregoing, to the extent permitted under applicable law, any rights that have previously been delivered to Executive or Executive's beneficiaries or heirs in connection with the vesting of the PSUs, and which are still held by Executive or Executive's beneficiaries or heirs as of the date of such breach, shall immediately be forfeited without consideration. Executive shall also pay the Company all reasonable costs and attorneys' fees incurred by the Company because of Executive's breach of any provisions of this Agreement.

**11. Entire Agreement, Amendments.** Executive agrees that this Agreement constitutes the entire agreement and understanding between the parties and supersedes any prior agreements, either oral or in writing, between Executive and the Company with respect to all matters within the scope of this Agreement. No provision of this Agreement may be modified, waived, or discharged unless such modification, or discharge is agreed to in writing and signed by Executive and the President of the Company. This Agreement shall be enforced in accordance with its terms and shall not be construed against either party.

**12. No Conflicts.** Executive represents and warrants that Executive will perform all the terms of this Agreement, and the performance of Executive's duties as an Executive of the

Company or the fact of Executive's employment with the Company, do not and breach any agreement between Executive and any other person, including a employer.

**13. Survival.** The obligations Executive has undertaken in this Agreement will survive the Last Day and no dispute regarding any other provisions of this Agreement regarding Executive's employment or the termination of Executive's employment will prevent the operation and enforcement of these obligations.

**14. Counterparts.** This Agreement may be executed in one counterparts, each of which shall constitute an original, and all of which shall constitute one instrument. A signature made on a .PDF or facsimile copy of this Agreement or a signature to this Agreement transmitted by .PDF or facsimile shall have the same effect as an original signature.

**15. Successors and Assigns.** This Agreement shall be binding upon, and to the benefit of, the parties and their respective successors and permitted assigns. Executive may not assign Executive's rights and obligations under this Agreement without prior written consent of the Company. The Company may assign this Agreement and/or its rights or obligations under this Agreement. Any and all rights and remedies of the Company under this Agreement shall inure to the benefit of and be enforceable by any successor or assignee of the Company.

**16. Governing Law/Venue/Waiver.** This Agreement shall be construed and enforced in accordance with the laws of the State of Tennessee without reference to principles of conflicts of laws.

**17. Restrictive Covenant Addenda.** Executive acknowledges and agrees to different restrictive covenant obligations than those set forth in Section 3 above, which shall apply to Executive if Executive resides or works in certain jurisdictions. While Executive resides or works in such a state, including on the Last Day, Executive agrees that the restricted activities set forth in Section 3, as well as any other applicable obligations set forth in this Agreement, shall be superseded only as set forth in the Addendum hereto as Appendix A.

**18. Electronic Signature.** Executive agrees that the Company may execute this Agreement with a copy for which Executive has provided an electronic signature and that such electronic signature may be satisfied by procedures that the Company or a third party designated by the Company has established or may establish an electronic signature system, and Executive's electronic signature shall be the same and shall have the same force and effect as, Executive's written signature. By electronically accepting this Agreement, Executive agrees to the following: "I acknowledge that the electronic contract contains my electronic signature, which I have executed with the intent to sign this Agreement."

**IN WITNESS WHEREOF,** the undersigned have executed this Agreement freely and voluntarily with the intention of being legally bound by it.

**Executive**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Dated: \_\_\_\_\_

**Tractor Supply Company**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Dated: \_\_\_\_\_

**APPENDIX A****ADDENDA TO THE PROTECTIVE AGREEMENT**

As set forth in Section 17 of the Protective Agreement, Executive acknowledges that different restrictive covenant obligations than those set forth in Section 17 of the Protective Agreement may apply to Executive if Executive resides or works in any of the following jurisdictions:

California  
Louisiana  
Massachusetts  
Nebraska  
North Dakota  
Oklahoma  
Virginia  
Washington  
Wisconsin.

**CALIFORNIA ADDENDUM**

Capitalized terms used but not defined in this Addendum shall have the meanings ascribed to such terms in the Protective Agreement ("Agreement"). In connection with my new or continuing employment with Tractor Supply Company (or any of its subsidiaries or affiliated companies) (the "Company") and for other good and valuable consideration (the receipt and sufficiency all of which I acknowledge in writing), to the extent that California law applies, my signature to the Agreement is my agreement to the modifications set forth below in this California Addendum.

