FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

(X) QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 1999

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

for the transition period from __________________to__________________

For Quarter Ended	Commission File Number
September 30, 1999	1-7183

TEJON RANCH CO.

(Exact name of Registrant as specified in its charter)

Delaware	77-0196136
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
P.O. Box 1000, Lebec, California	93243
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code...(661) 248-3000

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No___

Total Shares of Common Stock issued and outstanding on September 30, 1999, were 12,695,540.

TEJON RANCH CO.

INDEX

PART I FINANCIAL INFORMATION

TEJON RANCH CO. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
	1999	1998	1999	1998
Revenues:				
Livestock	$ 12,576	$ 11,342	$ 25,957	$ 24,835
Farming	4,495	3,784	4,778	4,055
Resource Management	1,131	1,077	2,875	2,246
Real Estate	810	273	3,961	725
Interest Income	150	227	481	744
	19,162	16,703	38,052	32,605
Costs and Expenses:				
Livestock	11,691	9,707	24,905	23,602
Farming	2,690	1,634	3,390	2,255
Resource Management	581	395	1,478	1,286
Real Estate	1,253	869	3,754	2,427
Corporate Expense	1,158	619	2,646	1,832
Interest Expense	488	276	909	780
	17,861	13,500	37,082	32,182
Operating Profit	1,301	3,203	970	423
Income Tax Expense	495	1,217	370	161
Net Income	$ 806	$ 1,986	$ 600	$ 262
Net Income Per Share, diluted	$ 0.06	$ 0.16	$ 0.05	$ 0.02
Cash Dividends Paid	$ ---	$ ---	$ 0.025	$ 0.025

See Notes to Consolidated Condensed Financial Statements.

TEJON RANCH CO. AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS
(In Thousands)

	September 30, 1999 (Unaudited)	December 31, 1998*
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 554	$ 743
Cash in Escrow	---	4,200
Marketable Securities	10,197	13,294
Accounts & Notes Receivable	11,392	7,359
Inventories:		
Cattle	19,283	16,577
Farming	2,247	326
Other	429	513
Prepaid Expenses and Other	1,270	996
Total Current Assets	45,372	44,008
PROPERTY AND EQUIPMENT - NET	48,197	27,553
OTHER ASSETS	842	1,453
TOTAL ASSETS	$ 94,411	$ 73,014
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Trade Accounts Payable	$ 7,894	$ 3,235
Other Accrued Liabilities	177	502
Short-term Borrowings	32,254	20,249
Other Current Liabilities	660	254
Total Current Liabilities	40,985	24,240
LONG-TERM DEBT	6,524	1,875
DEFERRED INCOME TAXES	4,044	4,194
Total Liabilities	51,553	30,309
STOCKHOLDERS' EQUITY		
Common Stock	6,348	6,346
Additional Paid-In Capital	380	382
Retained Earnings	36,439	36,156
Accumulated Other Comprehensive Income	(309)	(179)
Total Stockholders' Equity	42,858	42,705
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 94,411	$ 73,014

See Notes to Consolidated Condensed Financial Statements.

* The Balance Sheet at December 31, 1998 has been derived from the audited financial statements at that date.

TEJON RANCH CO. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS

(In Thousands)
(Unaudited)

	Nine Months Ended September 30 1999	1998
OPERATING ACTIVITIES		
Net Income	$ 600	$ 262
Items Not Affecting Cash:		
Depreciation and Amortization	1,829	1,478
Deferred Income Taxes	(150)	17
Gain on Sale of Investments	---	(34)
Changes in Operating Assets and Liabilities:		
Receivables, Inventories and other Assets, Net	(8,807)	(3,523)
Current liabilities, Net	4,741	(1,123)
NET CASH USED IN OPERATING ACTIVITIES	(1,787)	(2,923)
INVESTING ACTIVITIES		
Cash in Escrow	4,200	---
Maturities of Marketable Securities	9,514	5,084
Funds Invested in Marketable Securities	(6,547)	(1,821)
Property and Equipment Expenditures	(22,473)	(3,616)
Change in Breeding Herds	(110)	(69)
Other	677	(367)
NET CASH USED IN INVESTING ACTIVITIES	(14,739)	(789)
FINANCING ACTIVITIES		
Proceeds From Revolving Line of Credit	26,996	15,930
Payments of Revolving Line of Credit	(14,991)	(11,284)
Payments of Long-term Debt	(151)	(125)
Borrowing of Long-term Debt	4,800	---
Cash Dividend Paid	(317)	(317)
NET CASH PROVIDED BY FINANCING ACTIVITIES	16,337	4,204
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(189)	492
Cash and Cash Equivalents at Beginning of Year	743	976
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 554	$ 1,468

See Notes to Consolidated Condensed Financial Statements.

