

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 March 31, 1995

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
March 31, 1995 1-7183

TEJON RANCH CO.

(Exact name of Registrant as specified in its charter)

Delaware 77-0196136
(State or other jurisdiction of (IRS Employer Identification No.)
incorporation or organization)

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 March 31, 1995, were 12,682,244.

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PART I FINANCIAL INFORMATION

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

	THREE MONTHS ENDED	
	March 31	
	1995	1994
Revenues:		
Livestock	\$ 328	\$ 260
Farming	122	84
Oil and Minerals	263	294
Commercial and Land Use	326	349
Interest Income	370	396
	1,409	1,383
Costs and expenses:		
Livestock	598	451
Farming	802	355
Oil and Minerals	11	36
Commercial and Land Use	446	391
Corporate Expenses	575	500
Interest Expense	79	95
	2,511	1,828
Operating Loss	(1,102)	(445)

Income Tax Benefit	(441)	(178)
Net Income (Loss)	\$ (661)	\$ (267)
Net Income (Loss) Per Share	\$ (.05)	\$ (.02)

See Notes to Consolidated Condensed Financial Statements.

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

	MARCH 31, 1995 (Unaudited)	DECEMBER 31, 1994*
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 479	\$ 68
Marketable Securities	21,362	23,718
Accounts & Notes Receivable	953	2,125
Inventories:		
Cattle	3,513	3,020
Farming	1,055	39
Other	84	69
Prepaid Expenses and Other	1,082	1,223
 Total Current Assets	 28,528	 30,262
PROPERTY AND EQUIPMENT-NET	14,478	13,284
OTHER ASSETS	1,300	1,374
TOTAL ASSETS	\$ 44,306	\$ 44,920
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Trade Accounts Payable	\$ 1,362	\$ 1,061
Other Accrued Liabilities	93	465
Other Current Liabilities	1,884	1,950
 Total Current Liabilities	 3,339	 3,476
LONG-TERM DEBT	1,950	1,950
DEFERRED CREDITS	2,736	2,736
Total Liabilities	8,025	8,162
STOCKHOLDERS' EQUITY		
Common Stock	6,341	6,341
Additional Paid-In Capital	387	387
Retained Earnings	29,741	30,402
Marketable Securities - Unrealized Gains (Losses), Net	(188)	(372)
 Total Stockholders' Equity	 36,281	 36,758
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 44,306	\$ 44,920

See Notes to Consolidated Condensed Financial Statements.

* The Balance Sheet at December 31, 1994 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)

	THREE MONTHS ENDED March 31	
	1995	1994
OPERATING ACTIVITIES		
Net Income (Loss)	\$ (661)	\$ (267)
Items Not Effecting Cash:		
Depreciation and Amortization	238	222
Decrease in Deferred Items	-0-	(29)
Gain on Sale of Investments	2	(41)
Changes in Operating Assets and Liabilities:		
Receivables, Inventories and Other Assets, Net	(279)	694
Current Liabilities, Net	(137)	(2,376)
NET CASH USED IN OPERATING ACTIVITIES	(837)	(1,797)
INVESTING ACTIVITIES		
Maturities and Sales of Marketable Securities	3,124	7,534
Funds Invested in Marketable Securities	(518)	(5,373)
Property and Equipment Expenditures	(1,414)	(561)
Net Change in Breeding Herds	49	(1)
Other	7	(29)
NET CASH PROVIDED BY INVESTING ACTIVITIES	1,248	1,570
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	411	(227)
Cash and Cash Equivalents at Beginning of Year	68	247
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 479	\$ 20

See Notes to Consolidated Condensed Financial Statements.

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

March 31, 1995

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 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, 1994.

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 period ended March 31, 1995 and 1994 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 130,000 shares are outstanding at prices equal to the fair market value at date of grant (96,000 shares at \$20.00, 20,000 shares at \$15.00, and 14,000 shares at \$11.88). Stock options granted will be treated as common stock equivalents in accordance with the treasury method when such amounts would be dilutive. At March 31, 1995, fully diluted common shares outstanding are 12,682,763. At March 31, 1994, common stock equivalents were antidilutive.

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:

	March 31 1995		December 31 1994	
	Cost	Estimated Fair Value	Cost	Estimated Fair Value
Marketable securities:				
U.S. Treasury and agency notes	\$16,221	\$15,964	\$18,837	\$18,409
Corporate notes	5,453	5,398	5,445	5,309
	\$21,674	\$21,362	\$24,282	\$23,718

As of March 31, 1995, the cumulative fair value adjustment is a \$312,000 unrealized loss. The cumulative fair value adjustment to stockholders' equity, net of tax benefit of \$124,000, is an unrealized loss of \$188,000. Registrant's gross unrealized holding gains equals \$84,000, while gross unrealized holding losses equals \$396,000. On March 31, 1995, the average maturity of U.S. Treasury and agency securities was 2.3 years and corporate notes was 1.5 years. Currently, Registrant has no securities with a weighted average life of greater than five years. During 1995, Registrant has recognized losses of \$2,000 on the sale of \$2.4 million of securities, carried at historical cost adjusted for amortization and accretion.