No. 1:

Section 2.8 "**Restricted Period**" is amended such that the following language solely applies:

"**Restricted Period**" means the period of Employee's employment with the Company. Employee recognizes that these durational terms are reasonably and narrowly tailored to the Company's legitimate business interest and need for protection of the Company's Confidential Information and Trade Secrets, with each administrative position Employee holds at the Company.

No. 2:

Section 6.7 "**Exceptions to Assignments**" is amended such that the following language solely applies:

Executive understands that the obligations under this Section 6 do not require Executive to assign to the Company any Invention for which no equipment, supplies, facility, or Confidential Information and Trade Secrets of the Company was used and which was developed entirely by Executive's own time, unless (a) the Invention relates (i) to the business of the Company, or (ii) to the Company's actual or demonstrably anticipated research or development, or (b) the Invention results from any work performed by Executive for the Company. Executive further understands that the provisions of California Labor Code Section 2870 apply:

- a. Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either: (i) relate to the time of conception or reduction to practice of the invention to the employee's own time; or (ii) result from any work performed by the employee for his or her employer.
- b. To the extent a provision in this Agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.

Executive will advise the Company promptly in writing of any inventions that Executive believes meets the criteria of Labor Code Section 2870 and are not otherwise previously disclosed to permit a determination of ownership by the Company. Any disclosure will be received in confidence.

No. 3:

Section 8 “**Severability and Reformation**” is amended such that the language solely applies:

Should any one or more of the parts or subparts of a provision contained in this Agreement, for any reason, be held to be invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any part or subpart of a provision of this Agreement or any other jurisdiction, but the parties agree that a court shall reform and construe this Agreement as if such invalid, unenforceable part or subpart of a provision had never been contained in this Agreement, and a court shall reform such part or subpart so that it would be valid and enforceable to the maximum extent permitted in such jurisdiction. Without limiting the foregoing, the parties intend that the parts and subparts in this Agreement shall be deemed a series of separate covenants and agreements. If, in any legal proceeding, a court shall refuse to enforce all the parts and subparts, that part or subpart shall be severed from this Agreement. It is the intention of the parties that the remaining parts and subparts be enforced in such a proceeding.

No. 4:

Section 16 “**Governing Law/Venue/Waiver**” is amended such that the language solely applies:

This Agreement shall be construed and enforced in accordance with the laws of the State of California without reference to principles of conflicts of laws.

**Exhibit 21**

Subsidiaries	Jurisdiction of Organization
Tractor Supply Co. of Michigan, LLC	Michigan
Tractor Supply Co. of Texas, LP	Texas
Tractor Supply Company of Utah, LLC	Delaware
Dels Farm Supply, LLC	Delaware
TSC Purchasing LLC	Delaware
TSC Franklin DC, LLC	Delaware
TSC SSC Bond, LLC	Delaware
Petsense LLC	Delaware
TSC Navarre DC, LLC	Delaware
TSC Maumelle DC, LLC	Delaware
Tractor Supply Company Northeast, LLC	Delaware
TSC Holdings, LLC	Delaware
TSC Services, LLC	Delaware
TSC Store Support, LP	Delaware
Tractor Supply Company West, LLC	Delaware
Orscheln Farm and Home LLC	Missouri

## Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement on Form S-8 (File No. 333-10699) pertaining to the Tractor Supply Company 1996 Associate Stock Purchase Plan,
- (2) Registration Statement on Form S-3 (File No. 333-35317) pertaining to the Tractor Supply Company Restated 401(k) Retirement Plan,
- (3) Registration Statement on Form S-8 (File No. 333-80619) pertaining to the Tractor Supply Company 1994 Stock Option Plan,
- (4) Registration Statement on Form S-8 (File No. 333-102768) pertaining to the Tractor Supply Company 2000 Stock Incentive Plan,
- (5) Registration Statement on Form S-8 (File No. 333-136502) pertaining to the Tractor Supply Company 2006 Stock Incentive Plan,
- (6) Registration Statement on Form S-8 (File No. 333-160968) pertaining to the Tractor Supply Company 2009 Stock Incentive Plan,
- (7) Registration Statement on Form S-8 (File No. 333-225430) pertaining to the Tractor Supply Company 2018 Omnibus Incentive Plan, and
- (8) Registration Statement on Form S-3 (File No. 333-249595) pertaining to the Shelf Registration Statement of Tractor Supply Company;

