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, 1996

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, 1996	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...(805) 248-6774

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, 1996, were 12,682,244.

PART I FINANCIAL INFORMATION

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

	THREE MONTHS ENDED September 30		NINE MONTHS ENDED September 30	
	1996	1995	1996	1995
Revenues:				
Livestock	$ 1,022	$ 4,601	$ 4,840	$ 5,644
Farming	3,765	3,035	3,839	3,206
Oil and Minerals	353	425	972	1,007
Commercial and Land Use	372	335	1,044	1,028
Interest Income	312	320	959	1,032
	5,824	8,716	11,654	11,917
Costs and Expenses:				
Livestock	952	3,888	4,229	5,323

Farming	2,145	1,665	2,892	2,790
Oil and Minerals	43	38	126	90
Commercial and Land Use	430	793	1,498	1,843
Corporate Expense	646	543	1,708	1,684
Interest Expense	78	171	182	353
	4,294	7,098	10,635	12,083
Operating Income (Loss)	1,530	1,617	1,019	(166)
Income Tax Expense (Benefit)	611	648	407	(66)
Net Income (Loss)	$ 919	$ 970	$ 612	$ (100)
Earnings (Loss) Per Share	$ .07	$ .08	$ .05	$ (.01)
Cash Dividends Paid Per Share	$ --	$ --	$ .025	$ .025

See Notes to Consolidated Condensed Financial Statements.

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

	SEPTEMBER 30,1996 (Unaudited)	DECEMBER 31, 1995*
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 123	$ 44
Short-term Investments	20,140	20,257
Accounts & Notes Receivable	4,615	4,487
Inventories:		
Cattle	2,081	2,672
Farming	1,989	--
Other	117	155
Prepaid Expenses and Other	1,153	1,063
Total Current Assets	30,218	28,678
PROPERTY AND EQUIPMENT-NET	15,663	15,073
OTHER ASSETS	1,504	1,452
TOTAL ASSETS	$ 47,385	$ 45,203
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Trade Accounts Payable	$ 562	$ 932
Other Accrued Liabilities	263	343
Other Current Liabilities	4,876	2,619
Total Current Liabilities	5,701	3,894
LONG-TERM DEBT	1,800	1,800
DEFERRED CREDITS	2,652	2,540
Total Liabilities	10,153	8,234
STOCKHOLDERS' EQUITY		
Common Stock	6,341	6,341
Additional Paid-In Capital	387	387
Retained Earnings	30,496	30,202
Marketable Securities - Unrealized Gains, Net	8	39
Total Stockholders' Equity	37,232	36,969
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 47,385	$ 45,203

See Notes to Consolidated Condensed Financial Statements.
*The Balance Sheet at December 31, 1995 has been derived from the audited financial statements at that date.

TEJON RANCH CO. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOW
(In thousands)
(Unaudited)

	NINE MONTHS ENDED September 30 1996	1995
OPERATING ACTIVITIES		
Net Income	$ 612	$ (100)
Items Not Affecting Cash:		
Depreciation and Amortization	889	756
Decrease Income Taxes	134	(89)
Gain on Sale of Investments	-0-	6
Changes in Operating Assets and Liabilities:		
Receivables, Inventories and Other Assets, Net	(1,579)	(3,256)
Current Liabilities, Net	394	(1,241)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	450	(3,924)
INVESTING ACTIVITIES		
Maturities and Sales of Marketable Securities	6,767	5,816
Funds Invested in Marketable Securities	(6,703)	(2,079)
Property and Equipment Expenditures	(1,424)	(2,274)
Net Change in Breeding Herds	(81)	(64)
Other	(26)	(46)
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	(1,467)	1,353
FINANCING ACTIVITIES		
Proceeds From Revolving Line of Credit	9,803	7,610
Payments of Revolving Line of Credit	(8,390)	(4,555)
Decrease in Long-Term Debt	-0-	(200)
Cash Dividend Paid	(317)	(317)
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,096	2,538
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	79	(33)
Cash and Cash Equivalents at Beginning of Year	44	68
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 123	$ 35

See Notes to Consolidated Condensed Financial Statements.

TEJON RANCH CO. AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(Unaudited)

September 30, 1996

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 percentage of revenues are recognized during the third and fourth quarter.

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, 1995.

NOTE B - CALCULATIONS OF EARNINGS PER SHARE

Earnings per share are calculated using the weighted average number of common shares outstanding during the period. Common shares outstanding for the three month and nine month periods ended September 30, 1996 and 1995 were 12,682,244. Registrant has a Stock Option Plan providing for the granting of options to purchase a maximum of 230,000 shares of Registrant's Common Stock to employees, advisors and consultants of Registrant. Currently, options to purchase 179,000 shares are outstanding at prices equal to the fair market value at date of grant (100,000 shares at $17.875, 59,000 shares at $20.00 per share, and 20,000 shares at $15.00 per share). During the first quarter of 1996, an option to purchase 14,000 shares was cancelled. Stock options granted will be treated as common stock equivalents in accordance with the treasury method when such amounts would be dilutive. Fully diluted common shares outstanding for the three month period ended September 30, 1996 and 1995 were 12,683,670 and 12,685,198 respectively. Fully diluted common shares outstanding for the nine month period ended September 30, 1996 and 1995 were 12,684,042 and 12,683,946 respectively. There is no change in earnings per share based on the fully diluted common shares outstanding.