CONSOLIDATED CONDENSED STATEMENTS OF STOCKHOLDERS' EQUITY

(In Thousands)
(Unaudited)

	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income	Retained Earnings	Total
Balance January 1, 1998	$ 6,343	$ 385	$ 109	$ 33,651	$ 40,488
Net Income	---	---	---	3,139	3,139
Defined Benefit Plan Funding Adjustments, Net of taxes of $133,000	---	---	(216)	---	(216)
Changes in Unrealized Losses on Available-For-Sale Securities, net of taxes of $49,000	---	---	(72)	---	(72)
Comprehensive Income	---	---	---	---	2,851
Exercise of Stock Options	3	(3)	---	---	---
Cash Dividends Paid - $.05 per share	---	---	---	(634)	(634)
Balance, December 31, 1998	$ 6,346	$ 382	$ (179)	$ 36,156	$ 42,705
Net Income First Nine Months 1999				600	600
Changes in Unrealized Losses on Available-For-Sale Securities, net of taxes of $87			(130)		(130)
Comprehensive Loss					470
Exercise of Stock Options	2	(2)	---	---	---
Cash Dividends Paid - $.025 per share	---	---	---	(317)	(317)
Balance, September 30, 1999	$ 6,348	$ 380	$ (309)	$ 36,439	$ 42,858

September 30, 1999

NOTE A - BASIS OF PRESENTATION

The summarized information furnished by Registrant pursuant to the instructions to part I of Form 10-Q is unaudited and reflects all adjustments which are, in the opinion of Registrant's management, necessary for a fair statement of the results for the interim period. All such adjustments are of a normal recurring nature.

The results of the period reported herein are not indicative of the results to be expected for the full year due to the seasonal nature of Registrant's agricultural activities. Historically, the largest percentages of revenues are recognized during the third and fourth quarters.

For further information, refer to the Consolidated Financial Statements and footnotes thereto included in Registrant's Annual Report on Form 10-K for the year ended December 31, 1998.

NOTE B - NET INCOME PER SHARE

Basic net income per share is based upon the weighted average number of shares of common stock outstanding, which for the three months ended September 30, 1999 and 1998 was 12,695,540 and 12,691,253, respectively. For the nine months ended September 30, 1999 and 1998 the weighted average common shares outstanding were 12,694,515 and 12,687,747 respectively. Diluted net income per share is based upon the weighted average number of shares of common stock outstanding, and the average shares outstanding assuming the issuance of common stock pursuant to stock options using the treasury stock method. For the three months ended September 30, 1999 and 1998 diluted common shares outstanding were 12,870,046 and 12,731,216. For the nine months ended September 30, 1999 and 1998 diluted common shares outstanding were 12,790,386 and 12,759,562.

NOTE C - MARKETABLE SECURITIES

Statement of Financial Accounting Standard ("SFAS") No. 115, Accounting for Certain Investments in Debt and Equity Securities, requires that an enterprise classify all debt securities as either held-to-maturity, trading, or available-for-sale. The Registrant has elected to classify its securities as available-for-sale and therefore is required to adjust securities to fair value at each reporting date.

The following is a summary of available-for-sale securities at September 1999 and December 31, 1998:

	September 30, 1999 Cost	September 30, 1999 Estimated Fair Value	December 31, 1998 Cost	December 31, 1998 Estimated Fair Value
Marketable Securities: (in thousands)				
U.S. Treasury and agency notes	$ 5,604	$ 5,501	$ 6,905	$ 6,961
Corporate notes	4,749	4,696	6,328	6,333
	$10,353	$10,197	$13,233	$13,294

Based on available-for-sale securities as of September 30, 1999, the fair value adjustment is a $156,000 unrealized loss. The cumulative fair value adjustment to stockholders' equity to reflect the change in fair value from December 31, 1998, net of a deferred tax of $87,000, is an unrealized loss of $130,000. Registrant's gross unrealized holding gains at September 30, 1999 equal $9,000, while gross unrealized holding losses equal $165,000. On September 30, 1999, the average maturity of U.S. Treasury and agency securities was 1.5 years and corporate notes was 1.8 years. Currently, Registrant has no securities with a remaining term to maturity of greater than five years.

Market value equals quoted market price, if available. If a quoted market price is not available, market value is estimated using quoted market prices for similar securities. Registrant's investments in corporate notes are with companies with a credit rating of A or better.

