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JANET DOLAN
President and
Chief Executive Office

April 14, 2004

TENNANT

The Honorable William H. Donaldson
Chairman
Securities and Exchange Commission
450 Fifth Street NW
Washington, DC 20549

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OFFICE OF THE SECRETARY

Dear Mr. Donaldson:

I am writing this letter in response to the proposal to modify the current trade-through rule. As a listed company on the New York Stock Exchange (NYSE), I believe any changes to this rule could be detrimental to Tennant Company shareholders.

Rules with regard to the trading of stock on the various stock exchanges can be seen as highly technical and complex rules. However, it is important to step back and recognize what impact these rules have on the markets, and particularly on small to medium cap companies in your district.

Changes to the trade-through rule will only benefit very large cap companies. They will penalize small cap companies that have a lower daily float and less liquidity than the large caps. Over half of the companies on the New York Stock Exchange have a market cap of less than $500 million. These stocks provide a great investment opportunity for our capital markets. Changing the trade-through rule, as it is proposed, will dramatically change the current operating model for trades on the New York Stock Exchange.

It is vital to look at the intended purpose of the rule to assess whether there is a need to make modifications. The trade-through rule was established to guarantee that all investors, regardless of size, would receive the best price when buying and selling shares of NYSE-listed companies. In addition, it has created a level of liquidity that provides for a stable and reliable equity market.

In fact, in October 2000, the management and Board of Directors of Tennant Company made the decision to switch our listing from NASDAQ to NYSE. The foundation of our decision was based on our concerns regarding short-term liquidity and volatility of the company's common stock. Since switching to the NYSE, we have seen a significant reduction in the stock's intra-day volatility and an improvement in its liquidity. This has served all of our shareholders very well. The proposed exception to the current rule could reduce liquidity and increase volatility in our stock, thus disenfranchising our current and potential shareholders. Also, I believe that the impact of increased volatility and reduced liquidity on small-capitalization stocks such as Tennant would harm individual investors in the long term, as it would cause some small-capitalization companies to go private, thus reducing the opportunity for individual equity investors to participate in the ownership of this important sector.

As CEO of a Russell 2000 company, we try to create long-term shareholder value through initiatives that include acquisitions and organic growth. Our growth objectives rely on our ability to raise capital in efficient debt and equity markets. The efficiency of these markets relies heavily on liquidity. If liquidity is significantly reduced, our ability to raise capital will be limited. Furthermore, a reduction in liquidity could increase our cost of capital, restricting our ability to create long-term shareholder value and, again, perhaps would encourage more such companies to go private.

I believe equity market stability cannot be sacrificed for speed, particularly when the difference is just a few seconds. The "opt out" proposal would allow professional traders and large institutions to internalize order flow and reduce market liquidity, thus creating a level of volatility that would only serve an elite class of investors, the impact of which could be immeasurable.

I would also like to endorse the existing NYSE specialist system. Many small cap stock companies, like Tennant, moved to the New York Stock Exchange for its specialist system specifically to reduce volatility and improve liquidity. This has helped encourage greater ownership of our stock by a broader range of investors. Trades that are not managed by the specialist system will create very significant day-to-day pricing changes. The power of the NYSE current specialist system has been that, with the specialist as an intermediary, you help ameliorate these significant fluctuations in price. At a time when our equity markets have been under strain due to scandals, tech bubble bursts, and a three-year recession, this is not the time to be tampering with a very successful system.

In closing, I thank you for your attention in this matter. Please consider this letter a complete endorsement of the current trade-through rule and the existing NYSE specialist system.

Sincerely,

Janet Dolan

Janet Dolan

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