of our reports dated **February 23, 2023** **February 23, 2024**, with respect to the consolidated financial statements of Tractor Supply Company, and the effectiveness of internal control over financial reporting of Tractor Supply Company, included in this Annual Report (Form 10-K) of Tractor Supply Company for the year ended **December 31, 2022** **December 30, 2023**.

/s/ Ernst & Young LLP

Nashville, Tennessee  
February 23, **2023** **2024**

**E**

## CERTIFICATIONS

I, Harry A. Lawton III, certify that:

1. I have reviewed this annual report on Form 10-K of Tractor Supply Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

- (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to others within those entities, particularly during the period in which this report is being prepared;
- (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
- (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions) as follows:

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information;
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 23, 2023

/s/ Harry A. Lawton III

Harry A. Lawton III

President and Chief Executive Officer

Exhibit

CERTIFICATIONS

I, Kurt D. Barton, certify that:

1. I have reviewed this annual report on Form 10-K of Tractor Supply Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

- (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to others within those entities, particularly during the period in which this report is being prepared;
- (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
- (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions), all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information;

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information;
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 23, 2023

/s/ Kurt D. Barton

Kurt D. Barton

Executive Vice President, - Chief Financial Officer and Treasurer

CERTIFICATION PURSUANT TO SECTION 906  
OF THE SARBANES-OXLEY ACT OF 2002 (18 U.S.C. SECTION 1350)

In connection with the Annual Report ("Report") of Tractor Supply Company (the "Company") on Form 10-K for the fiscal year ended December 31, 2022 December 30, 2023, as filed with the Securities and Exchange Commission on the date hereof, we, Harry A. Lawton III, Chief Executive Officer, and Kurt D. Barton, Chief Financial Officer, of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. section 1350), that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 23, 2023

/s/ Harry A. Lawton III  
Harry A. Lawton III  
President and Chief Executive Officer February 23, 2024

/s/ Kurt D. Barton  
Kurt D. Barton

/s/ Harry A. Lawton III  
Harry A. Lawton III  
President and Chief Executive Officer

/s/ Kurt D. Barton  
Kurt D. Barton  
Executive Vice President, - Chief  
Financial Officer and Treasurer

### **Tractor Supply Company Compensation Clawback Policy**

The Board of Directors (the "Board") of Tractor Supply Company (the "Company") has adopted this Compensation Clawback Policy (this "Policy"). The Policy is intended to require the recoupment of compensation in certain circumstances in the event of a restatement of financial results by the Company. This Policy shall be interpreted in accordance with the requirements of U.S. Securities and Exchange Commission rules and Nasdaq listing standards implementing Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and, to the extent this Policy is in any manner deemed inconsistent with such rules, this Policy shall be treated as retroactively amended to be compliant with such rules.

#### **Recoupment Upon Financial Restatement**

If the Company is required to prepare an accounting restatement due to material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (a "Financial Restatement"), the Board, based upon the recommendation of the Committee, shall cause the Company to recoup from each current or former Executive Officer (as defined below) any compensation (as defined below) that was paid to the Executive Officer promptly as reasonably possible, any erroneously awarded Incentive-Based Compensation (as defined below) during the three completed fiscal years immediately preceding the date on which the Company is required to prepare a Financial Restatement, or any transition period that results from a change in the Company's fiscal year (as set forth in Rule 5608 of the Nasdaq Listing Rules) (the "Recovery Period").

"Incentive-Based Compensation" shall mean all compensation granted or vested based wholly or in part upon the attainment of any financial reporting

that is determined and presented in accordance with the accounting principles preparing the Company's financial statements, and any measure that is derived or in part from such measures, whether or not presented within the Company's statements or included in a filing with the U.S. Securities and Exchange Commission, including stock price and total shareholder return ("TSR"), including but not limited to performance-based cash, stock, options or other equity-based awards paid or granted.