NOTE D - COMMODITY CONTRACTS USED TO MANAGE RISK

Registrant uses commodity derivatives to manage its exposure to price fluctuations on its purchased stocker cattle and its cattle feed costs. The objective is to protect or create a future price for stocker cattle that will protect a profit or minimize a loss once the cattle are sold and all costs are deducted and protect the Registrant against a disastrous cattle market decline or feed cost increase. To help achieve this objective the Registrant used both the futures commodity markets and options commodity markets. A futures contract is an obligation to make or take delivery at a specific future time of a specifically defined, standardized unit of a commodity at a price determined when the contract is executed. Options are contracts that give their owners the right, but not the obligation, to buy or sell a specified item at a set price on or before a specified date.

Registrant continually monitors any open futures and options contracts to determine the appropriate risk exposure based on market movement of the underlying asset. The options and futures contracts used typically expire on a quarterly or semi-annual basis and are structured to expire close to or during the month the stocker cattle and feed are scheduled to be sold or purchased. The risk associated with hedging for the Registrant is that hedging limits or caps the potential profits if cattle or feed prices begin to increase dramatically or can add additional costs if cattle or grain prices fall dramatically.

Realized gains, losses, and costs associated with both open and closed contracts are recognized in costs of sales expense. At September 30, 1999 there were $120,000 of gains associated with futures and option contracts included in cost of sales expense.

The following table identifies the cattle futures contract amounts outstanding at September 30, 1999 (in thousands, except number of contracts) and sets forth the purchase or sale price of the cattle under the contracts, the estimated fair market value of the cattle at September 30, 1999 and the estimated gain or loss on the contracts as of that date:

Cattle Future / Option Description	No. Contracts	Original Contract (Bought) Sold	Estimated Fair Value	Estimated Gain (Loss)
Cattle futures sold, 40,000 lbs. per contract	659	$17,887	$18,314	$(427)
Cattle futures bought, 50,000 lbs. per contract	15	$ (579)	$ 608	$ 29

The September 30, 1999 futures contracts and options expire between October 1999 and April 2000. Estimated fair value at settlement is based upon quoted market prices at September 30, 1999.

NOTE E - CONTINGENCIES

Registrant leases land to National Cement Company of California, Inc. (National) for the purpose of manufacturing portland cement from limestone deposits on the leased acreage. National, Lafarge Corporation (the parent company of the previous operator) and Registrant have been ordered by the California Regional Water Quality Control Board to clean up and abate an old industrial waste landfill site, a spill of chlorinated hydrocarbons, diesel fuel which leaked from a pipeline, and the cement kiln dust piles on the leased premises. Lafarge has undertaken the investigation and remediation of landfills and has completed the removal of contaminated soils above the groundwater level from the landfills. Lafarge has also completed a substantial amount of the site investigation with respect to chlorinated hydrocarbons. The plume of chlorinated hydrocarbons covers an extensive area and has migrated off of the leased premises in one direction. Lafarge is undertaking additional investigation work as directed by the Regional Water Board and is developing a feasibility study evaluating different remediation options. The cleanup order for the kiln dust piles now requires only site stabilization measures of the sort previously undertaken by National and does not call for transporting the large piles off-site. Under these orders, Registrant is secondarily liable and will be called upon to perform work only if National and Lafarge fail to do so. Under the lease agreements with National and Lafarge, both companies are required to indemnify Registrant for any costs and liabilities incurred in connection with the cleanup order. Due to the reported financial strength of National and Lafarge, Registrant believes that a material effect on the company is remote at this time.

For further discussion refer to Registrant's 1998 Form 10-K, Part I, Item 3, - "Legal Proceedings". There have been no significant changes since the filing of the 1998 Form 10-K.

NOTE F - NEW ACCOUNTING PRONOUNCEMENTS

Effective October 1, 1998 Registrant adopted the provisions of Statement of Financial Accounting Standards No. 133 "Accounting for Derivative Instruments and Hedging Activities (SFAS 133)". SFAS 133 standardizes accounting for all derivative contracts and requires that all derivative contracts be reported in the consolidated balance sheet at fair value. Derivatives meeting certain specific requirements can be designated as hedges and the special accounting of SFAS 133 applied. Registrant has elected to recognize all derivative gains and losses whether or not the derivatives are classified as hedges in the statement of operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION

Results on Operations

This Management's Discussion and Analysis of Financial Condition and Results of Operations includes forward-looking statements that are subject to many uncertainties that could cause the actual results to differ materially from those in the forward-looking statements. The forward-looking statements include comments on future cattle prices and demand, crop yields and demands, the effect of pending environmental proceedings, the source and adequacy of Registrant's future cash resources and financial market and commodity risks. These forward-looking statements are subject to factors beyond the control of Registrant (such as weather and market forces), the outcome of pending administrative proceedings and the fulfillment of mitigation obligations of third parties with regard to environmental matters and the availability of financing. No assurance can be given that any such forward-looking statements will turn out to be accurate.

