



DELIVERING VISIBLE RESULTS

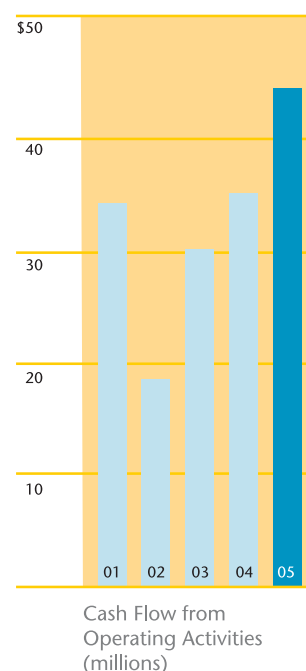
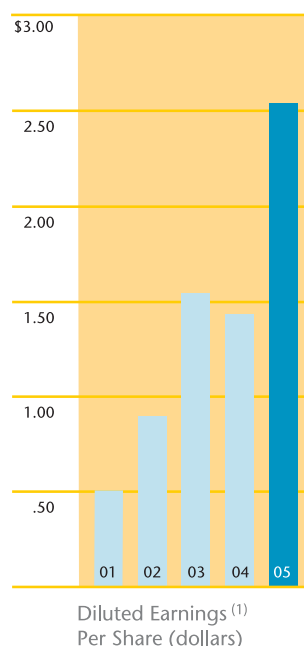
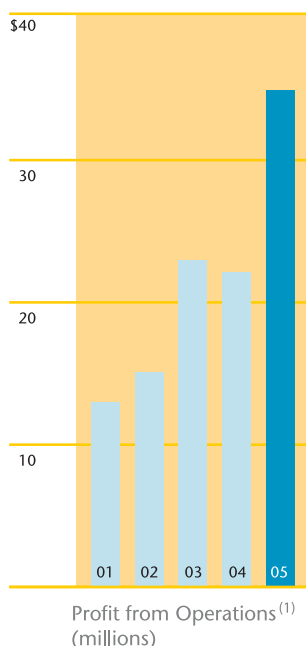
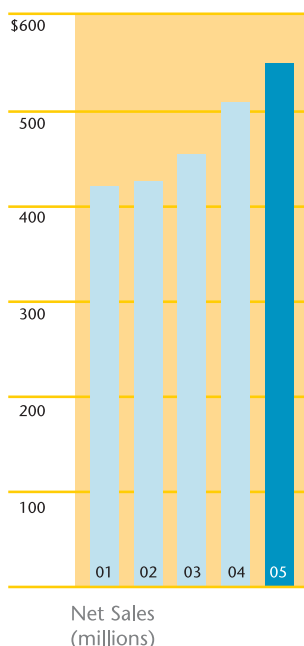


TENNANT COMPANY 2005 ANNUAL REPORT

Financial Highlights

(\$ in thousands, except per share data)

	2005	2004	% Change
For the year as reported⁽¹⁾:			
Net sales	\$ 552,908	\$ 507,785	8.9 %
Profit from operations	\$ 34,837	\$ 21,307	63.5 %
% of net sales	6.3 %	4.2 %	–
Net earnings	\$ 22,936	\$ 13,380	71.4 %
% of net sales	4.2 %	2.6 %	–
Basic earnings per share	\$ 2.55	\$ 1.49	71.1 %
Diluted earnings per share	\$ 2.52	\$ 1.46	72.6 %
Dividends per share	\$ 0.88	\$ 0.86	2.3 %
Average shares outstanding – diluted	9,105	9,150	(0.5) %
At year-end:			
Total assets	\$ 311,472	\$ 285,792	9.0 %
Total debt	\$ 3,840	\$ 8,703	(55.9) %
Shareholders' equity	\$ 193,102	\$ 174,034	11.0 %
Ratio of total debt to total capital	2.0 %	4.8 %	–
Shareholders' equity per share (ending)	\$ 21.01	\$ 19.33	8.7 %