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 - CONTINGENCIES

Registrant leases land to National Cement Company of California, Inc. ("National") for the purpose of manufacturing portland cement from limestone deposits found on the leased acreage. National, LaFarge Corporation (the parent company of the previous operator) and Registrant have been ordered to cleanup and abate an old industrial waste landfill site on the leased premises. 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 financial strength of National and LaFarge, Registrant believes that a material effect on its financial condition is remote at this time.

NOTE E - PAYMENT OF DIVIDEND

On March 3, 1995, the Board of Directors voted to declare a cash dividend of two and one-half cents (\$0.025) per share. The dividend will apply to stockholders of record as of the close of business on May 17, 1995 with payment to be made on June 19, 1995.

Results of Operations

Total revenues, including interest income, for the first quarter of 1995 were \$1,409,000 compared to \$1,383,000 for the first quarter of 1994. The increase in revenues during 1995 is attributable to increased cattle sales, quarter horse sales, and higher farm management fees. These increases were partially offset by reduced oil and mineral revenues and the absence of any firewood sales revenues during 1995 due to the elimination of the firewood program in 1993 and 1994. Cattle and quarter horse sales revenues are higher due to the volume of cattle and horses sold. Oil and mineral revenues are down due to reductions in oil production and sand and rock production.

Operating activities during the first quarter of 1995 resulted in a net loss of \$661,000, or \$.05 per share, compared to a net loss of \$267,000, or \$.02 per share, for the same period in 1994. The decrease in net income compared to 1994 is primarily due to the \$400,000 pre tax charge-off (\$240,000, or \$.02, after tax) of almond trees destroyed by wind during a winter storm in January 1995. In addition to the charge-off of trees, cost of sales on cattle increased due to a higher number of cattle being sold and to the higher cost of the purchased cattle being sold. Partially offsetting these unfavorable variances was the increase in revenues as described above and reductions in firewood expenses due to the elimination of the firewood program.

As explained in Management's Discussion and Analysis of Financial Condition and Results of Operations of Registrant's 1994 Form 10-K, Registrant's farming operations suffered damages as a result of high winds that were associated with a series of winter storms. Nearly all of the loss occurred in Registrant's producing almond orchards. Approximately 200 acres of trees were uprooted by a combination of high winds and saturated soil conditions due to heavy rainfall. The loss of these trees resulted in the charge-off described above. Registrant is currently replanting the damaged acreage with new almond trees. The loss of mature trees will affect future revenues until the replanted crops begin full production which could take three to five years.

Registrant's farming revenues are likely to be significantly lower than in 1994 due to the loss of trees as described above and expectations of a smaller nut crop. Partially offsetting the reduction in production is the expectation of higher almond prices due to the estimated small nut crop statewide.

As described in Part I, Item 1 - "Business - Farming Operations" of Registrant's 1994 Form 10-K Laval Farms Limited Partnership (Laval), formerly named Tejon Agricultural Partners, entered into an agreement for the sale of its farmland and eventual dissolution of the partnership. As of April 20, 1995 all of the 13,000 acres that existed at the start of the sale program have been sold. Laval is continuing to utilize Registrant's management services until the partnership is dissolved. Registrant is currently receiving \$10,000 per month for management services and is expected to receive this fee for the remainder of 1995.

Registrant is involved in various environmental proceedings related to leased acreage. For a further discussion refer to Registrant's 1994 Form 10-K, Part I, Item 3, - "Legal Proceedings". There have been no changes since the filing of the 1994 Form 10-K.

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 short-term investments on March 31, 1995 were \$21.8 million compared to \$23.8 million on December 31, 1994. Working capital on March 31, 1995 was \$25.2 million compared to \$26.8 million on December 31, 1994. The decrease in working capital at March 31, 1995 as compared to December 31, 1994 is primarily due to the purchase of property and capital improvement expenditures.

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)

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

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3-MOS	
DEC-31-1995	MAR-31-1995
	479
	21,632
	953
	0
	4,652
28,528	27,433
(12,955)	
44,306	
3,339	0
	6,341
0	0
	29,940
44,306	1,409
	1,857
	1,857
	575
	0
	79
(1,102)	
	(441)
(661)	0
	0
	0
	(661)
	(.05)
	(.05)