Total revenues, including interest income for the first nine months of 1999 were $38,052,000 compared to $32,605,000 for the same period in 1998. The growth in revenues during the first nine months of 1999 is primarily attributable to increases in real estate division revenues of $3,236,000, livestock division revenues of $1,122,000, farming division revenues of $723,000, and resource management division revenues of $946,000. The increase in real estate revenues when compared to 1998 is primarily attributed to the sale of a fiber optic communications easement for $1,750,000. Additionally, Registrant entered into an option with Enron Capital & Trade Resources Corp. (see discussion in Item 5) for a land lease for the construction and operation of a power plant. Revenues received pursuant to this agreement in 1999 total $900,000 as of September 30, 1999. Finally, Registrant purchased four industrial and commercial buildings in Phoenix, Arizona and Rancho Santa Fe, California (see discussion in the "Liquidity and Capital Resources" below), which increased revenue approximately $637,000 in 1999.

When compared to the same period in 1998, livestock revenues grew due to increases in livestock sales of $4,188,000. This increase is due to approximately 12,700 additional head of cattle being sold during the first nine months of 1999 than during the same period of 1998. The increase in the cattle sold is the result of Registrant increasing its cattle herd throughout 1997 and 1998. Registrant's cattle herd at the end of the third quarter of 1999 was approximately 44,000 head compared to approximately 37,000 and 24,000 head at September 30, 1998 and 1997, respectively. The increase in livestock sales was offset by a decrease in feedlot revenues of $2,713,000 as of September 30, 1999 when compared to the same period in 1998. This decrease in revenues is due to a decrease in the average occupancy in the feedlot throughout the summer months and to a decrease in feed prices of approximately $13.00 per ton as of September 30, 1999 when compared to the same period in 1998.

Farming revenues increased when compared to 1998 due primarily to the timing of the 1999 crop harvest and the type of crops being harvested. As of September 30, 1999, Registrant had completed the crop harvest for pistachios, three varieties of grapes, and was 50% completed for almonds and walnuts. During 1998 only 50% of the grape harvest was completed, approximately 75% of the almond harvest was completed and the pistachio and walnut harvests had not started. The timing of the harvest and the types of crop being harvested led to income from crops being $872,000 greater than in 1998. This increase in crop revenue was partially offset by lower farm rental revenues.

The increase in resource management division revenues of is due primarily to an increase in hunting program sales and increased royalties from sand and rock aggregate production and cement production.

Operating activities during the first nine months of 1999 resulted in net income of $600,000, or $0.05 per share diluted, compared to a net income of $262,000, or $0.02 per share diluted, for the same period of 1998. Higher livestock division, real estate division, farming division, and general and administrative costs partially offset the increase in revenues described above. The increase in livestock costs was a result of the additional head of cattle sold as discussed above. This increase in livestock cost of sales was partially offset by a decrease in expenses at the feedlot attributable to lower occupancy and cost of feed per ton in 1999 when compared to 1998. The increases in real estate expenses were attributable to additional costs related to the planning and development of Registrant's land holding. These costs included increases in professional service fees, staffing costs, and advertising costs. In addition to these real estate operating costs, Registrant recognized its portion (60%) of the start-up, training, and pre-opening costs related to the June 30, 1999 opening of the Petro Travel Plaza, which were approximately $677,000. The increase in farming costs is primarily related to the timing of the 1999 crop harvest. As crops are harvested and revenues recognized, inventory costs associated with that crop are also recognized. General and administrative costs were also higher primarily due to higher professional service fees and staffing costs.

Cattle prices during 1999 have continued to strengthen when compared to 1998 due primarily to increases in demand for beef products and the anticipation of lower future supplies of cattle. This improvement in cattle prices may slow as cattle feeders have placed additional cattle on feed in response to the improved market. However, prices are still below what they may have been due to the impact of the Asian economic crises on the beef market, but this is improving as the economy in Asia improves. Registrant is still continuing to harvest grapes, almonds, and walnuts, which means that 1999 production numbers are currently not finalized. The Almond Board of California is estimating that the 1999 statewide almond harvest will be the largest in history. Due to these estimates the USDA has approved a federal marketing order placing in reserve approximately 22% of the 1999 harvest. Registrant will not be able to recognize any revenues on the almonds in reserve until the Almond Board releases them for sale. In response to the anticipated large crop and the almond reserve, almond prices have declined to approximately $.80 per pound. For comparison purposes almond prices over the last three years have ranged from $1.30 to $2.26 per pound. Based on the anticipated price for almonds, 1999 crop revenues are expected to be less than 1998 crop revenues. An actual projection cannot be made at this time due to final production numbers not being known.