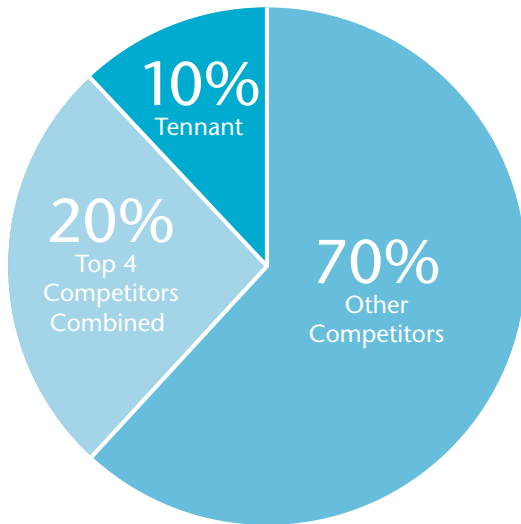


⁽¹⁾ 2004 includes a net pretax workforce reduction charge of \$2,301 (\$1,458 after-tax or \$0.16 per diluted share).

ABOUT THE COVER:

Tennant is delivering visible results through our financial performance and our products. In 2005, the company posted strong sales and earnings growth. Our innovative technologies are making a noticeable difference to our customers' environments – making them safer, healthier and cleaner.

Global Growth Opportunity



Worldwide Market Share
\$5 Billion Market

Tennant Company is a recognized leader in our industry with tremendous growth opportunity, particularly in international markets. For decades, Tennant has been a market leader in North America. Globally, we are growing our competitive position through international expansion and innovative solutions, and are prepared to gain a greater share of the \$5 billion worldwide market.

Based on available sales data, we estimate that the company currently holds an approximate 10 percent share of the global market. Our top four global competitors combined account for just 20 percent of the market, with all other players holding fragments of the remaining 70 percent, according to our estimates.

With nearly 250 direct sales representatives worldwide and a vast distributor network that reaches into 80 countries around the globe, Tennant is positioned to capture new customers in new markets and establish a stronger foothold in our current markets. Tennant customers are supported by the industry's only factory-trained, locally-based service organization, comprised of more than 700 Tennant service representatives worldwide.

Going forward, we see Europe and other international markets such as China, Brazil, India and Mexico as places for us to continue to grow and gain momentum.

Through innovative solutions, industry-leading service and a world-renowned reputation for quality and manufacturing excellence, Tennant is committed to helping our customers worldwide create a cleaner, safer world.

UNITED KINGDOM 中国 LA FRANCE BRAZIL 日本 INDIA

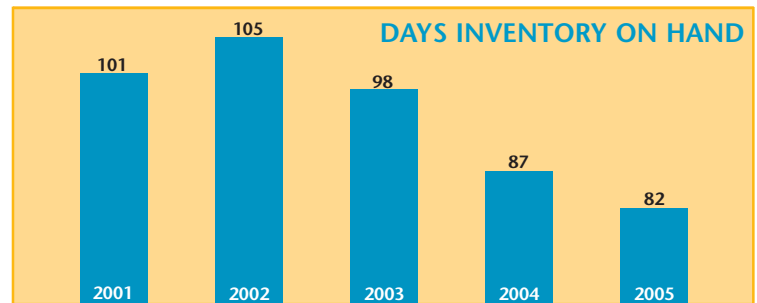
Leveraging Operational Excellence

Record sales and increased operating efficiency. That's a strong combination. It's one that Tennant successfully brought together in 2005 and intends to leverage in the years to come.

For 2005, Tennant posted profit from operations of \$34.8 million, or 6.3 percent of net sales, up from \$21.3 million, or 4.2 percent of net sales, in 2004. Our goal is to continue this momentum in order to achieve a 9.5 percent operating margin within the next three to five years.