NOTE C - MARKETABLE SECURITIES

Registrant has elected to classify its securities as available-for-sale per Statement of Financial Accounting Standard No. 115, Accounting for Certain Investments in Debt and Equity Securities, and therefore is required to adjust securities to fair value at each reporting date.

Marketable securities consist of the following at:

	September 30 1996		December 31 1995	
	Cost	Estimated Fair Value	Cost	Estimated Fair Value
Marketable securities: (in thousands)				
U.S. Treasury and agency notes	$13,314	$13,332	$14,868	$14,869
Corporate notes	6,813	6,808	5,323	5,388
	$20,127	$20,140	$20,191	$20,257

As of September 30, 1996, the cumulative fair value adjustment is a $13,000 unrealized gain. The cumulative fair value adjustment to stockholders' equity, net of a deferred tax of $5,000, is an unrealized gain of $8,000. Registrant's gross unrealized holding gains equal $183,000, while gross unrealized holding losses equal $170,000. On September 30, 1996, the average maturity of U.S. Treasury and agency securities was 1.2 years and corporate notes was 1.7 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 DERIVATIVES USED TO HEDGE PRICE FLUCTUATIONS

Registrant uses commodity contracts to hedge its exposure to price fluctuations on its purchased stocker cattle and cattle feed costs. The objective is to protect or create a future price for stocker cattle that will provide a profit or minimize a loss once the cattle are sold and all costs are deducted and to protect Registrant against market declines. To help achieve this objective Registrant uses the cattle futures and cattle options markets to hedge the price of cattle. Registrant also hedges to protect against fluctuations in feed cost by using the corn futures and options markets. Feed costs are hedged in order to protect against large pricing increases in feed costs. Registrant continually monitors any open futures and options contracts to determine the appropriate hedge based on market movement of the underlying asset. The option 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 are scheduled to be sold. The risk associated with hedging is that hedging imposes a limit on the potential profits from the sale of cattle if cattle prices begin to increase dramatically. The costs of buying and selling options and future contracts reduce profits. Any payments received and paid related to options contracts are deferred in and reflected as an asset on the balance sheet in prepaid expenses until contracts are closed or expire. There were no outstanding option contracts at September 30, 1996. Cattle futures contracts are carried off-balance sheet until the contracts are settled. Realized gains, losses, and costs associated with closed contracts equal to $587,000 of net gains are currently included in cost of sales expense due to the sale of hedged cattle. The following table identifies the cattle futures contract amounts outstanding at September 30, 1996 (in thousands, except No. of Contracts):

Cattle Hedging Activity Commodity Future/Option Description	No. Contracts	Contract Expiration Date	Original Contract (Bought) Sold	Estimated Fair Value At Settlement (Buy) Sell	Estimated Gain (Loss) at Settlement
Cattle Futures sold 50,000 lbs. per contract	20	Oct. 96	$ 633	$ (644)	$(11)
	10	Jan. 97	302	(328)	(26)
	15	Apr. 97	466	(487)	(21)
	20	May. 97	645	(650)	(5)

Estimated fair value at settlement is based upon quoted market prices at September 30, 1996.

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 to clean up and abate certain hazardous waste sites on the leased premises. Under existing lease agreements, National or LaFarge is required to indemnify Registrant for costs and liabilities incurred in connection with the cleanup order depending on when the release of hazardous waste occurred. Due to the financial strength of National and LaFarge, Registrant believes that it is remote there will be a material effect on Registrant.

Registrant leases land to TA Operating Corporation, dba Truckstops of America ("TA") for the purpose of operating a truck stop at an exit off of Interstate 5. Registrant has recently learned that a Notice of Violation was issued to TA by the California Regional Water Quality Control Board with respect to two sites on the leased land alleged to contain high concentrations of total petroleum hydrocarbons, including diesel fuel. Although Registrant has not been notified by the Water Board that it is also a responsible party, the Board has taken the position in the past that owners of leased property are responsible for releases of polluting materials by their tenants and Registrant may be designated as a responsible party in the future. Under existing lease agreements, TA is obligated to restore the land to a clean condition and to indemnify Registrant for its losses and expenses incurred in connection with any cleanup order. Under an existing guaranty, BP Exploration & Oil Inc., as the successor of the Standard Oil Company of Ohio ("BP"), has guaranteed all of the obligations of TA under the lease. Due to the financial strength of BP, Registrant believes that it is remote there will be a material effect on Registrant.