Total revenues for the third quarter of 1999, including interest income, were $19,162,000 compared to $16,703,000 for the third quarter of 1998. The growth in revenue is primarily attributable to increases in livestock division revenues of $1,234,000, farming division revenues of $711,000, and real estate division revenues of $537,000. The increase in livestock revenues is due to an increase in cattle sales. Approximately 7,800 additional head of cattle were sold during the third quarter than during the same period of 1998. This increase in livestock revenue was partially offset by a decrease in feedlot revenues due to lower occupancy and feed prices as discussed above. Farming revenues as compared to 1998 were $711,000 higher due to the timing of the 1999 harvest as explained above. The increase in real estate revenues is primarily due to the revenue received from Enron and the income producing properties in Phoenix and Rancho Santa Fe, all as discussed above.

During the third quarter of 1999 Registrant had net income of $806,000, or $0.06 per share, compared to net income of $1,986,000, or $0.16 per share for the same period of 1998. The decrease in net income compared to the third quarter of 1999 is due to the net increase in revenues described above being more than offset by an increase in livestock, farming, real estate, and general and administrative expenses. Livestock expenses were higher due to an increase in cost of sales as a result of the timing of the sale of cattle as discussed above. Farming expenses as compared to 1998 were $1,056,000 higher due to the timing of the 1999 harvest as explained above. Real estate expenses were higher due to Registrant's recognition of the start-up costs, training, and pre-opening costs of the Petro Travel Plaza as discussed above. This unfavorable variance in real estate costs was offset by a decrease in overall real estate operating expenses. Real estate expenses decreased due to more expenses being capitalized during the third quarter of 1999 when compared to the same period of 1998 because more real estate projects were in the development stage of their cycle. General and administrative costs were higher due to higher professional service fees and staffing costs.

Registrant continues to be involved in various environmental proceedings related to leased acreage. For a further discussion, refer to Note E - Contingencies.

Prices received by Registrant for many of its products are dependent upon prevailing market conditions and commodity prices. Therefore, Registrant is unable to accurately predict revenue, just as it cannot pass on any cost increases caused by general inflation, except to the extent reflected in market conditions and commodity prices. The operations of the Registrant are seasonal and results of operations cannot be predicted based on quarterly results.

Liquidity and Capital Resources

Registrant's cash, cash equivalents and short-term investments totaled approximately $10,751,000 at September 30, 1999, compared to $18,237,000 on December 31, 1998 a decrease of 41%. Working capital as of September 30, 1999 was $4,387,000 compared to $19,768,000 on December 31, 1998. The decrease in working capital during the first nine months of 1999 is due primarily to capital expenditures related to real estate infrastructure and farming developments and the purchase of revenue producing properties in Phoenix, Arizona and Rancho Santa Fe, California. Also working capital decreased due to an increase in the use of short-term debt financing.

During February 1999 Registrant completed the purchase of three industrial and commercial buildings in Phoenix, Arizona having aggregate rentable square feet of 101,482. The Phoenix property is a cluster of three buildings in a master planned industrial park located near Sky Harbor International Airport and adjacent to the Interstate 10 Freeway. Annualized rentals under the leases currently aggregate $845,000. The leases provide for built in rental escalations which approximate current inflation factors based on the CPI index. During April 1999, Registrant completed the purchase of a building in Rancho Santa Fe, California for $1,250,000. Annualized rents under lease in the building currently total $126,000. The buildings were acquired to complete a tax deferred exchange of real property in which $6,000,000 in proceeds from the sale of land in December 1998 and easements in 1999 were used together with $4,800,000 borrowed from a bank, with the loan secured by the property acquired. The use of short-term credit has grown when compared to 1998 due to the funding of inventories and receivables attributable to the growth of Registrant's core business lines and to the short-term financing of real estate infrastructure costs associated with Registrant's development of an industrial complex in the Southern San Joaquin Valley.