If 2005 is an indication, we're on the right track. We have generated significant savings through manufacturing efficiencies, lower logistics costs and other cost-reduction initiatives. Approximately one-third of the company's increased profit from operations can be attributed to our improved operational excellence.

An example of our drive for operational excellence is our move to centralize our distribution centers, which began in 2002. Consolidating Tennant's North American distribution centers from eight facilities into two has made our operations more productive, reduced overall inventory levels, and lowered labor and shipping costs.



One way we measure our success in managing inventory levels is through a key performance metric, "Days Inventory on Hand," which we have succeeded in lowering by 19 percent over the past five years.

Among the customer benefits of our centralized distribution are:

- Higher order fill rates because inventory is centralized;
- Over 99 percent on-time deliveries; and
- Faster, more cost-efficient replenishment of international inventories.

We are committed to building a culture of continuous improvement through further adoption of lean enterprise principles. We believe that our continued focus on operational excellence will be a hallmark of Tennant's enduring strength and future profitability.



CREATING A CLEANER,
SAFER WORLD



Tennant At-A-Glance

Tennant Company is a world leader in designing, manufacturing and marketing solutions that help create a cleaner, safer world. Our products include equipment for maintaining surfaces in manufacturing, warehousing and office facilities, hotels, retail stores, restaurants, healthcare facilities and schools, as well as outdoor environments such as streets, parking lots and campus grounds. We also produce coatings for repairing, protecting and adding beauty to concrete floors. Tennant is headquartered in Minneapolis, Minnesota, with manufacturing operations in Minneapolis; Holland, Michigan; Uden, The Netherlands; Northampton, United Kingdom; and Shanghai, China. The company's stock is traded on the New York Stock Exchange under the symbol TNC.

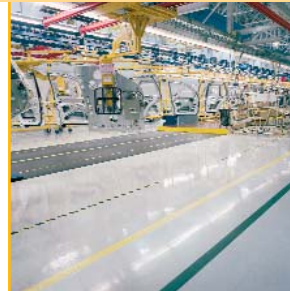
WHAT DOES TENNANT SELL?



EQUIPMENT



SERVICE, PARTS & CONSUMABLES



SPECIALTY SURFACE COATINGS

Our broad product line includes rider and walk-behind sweepers and scrubbers, carpet extractors, burnishers, vacuums, polishers and outdoor cleaning equipment. Tennant's customer and field service organizations and parts and consumables help customers achieve peak performance and maximum uptime for their cleaning equipment. Our broad line of coatings, sealers and resurfacers is used to protect concrete floors, reducing wear and making them easier to clean.

WHO ARE OUR CUSTOMERS?



RETAIL & HOSPITALITY



AIRPORTS



WAREHOUSES & FACTORIES

Tennant's customers include the maintenance professionals responsible for keeping indoor and outdoor environments clean and safe, such as building services contractors retained by corporations and property managers. In addition, our customers include a wide range of public-sector entities, such as parks, school districts, municipalities, counties, state and federal governments, and the military, as well as customers who maintain their facilities and premises themselves.

HOW DOES TENNANT REACH ITS CUSTOMERS?

DIRECT SALES & DISTRIBUTORS

Tennant reaches customers through a strong direct sales organization in major industrialized countries complemented by a worldwide network of best-in-class distributors.

GLOBAL FIELD SERVICE NETWORK

Tennant offers the industry's most extensive field service network – maximizing customer support and machine uptime.

CENTRALIZED CUSTOMER SERVICE

Tennant customer service representatives are highly regarded by customers for their product knowledge and responsiveness.

To Our Shareholders

I am excited to take the reins as CEO of Tennant Company at this point in the company's evolution. Tennant posted another year of record sales in 2005. We achieved significant gains in profitability.



CHRIS KILLINGSTAD
President and Chief Executive Officer

Overall, it was a breakout year in many respects – one where we delivered visible results in our financial performance and through our innovative products, which are making a unique difference in our customers' environments. And, I believe the company's future looks even brighter.