MANAGEMENT'S ANALYSIS OF FINANCIAL STATEMENTS

RESULTS OF OPERATIONS

Total revenues, including interest income, for the first nine months of 1996 were $11,654,000 compared to $11,917,000 for the first nine months of 1995. The decrease in revenues during 1996 is primarily attributable to lower livestock revenue that was partially offset by increased farming revenues. Livestock revenues decreased due to 4,721 fewer head of cattle being sold during 1996 and to lower average weights on the cattle sold during 1996. The reduction in the number of head sold was caused by the timing of sales during 1996 and the sale of cattle in 1995 that were originally scheduled for sale in 1994. Cattle weights were lower due to less forage on the ranch. Registrant continues to hedge the future sales price of stocker cattle using commodity contracts. See Note D - Commodity Contracts Used to Hedge Price Fluctuations, for further information. Farming revenues are higher due to the timing of crop harvests and the recording of crop revenues. In 1996, pistachio and French Colombard, Zinfandel, and Cabernet Sauvignon grape harvests were completed during the third quarter whereas in 1995 only almond and Zinfandel harvests were completed during the third quarter. This resulted in $3,715,000 of crop revenue in 1996 compared to $2,953,000 of crop revenue in 1995. In addition to the timing of crop harvests, grape prices are slightly higher thus far in 1996 than in 1995.

Registrant's operations during the first nine months of 1996 resulted in net income of $612,000, or $.05 per share, compared to a net loss of $100,000, or $.01 per share, for the same period in 1995. The increase in net income when compared to 1995 is due to reductions in livestock and commercial/land planning expenses. These favorable expense variances were partially offset by the decrease in revenues as described above. The decrease in livestock expense is primarily due to lower cost of sales of $1,265,000 on cattle sold during 1996. Cost of sales declined due to fewer cattle being sold and the recognition of hedging gains as described in Note D - Commodity Contracts Used to Hedge Price Fluctuations. Commercial/land planning expenses have decreased due to a reduction in consulting fees associated with planning and entitlement activities.

Total revenues for the third quarter, including interest income, were $5,824,000 compared to $8,716,000 for the third quarter of 1995. The decrease in revenue when compared to 1995 is due to a reduction in livestock revenues that were partially offset by increased farming revenues. Livestock revenues decreased in 1996 due to 3,259 fewer head of cattle being sold during the third quarter of 1996. This large variation in the number of cattle sold is due to the decision during the second quarter of 1995 to delay the sale of stocker cattle until the fall of 1995 due to low market prices. The increase in farming revenues is described above.

During the third quarter of 1996 Registrant had net income of $919,000, or $.07 per share, compared to net income of $970,000, or $.08 per share, for the same period of 1995. The decline in net income when compared to 1995 is due to the decrease in revenues as described above. The decline in revenues was partially offset by reduced expenses as described above. Registrant continues to be concerned that cattle prices will stay at lower levels due to high cattle inventories and high grain prices. Registrant does not expect an improved cattle market during the balance of 1996.

Based on the 1996 harvest completed during October, it appears that the California almond crop will be approximately 520 to 550 million pounds. Based on this estimate and the beginning low inventory levels due to the small 1995 almond crop, the price per pound for almonds could again be over $2.00 as it was in 1995. The yields for all of Registrant's crops appear to be within expectations with the exception of the almond crop which is coming in slightly below expectations. However, any decline in almond production appears to be offset by higher price levels.

Although Registrant finds it necessary from time to time to make projections of future yields and prices in connection with the operation of its business, such projections above as to yields and prices are subject to many uncertainties, by necessity are made on the basis of only limited information and are subject to factors beyond the control of Registrant, such as weather and market forces. No assurance can be given that any such projections will turn out to be accurate.

Registrant is involved in various environmental proceedings related to leased acreage. See Note E - Contingencies. For a further discussion refer to Registrant's 1995 Form 10-K, Part I, Item 3, - "Legal Proceedings". The only material change since the filing of the 1995 Form 10-K is that Registrant may become involved in administrative or legal proceedings respecting the contamination of the Truckstops of America leased premises, as described above under 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

Cash and marketable securities on September 30, 1996 were $20.3 million compared to $20.3 million on December 31, 1995. Working capital on September 30, 1996 was $24.5 million compared to $24.8 million on December 31, 1995. The decrease in working capital at September 30, 1996 as compared to December 31, 1995 is primarily due to property and equipment expenditures, which were partially offset by increased inventory levels.

Cash provided from operations and cash and short-term investments on hand are expected to be sufficient to satisfy all anticipated working capital and capital expenditure needs in the near term.

Impact of Accounting Change

None

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

Not Applicable

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits - None
(b) Reports - None

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)

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Date

BY________________
Allen E. Lyda
Vice President, Finance
& Treasurer

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-31-1996
SEP-30-1996
123
20,140
4,615
0
4,187
30,218
29,919
(14,256)
47,385
5,701
0
0
0
6,341
30,883
47,385
11,654
11,654
8,745
8,745
1,708
0
182
1,019
407
612
0
0
0
612
.05
.05