Registrant has a revolving line of credit of $28,000,000 that as of September 30, 1999 had a balance outstanding of $28,000,000 at an interest rate of 7.50%. Registrant also maintains a short-term line of credit for its feedlot operations of $6,500,000. The outstanding balance at September 30, 1999 was $4,000,000 with the interest rate approximating the bank's prime lending rate of 7.50%. The outstanding line of credit balances will change throughout the year based on the timing of proceeds from cattle and crop sales. The revolving lines of credit are used as a short-term cash management tool.

The accurate forecasting of cash flows by Registrant is made difficult due to the fact that commodity markets set the prices for the majority of Registrant's products and the fact that the cost of water changes significantly from year-to-year as a result of changes in its availability.

Registrant is currently evaluating the possibility of new farming developments, continued expansion of the cattle herd, additional commercial development along the Interstate 5 corridor, and residential real estate development. These potential new projects would be funded from current cash resources, from additional borrowings, and possibly funds provided by joint venture partners involved in particular projects.

Registrant has traditionally funded its growth and capital additions from internally generated funds and from borrowing. Management believes that the combination of net earnings, short-term investments and borrowing capacity will be sufficient for its near term operations.

Impact of Year 2000

Many older computer hardware, software and imbedded micro controllers are designed to read and store dates using only the last two digits of the year. As a result they cannot correctly interpret dates beyond the year 1999. If not corrected, this problem could cause processing errors or computer system failures that materially adversely affect Registrant.

During early 1997 Registrant initiated a review of all its financial and accounting systems and implemented a conversion plan involving the acquisition of new hardware and software that read and store dates in four digits. This conversion was completed in 1997 at a cost of approximately $200,000, of which approximately $90,000 was for the purchase of new software and consulting services relating to the conversion. These expenditures were capitalized and are being depreciated over a three year useful life. The funds were provided by operations, including use of Registrant's short-term line of credit. Registrant has conducted limited testing of the new system and believes that it will function effectively when the dates beyond the year 1999 are processed.

Registrant has communicated with all significant suppliers, customers, financial institutions, utilities, and other third parties upon which it is dependent to determine the extent to which Registrant's business operations are vulnerable the failure of those parties to correct their own Year 2000 problems. Although all responses received to date have been satisfactory, Registrant is still in the process of verifying the information in the responses received.

Based on systems tests, discussions with Registrant's primary business partners, and the timing of business activities during the first quarter of 2000 Registrant believes that any year 2000 problem it will encounter will be immaterial to its overall operations. Registrant is however, in the process of finalizing contingency plans to handle its most likely worst case scenario with respect to potential year 2000 problems. As an example Registrant has procedures in place to inspect and manually activate non-financial systems that are operated off of timers or computers such as crop irrigation systems if a systems problem were to occur.

Registrant believes that substantially all of the costs of completing its efforts to be Year 2000 ready will consist of the compensation expense allocable to employees who work on the project. Registrant does not separately track these costs related to the year 2000 project but does not expect them to be material.

All statements in this Report regarding the Year 2000 problem involve forward-looking information as to which there is a great uncertainty. The actual results of the Registrant's program to deal with the Year 2000 problem could differ materially from what Registrant plans and anticipates because of the lack of experience of Registrant and others with problems of this kind, the extent to which computer and other systems of business and other entities are inter-related and the lack of control over, and access to, information of third parties upon whom Registrant's business is dependent. The failure of the Registrant to correctly analyze and anticipate Year 2000 problems in its own operations or those of third parties or the failure or inability to develop effective contingency plans could have a material adverse effect on the Registrant's business.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk represents the risk of loss that may impact the financial position, results of operations, or cash flows of Registrant due to adverse changes in financial or commodity market prices or rates. Registrant is exposed to market risk in the areas of interest rates and commodity prices.

Financial Market Risks

Registrant is exposed to financial market risks, including changes to interest rates and credit risk related to marketable securities, interest rates related to its own outstanding indebtedness and trade receivables.

The primary objective of Registrant's investment activities is to preserve principal while at the same time maximizing yields consistent with prudently managing risk. To achieve this objective and limit interest rate exposure, Registrant limits its investments to securities with a maturity of less than five years to limit interest rate exposure and with an investment rating of A or better from Moody's or Standard and Poors to minimize risk. In addition, market value changes due to interest rate changes are reduced because a portion of the portfolio has interest rates that float and are reset on a quarterly basis. See Note C, Marketable Securities.

Registrant is exposed to interest rate exposure on its short-term working capital line of credit and the long-term debt currently outstanding. The short-term line of credit interest rate is tied to the lending bank's prime interest rate and changes when that rate changes. The long-term debt has a fixed interest rate, and the fair value of the long-term debt will change based on interest rate movements in the market. Registrant typically does not attempt to reduce or eliminate its exposure on this debt through the use of any financial instrument derivatives. Registrant manages its interest rate exposure through negotiation of terms.