RECORD 2005 RESULTS

Tennant reported record 2005 net sales of \$552.9 million, up 9 percent compared to last year's record net sales of \$507.8 million. Net earnings for 2005 grew 71 percent to \$22.9 million, or \$2.52 per diluted share, versus prior-year net earnings of \$13.4 million, or \$1.46 per diluted share.

Contributing to the company's profitability was continued margin improvement throughout 2005. Over the past year, Tennant's operating profit margins increased over 200 basis points, to 6.3 percent of net sales, with about one-third of the margin gain resulting from increased operating efficiency and decreased logistics costs. We believe we can sustain further margin expansion over the next three to five years.

Growth in net sales during 2005 was driven by new products, organic growth and price increases. We launched a record 20 new products during 2004. Many of these targeted commercial applications where Tennant has opportunity to capture market share. In 2005, we focused on getting these products into our distribution pipeline and selling them, with great success. These new products are receiving rave reviews from customers.

Playing an important role in the acceptance of our new products is our execution of world-class marketing practices. I am excited to see Tennant operating more like a marketing-driven packaged goods company than a legacy industrial equipment manufacturer.

In a highly fragmented industry, Tennant holds a leading, although still relatively small, share of the \$5 billion global market. We believe this presents a significant opportunity for us to grow our market share, particularly through further expansion into under-penetrated international markets. We will continue to implement world-class marketing to support our global growth objectives.

REIGNITING GROWTH IN NORTH AMERICA

During the past year, we focused on reigniting our growth engines in our largest market, North America. Starting in 2005 with a suite of new products, we began competing more aggressively by expanding into new markets. These included vertical markets such as healthcare and retail commercial spaces, as well as under-penetrated geographic markets. By leveraging both our direct and distributor sales channels, we began to see strong results primarily from the traction of our new products.

For example, our growing strength in products designed for commercial applications allowed us to more deeply penetrate the national accounts business. Together with our distributors, we also implemented an aggressive program to drive growth through the cross-selling of machines, coatings and service, which contributed to a rise in both sales and profitability in North America. We believe this strategy will continue to be successful for our North America business.

These efforts, combined with an enhanced portfolio of products and world-class marketing, contributed to the over 8 percent increase in North America sales. Much of the new business we won in 2005 was due to growing acceptance of our proprietary FaST™ floor-scrubbing and ReadySpace® carpet-cleaning technologies. This reinforces our commitment to investing in research and development to support our reputation as an industry innovator.

Going forward, Tennant's business in North America is well-positioned for continued growth. Among our competitive advantages, Tennant is the industry's only player that can offer national mobile service as a channel for maintenance, repair, and parts and consumables. We also believe that the combination of a strong direct channel and distribution network will allow us to reach our target customers more effectively and successfully.

Deliverin

EXPANDING PRESENCE IN EUROPE

During the past year, we focused on increasing organic growth in Europe, particularly in the United Kingdom, France and Spain. European customers want small, maneuverable cleaning machines, and we designed and introduced the new T3 and T7 floor scrubbers keeping the European market in mind. As we intended, these products have appeal in North America and other international markets, as well. We also added sales and service personnel in Europe. As a result of these actions, the continued benefit of the 2004 Walter-Broadley acquisition and price increases during the year, 2005 sales in Europe grew substantially.

Going forward, we will continue our efforts to build a profitable growth platform in Europe and accelerate our growth in Japan. We also plan to selectively expand into key emerging markets such as China, Eastern Europe, Brazil, India and Mexico. We believe these markets hold tremendous growth potential for us.

PRIORITIES FOR 2006

We will continue on the course we set three years ago. As demonstrated by our 2005 performance, we are seeing the positive results of our key strategies around marketing excellence, market expansion, product innovation and rationalization of our cost structure. We remain committed to transforming Tennant from good to great and instilling a culture of excellence. To ensure we succeed, we have set five corporate priorities for 2006:

1. China

In November 2005, we announced plans to establish a manufacturing plant in Shanghai, China. This facility will serve two very strategic purposes: global sourcing and establishing a foothold in China's growing marketplace. Let me give you some insight into what this means for Tennant.