For purposes of this Policy, the date on which the Company is required to prepare a Financial Restatement is the earlier to occur of (i) the date the Board committee (or authorized officers of the Company if Board action is not required) concludes, or reasonably should have concluded, that the Company is required to prepare a Financial Restatement, or (ii) the date a court, regulator, or other authorized body directs the Company to prepare a Financial Restatement.

In the event of a Financial Restatement, the amount to be recovered will be the excess of (i) the Incentive-Based Compensation received by the Executive Officer during Recovery Period, based on the erroneous data and calculated without regard to any taxes paid or withheld, over (ii)

the Incentive-Based Compensation that would have been received by the Executive Officer had it been calculated based on the restated financial information, as determined by the Board, upon the recommendation of the Committee.

For Incentive-Based Compensation based on stock price or TSR, where the amount of erroneously awarded compensation is not subject to mathematical recalculation directly from the information in the Financial Restatement, then the Board, upon the recommendation of the Committee, shall determine the amount to be recovered based on a reasonable estimate of the effect of the Financial Restatement on the stock price or TSR upon which the Incentive-Based Compensation was received. The Company shall document the determination of that estimate and provide it to Nasdaq.

### Executive Officers

For purposes of this Policy, the term "Executive Officer" means those individuals who are designated by the Company's Board as "officers" for purposes of Section 303 of the Securities Exchange Act of 1934, as amended, and the rules promulgated thereunder and who were employed by the Company or a subsidiary of the Company during the performance period applicable to the Incentive-Based Compensation question. This Policy shall be binding and enforceable against all Executive Officers, their beneficiaries, executors, administrators, and other legal representatives.

### Exceptions

The compensation recouped under this Policy shall not include Incentive-Based Compensation received by an Executive Officer (i) prior to beginning service as an Executive Officer or (ii) if he or she did not serve as an Executive Officer at any time during the applicable Recovery Period. The Board (or a majority of independent

directors serving on the Board), upon the recommendation of the Committee, determine not to seek recovery from an Executive Officer in whole or part to the extent that the Committee determines in its sole discretion that such recovery would be impracticable because the direct expense paid to a third party to assist in enforcing recovery would exceed the recoverable amount (after having made a reasonable attempt to recover the erroneous award of Incentive-Based Compensation and providing corresponding documentation to Nasdaq), (B) recovery would violate the home country law that was adopted prior to November 28, 2022, as determined by an opinion of counsel licensed in the applicable jurisdiction that is acceptable to and provided to Nasdaq, or (C) recovery would likely cause the Company's 401(k) plan or any other tax-qualified retirement plan to fail to meet the requirements of Section 401(a)(13) or Section 411(a) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder.

#### **No-Fault Recovery**

Recoupment under this Policy shall be required regardless of whether the Executive Officer or any other person was at fault or responsible for accounting errors that contributed to the need for the Financial Restatement or engaged in misconduct.

#### **No Indemnification**

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The Company shall not indemnify any Executive Officer or pay or reimburse premium for any insurance policy to cover any losses incurred by such Executive Officer under this Policy.

#### **Administration**

The Board shall make all determinations regarding the application and operation of this Policy in its sole discretion, taking into account the recommendation of the Committee, and all such determinations shall be final and binding. Notwithstanding the foregoing, the Board, based upon the recommendation of the Committee, may amend this Policy from time to time in its discretion. Further, the exercise by the Board of rights pursuant to this Policy shall be without prejudice to any other rights that the Company, the Board, or the Committee may have with respect to any Executive Officer subject to this Policy.

The Company may use any legal or equitable remedies that are available to the Company to recoup any erroneously awarded Incentive-Based Compensation, including but not limited to by collecting from the Executive Officer a cash payment or shares of Company common stock or by forfeiting any amounts that the Company owes to the Executive Officer.

This Policy has been adopted by the Board on November 10, 2023 and shall apply to Incentive-Based Compensation that is received by Executive Officers after October 2, 2023.

Incentive-Based Compensation is considered to have been received by a Executive Officer in the fiscal year during which the applicable financial reporting measure was attained, even if the payment or grant of such Incentive-Based Compensation

#### DISCLAIMER

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