Registrant's credit and market risk related to its inventories and receivables ultimately depends on the value of the cattle, almonds, grapes, pistachios, and walnuts at the time of payment or sale. Based on historical experience with current customers and periodic credit evaluations of its customers' financial condition, Registrant believes its credit risk is minimal. Market risk is discussed below in commodity price exposure.

The following table provides information about Registrant's financial instruments that are sensitive to changes in interest rates. The table presents Registrant's marketable securities, debt obligations, principal cash flows and related weighted-average interest rates by expected maturity dates as of September 30, 1999 and December 1998.

Interest Rate Sensitivity Financial Market Risks
Principal Amount by Expected Maturity
At September 30, 1999
(Dollars in thousands)

	1999	2000	2001	2002	2003	There -after	Total Weighted Average	Fair Value 06/30/99
Assets:								
Marketable Securities	$ 730	$ 2,725	$ 2,708	$ 1,605	$ 2,585	---	$ 10,353	$ 10,197
Average Interest Rate	7.95%	5.85%	5.69%	6.06%	5.88%		6.00%	
Liabilities:								
Short-term Debt	$ 32,254	---	---	---	---	---	$ 32,254	$ 32,254
Average Interest Rate	7.509%	---	---	---	---	---	7.50%	
Long-term Debt	$ 168	$ 490	$ 490	$ 490	$ 1,365	$ 3,521	$ 6,524	$ 6,524
Average Interest Rate	7.88%	7.88%	7.88%	7.88%	7.88%	7.88%	7.88%	

Interest Rate Sensitivity Financial Market Risks
Principal Amount by Expected Maturity
At December 31, 1998
(Dollars in thousands)

	1999	2000	2001	2002	2003	There -after	Total Weighted Average	Fair Value 12/31/98
Assets:								
Marketable Securities	$ 5,885	$ 2,939	$ 2,662	$ 1,747	---	---	$ 13,233	$ 13,294
Average Interest Rate	6.92%	5.93%	5.81%	6.40%			6.41%	
Liabilities:								
Short-term Debt	$ 19,999	---	---	---	---	---	$ 19,999	$ 19,999
Average Interest Rate	7.38%	---	---	---	---	---	7.38%	
Long-term Debt	$ 250	$ 250	$ 250	$ 250	$ 1,125	---	$ 2,125	$ 2,125
Average Interest Rate	8.57%	8.57%	8.57%	8.57%	8.57%	---	8.57%	

In comparison to the prior year Registrant's risks in regard to fluctuations in interest rates has increased overall due to the growth in the use of short-term lines of credit that fluctuate with the bank's prime lending rate.

Commodity Price Exposure

Registrant has exposure to adverse price fluctuations associated with certain inventories, gross margins, accounts receivable and certain anticipated transactions in its Livestock and Farming Divisions. Commodities such as feed and cattle are purchased and sold at market prices that are subject to volatility. In order to manage the risk of market price fluctuations, Registrant enters into various exchange-traded futures and option contracts. Registrant closely monitors and manages it exposure to market price risk on a daily basis in accordance with formal policies established for this activity. These policies limit the duration to maturity of contracts entered into as well as the level of exposure to be hedged.

Registrant's goal in managing its cattle and feed costs is to protect or create a range of selling prices and feed prices that allow Registrant to recognize a profit or minimize a loss on the sale of cattle once all costs are deducted. See Note D, Commodity Contracts Used to Manage Risk. Gains on futures contracts and options as of September 30, 1999 were $120,000 as compared to gains on future contracts and options as of December 31, 1998 of $485,000. The gains thus far in 1999 are due to the volatility of the cattle prices during the second quarter of 1999.

Inventories consist primarily of cattle for sale, and price fluctuations are managed with futures and options contracts. See table below for contracts outstanding at quarter-end. Registrant is at risk with respect to changes in market prices with respect to cattle held for sale that are not protected by futures and options contracts. At September 30, 1999 approximately 26% of the cattle held in inventory or 11,454 head of cattle were not protected by futures and options for price movement. This compares to 19,980 head of cattle at

September 30, 1998. The 1999 number of head of cattle equates to approximately 11.5 million pounds of beef. For each $.10 per pound change in price, Registrant has a potential exposure or benefit of $1,150,000 in future value. Although the prices at which the cattle will ultimately be sold is unknown, over the last three years the market price has ranged from $.50 per pound to $.79 per pound and the current market price is $.79 per pound.