Our China facility will enable us to broaden and fortify our global sourcing capabilities and improve our margins. This strategic initiative has the potential to significantly increase the company's long-term profitable growth.

Initially, our China facility will make walk-behind floor scrubbers and sweepers for sale into the China and other Asian markets. Our goal is to produce high-quality, competitively priced floor-cleaning machines in order to gain a significant share of China's growing industrial floor-cleaning products market, which is estimated to be \$210 million in 2005 and expanding rapidly. Although we already had a sales presence in China, our decision to manufacture products locally strengthens our competitive position in this important market. The emphasis on China also fits with our global strategy to enhance operational efficiencies and manufacture products close to our customers.

Construction of Tennant's facility is complete, with initial sales of China-manufactured products expected to begin in the second half of 2006. Tennant's products will continue to be sold in China primarily through a network of independent distributors.

2. Global Procurement

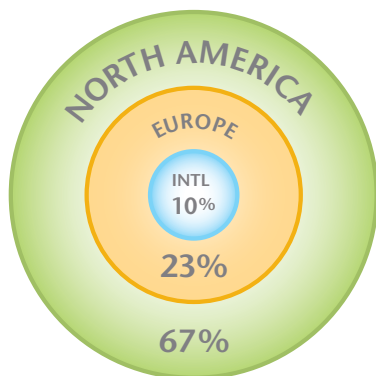
By establishing Asia as our primary source for parts and components, we plan to broaden Tennant's global sourcing capabilities and reduce product costs. This dovetails with our China strategy. We have tremendous opportunity to strengthen Tennant's profitability through a global procurement strategy. Today, roughly 70 percent of our cost of goods comes from parts and components that we purchase from outside vendors. We can significantly cut these costs by sourcing from low-cost regions, such as China.

3. Lean Enterprise

We are in the early process of creating a lean enterprise, which requires building quality into – and taking costs out of – everything we do. We began implementing lean manufacturing concepts by redesigning Tennant machines to reduce the number of parts per machine and by creating common product platforms. For new products, we are focused on designing for efficient manufacture and assembly from the start. This allows the manufacture of different products on the same assembly line, boosting our efficiency and lowering unit costs. Beginning in 2007, when Tennant's first platform-designed product family is introduced, our goal is to significantly reduce the number of parts per machine, achieve efficiencies in commonality of parts and enable an entire family of products to be manufactured on one manufacturing line.

Already, the manufacturing efficiencies we've gained have enabled us to begin consolidating the company's North American manufacturing footprint, without sacrificing production capacity. We see tremendous opportunity to realize additional efficiencies through the adoption of lean manufacturing practices.

SALES BY GEOGRAPHIC AREAS



ing visible results

“Tennant’s revenue growth will continue to be fueled by innovative product and service solutions, and market expansion.”

4. Continuous Process Improvement

We are constantly looking for better ways for our customers to do business with us. As a result, our process improvement efforts involve both customer-facing and internal processes where we can become more efficient, better employ automation and lower Tennant’s operating costs.

Initial target areas include sales and service automation in North America and Europe. In 2005, we rolled out ServiceLink, which automatically and electronically dispatches repair orders to Tennant’s North America field service technicians, improving our customer response time. We plan to launch ServiceLink in Europe during 2006. We also are introducing customer relationship management tools that will make it easier for our customers to do business with Tennant and provide us with greater insight into their needs. Other areas where we are applying continuous process improvement include our global supply chain and financial systems capabilities.