With respect to accounts receivable at September 30, 1999, the amount at risk relates to almonds, pistachios, and walnuts. These receivables are recorded at estimates of the prices that ultimately will be received for the crops. The final price for the nut crops will not be known until the third or fourth quarter of 2000, with the exception of the price for walnuts, which will be paid by January 2000. Of the accounts receivable outstanding at September 30, 1999 $942,000 is at risk to changing almond prices, $768,000 is at risk to changing pistachio prices, and $300,000 is at risk to changing walnut prices. The comparable amounts of accounts receivable at December 31, 1998 were $1,236,000 for almonds and $122,000 for pistachios. The prices estimated for recording the 1999 crop accounts receivable at September 30, 1999 were $.80 per pound for almonds, $1.35 per pound for pistachios, and $.45 per pound for walnuts. Based on 1999 almond production to date, for every $.10 change in the price of almonds Registrant's receivable for almonds increases or decreases by $144,000. Although the final price of almonds and the final production figures (and therefore the extent of the risk) is not presently known, over the last three years the final prices have ranged from $1.30 to $2.26. For pistachios the price estimated for recording the receivable was $1.35 per pound based on preliminary estimates from the buyer, each $.10 change in the price increases or decreases the receivable by $57,000 and the range of final prices over the last three years has been $.92 to $1.17 per pound. With respect to walnuts, the price estimated for recording the receivable was $.45 per pound, each $.10 change in the price increases or decreases the receivable by $67,000 and the range of prices over the last three years has been $.45 to $.65 per pound.

The following tables identify the future contract amounts and option contract costs outstanding at September 30, 1999 and December 31, 1998.

September 30, 1999 Commodity Future / Option Description	No. Contracts	Original Contract/Cost (Bought) Sold	Estimated Fair Value	Estimated Gain (Loss)
Cattle futures sold, 40,000 lbs. per contract	659	$ 17,887	$ 18,314	$ (427)
Cattle futures bought, 50,000 lbs. per contract	15	$ (579)	$ 608	$ 29

December 31, 1998 Commodity Future / Option Description	No. Contracts	Original Contract/Cost (Bought) Sold	Estimated Fair Value	Estimated Gain (Loss)
Cattle futures bought 50,000 lbs. per contract	20	$ (710,000)	$ 694,000	$ (16)
Cattle options bought, 40,000 lbs. per contract	130	$ (72,000)	$ 89,000	$ 17
Cattle options sold 40,000 lbs. per contract	130	$ 42,000	$ (6,000)	$ 36

The September 30, 1999 futures contracts and options expire between October 1999 and April 2000. Estimated fair value at settlement is based upon quoted market prices at September 30, 1999.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Not applicable.

Item 2. Changes in Securities

Not applicable.

Item 3. Defaults Upon Senior Securities

Not applicable.

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

None

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits -

3.1	Restated Certificate of Incorporation	*
3.2	Bylaws	**
27.1	Financial Data Schedule (Edgar), September 30, 1999	

(b) Reports - on Form 8-K

On March 12, 1999, Registrant filed a Current Report on Form 8-K (Item 2), announcing the purchase of commercial industrial buildings in Phoenix, Arizona.

On May 11, 1999, Registrant filed a Current Report on Form 8-K/A (Item 2), amending the Current Report on Form 8-K filed on March 12, 1999 which reported the acquisition of buildings. This filing includes the Statement of Revenue and Certain Expenses for the properties purchased and pro forma financial statements and related notes.

* This document, filed with the Securities Exchange Commission in Washington, D.C. (file number 1-7183) under Item 14 to Registrant's Annual report on Form 10-K for year ended December 31, 1987, is incorporated herein by reference.

** This document, filed with the Securities Exchange Commission in Washington, D.C. (file number 1-7183) under Item 14 to Registrant's Annual report on Form 10-K for year ended December 31, 1994, is incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TEJON RANCH CO.

(Registrant)

November 12, 1999	BY /s/ ALLEN E. LYDA
DATE	Allen E. Lyda Vice President, Chief Financial Officer

This schedule contains summary financial information extracted from the balance sheet, income statement, and footnotes and is qualified in its entirety by reference to such financial statements.

9-MOS
DEC-31-1999
JAN-01-1999
SEP-30-1999
554
10,197
11,392
0
21,959
45,372
67,524
(19,327)
94,411
40,985
0
6,348
0
0
36,510
94,411
38,052
38,052
33,527
33,527
2,646
0
909
970
370
600
0
0
0
600
.05
.05