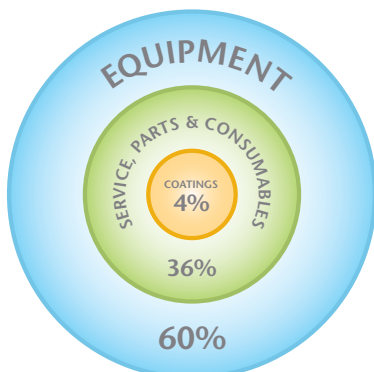
5. Growth

Tennant’s revenue growth will continue to be fueled by innovative product and service solutions, and market expansion. Our new product pipeline is robust, and we plan significant product launches in 2006 for all market segments. We are particularly excited since, for the first time in six years, Tennant will introduce new products for industrial applications, which is our historical stronghold.

We also plan to grow by expanding our business model. Our goal is to move Tennant from a machine-centric business model to a flexible-solutions business. This won’t happen overnight, and machines will always be core to what we do, but services will take on increasing importance.

More and more, our customers look to Tennant to deliver solutions. In 2006, we are preparing to provide integrated solutions to our customers, wrapping service into a bundled equipment offering.

SALES BY PRODUCT GROUPS



With our nationwide mobile service capability, Tennant has the competitive advantage of being the only company in our industry capable of offering this level of service. In addition, customers are demanding more data on equipment usage that will enable them to better manage labor costs and productivity levels, and to anticipate maintenance and repairs. Technological enhancements on our future products will address this.

And finally, we’ve begun a robust exploration process to begin migrating Tennant over time from a non-residential floor maintenance company into a leader in environmental cleaning solutions. This will enable us to expand into new, growing markets.

JANET DOLAN RETIRED

This letter would not be complete without acknowledging the debt of gratitude all of us have to Janet Dolan. Janet retired on December 1, 2005, after nearly 20 years with Tennant, including the last six as president and CEO. Tennant made significant progress during Janet’s tenure. Her accomplishments include reinvigorating the company’s product development efforts, expanding into the commercial and outdoor markets, and positioning the company for improved financial performance and future growth. On behalf of everyone at Tennant Company, I want to thank Janet for her contributions and wish her well in her future adventures.

THE FUTURE LOOKS BRIGHT

I am proud to have been part of Tennant’s transformation and renewed energy over the last few years. Even more, I am excited and motivated by the vast opportunity I see ahead of us. Tennant is well positioned to simultaneously leverage our global cost structure and drive growth through innovation and expanded market coverage.

I believe that we have the strategy, the people and the passion to succeed and to transform the company from the non-residential floor maintenance company we are today into a global leader in environmental cleaning products and services. This will take a committed effort over time. We are vigorously embracing this challenge.

Thank you to Tennant’s clients, business partners, shareholders and employees for your continued support and commitment to our shared success.

Sincerely,

H. Chris Killingstad
President and Chief Executive Officer

Corporate Information

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Chief Information &
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North American Field
Operations

TENNANT NV (EUROPE)

Anthony Lenders
Vice President,
Managing Director

Investor Information

ANNUAL MEETING

The annual meeting of Tennant Company will be held Thursday, May 4, 2006, at 10:30 a.m. CT at the Radisson Hotel and Conference Center, 3131 Campus Drive, Plymouth, Minnesota.

FORM 10-K AND 10-Q

The Form 10-K filed with the Securities and Exchange Commission accompanies this profile and together they constitute the company's annual report to shareholders. For additional copies of our Form 10-K or to obtain a copy of the quarterly financial reports on Form 10-Q, visit the Investor portion of our website at www.tennantco.com, or contact:

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E-mail: investors@tennantco.com

STOCK LISTING

New York Stock Exchange (TNC)

INVESTOR INQUIRIES

Individual stockholders may direct any questions to Tennant Company's Investor Relations Department at 763-540-1553.

The following are U.S. registered or pending trademarks of Tennant Company: Tennant; Castex; Nobles; Creating a Cleaner, Safer World; ReadySpace; FaST; Eco-Advantage; and Centurion.



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