

SECURITIES AND EXCHANGE COMMISSION

FORM 424B3

Prospectus filed pursuant to Rule 424(b)(3)

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FILER

SALOMON INC

CIK: **200245** | IRS No.: **221660266** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **424B3** | Act: **33** | File No.: **033-41932** | Film No.: **94529170**
SIC: **6200** Security & commodity brokers, dealers, exchanges & services

Business Address
*SEVEN WORLD TRADE CNTR
29TH FLOOR
NEW YORK NY 10048
2127837000*

Pricing Supplement No. 673 Dated 5/17/94
(To Prospectus dated December 14, 1993 and
Prospectus Supplement dated December 14, 1993)
SALOMON INC

Rule 424(b) (3)
File No. 33-51269,
33-57922 and 33-49136

Medium-Term Notes, Series D
(Registered Notes -- Floating Rate or Indexed Rate)
Due More Than Nine Months from Date of Issue

Principal Amount or Face Amount: \$200,000,000.00
Issue Price: 100.000000000000%
Proceeds to Company on original issuance: \$199,300,000.00
Commission or Discount on original issuance: \$700,000.00

Salomon Brothers Inc's capacity on original issuance: |X| As agent
| | As principal

If as principal:

- | | The Registered Notes are being offered at varying prices related to prevailing market prices at the time of resale.
- | | The Registered Notes are being offered at a fixed initial public offering price of % of Principal Amount or Face Amount.

Original Issue Date: 5/18/94
Stated Maturity: 5/18/99

Specified Currency:

(If other than U.S. Dollars)

Authorized Denominations:

(If other than as set forth in the Prospectus Supplement)

Interest Payment Dates: 3rd Wednesday of March, June, September, and
December beginning June 1994.

(If other than as set forth in the Prospectus Supplement)

Indexed Principal Note: | | Yes (see attached) |X| No
Floating Rate: |X| Indexed Rate: | | (see attached)
Initial Interest Rate: 4.9750000%

Base Rate: | | CD Rate | | Commercial Paper Rate | | Federal Funds Rate
|X| LIBOR Telerate | | LIBOR Reuters | | Treasury Rate
| | Treasury Rate Constant Maturity | | Other (see attached)

Interest Reset Period or Interest Reset Dates:
Each Interest Payment Date.

Index Maturity: 3 month

Spread (+/-): see attached

Spread Multiplier:

Spread Reset: | | The Spread or Spread Multiplier may not be changed prior to
Stated Maturity.

|X| The Spread or Spread Multiplier may be changed prior to

Stated Maturity (see attached).

Optional Reset Dates (if applicable):

Maximum Interest Rate:

Minimum Interest Rate:

Amortizing Note: | | Yes |X| No

Amortization Schedule:

Optional Redemption: | | Yes |X| No

Optional Redemption Dates:

Redemption Prices:

Optional Repayment: | | Yes |X| No

Optional Repayment Dates:

Optional Repayment Prices:

Optional Extension of Stated Maturity: | | Yes |X| No

Final Maturity:

Discount Note: | | Yes |X| No

Total Amount of OID:

Yield to Maturity:

Pricing Supplement dated May 17, 1994

(to Prospectus Supplement dated December 14, 1993,

to Prospectus dated December 14, 1993)

DESCRIPTION OF THE NOTE

General

The description in this Pricing Supplement of the particular terms of the Registered Note offered hereby (the "Note") supplements, and to the extent inconsistent therewith replaces, the descriptions of the general terms and provisions of the Registered Notes set forth in the accompanying Prospectus and Prospectus Supplement, to which description reference is hereby made. Capitalized terms used but not otherwise defined herein shall have the meanings specified in the Prospectus and Prospectus Supplement.

"Base Rate" means LIBOR Telerate with an Index Maturity of three months.

"Business Day" means any day, other than a Saturday or Sunday, that is (i) not a day on which banking institutions are authorized or required by law or regulation to be closed in the City of New York and (ii) a day on which dealings in deposits in U.S. dollars are transacted in the London interbank market.

Interest

The Spread for any Interest Period will be determined based on the rating of the Company's long-term senior debt (the "Debt") on the LIBOR Determination Date for the related Interest Reset Date (or for the Original Issue Date in the case of the Initial Interest Period) by Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Corporation ("S&P").

If the Debt is rated: (i) Aa3 or higher by Moody's and AA- or higher by S&P, the Spread is 35 basis points; (ii) A2 or higher by Moody's and A or higher by S&P (and provided that clause (i) above is not satisfied), the Spread is 50 basis points; (iii) A3 or higher by Moody's and A- or higher by S&P (and provided that neither clause (i) nor (ii) above is satisfied), the Spread is 60 basis points; (iv) Ba1 or lower by Moody's or BBB+ or lower by S&P (and provided that neither clause (v) nor clause (vi) below are satisfied), the Spread is 75 basis points; (v) Baa2 or lower by Moody's and BBB or lower by S&P (and provided that clause (vi) below is not satisfied), the Spread is 100 basis points; and (vi) Ba1 or lower by Moody's and BB+ or lower by S&P, the Spread is 150 basis points.

In the event Debt of the Company is not rated by Moody's or S&P, the comparable ratings published by any other nationally recognized statistical rating organization ("NRSRO"), selected by the Calculation Agent, that rates the Debt may be used to determine the Spread; provided, however, if the Debt is not rated by at least two NRSROs, the Spread shall be 150 basis points.

As of the date of this Pricing Supplement, (i) the Debt of the Company is rated A3 by Moody's and A- by S&P and (ii) thus the Spread is 60 basis points.

The Calculation Agent shall be Salomon Brothers Inc, a wholly-owned subsidiary of the Company.

Appendix I

The following information concerning the ratings systems used by Moody's and S&P is based on information published by Moody's and S&P. No independent representation by the Company is made or intended concerning the accuracy of the information. Nor is any representation made or intended by the Company to the effect that the long-term senior debt of the Company will continue to be rated by Moody's and/or S&P or that Moody's and S&P will continue used ratings systems similar to those described below.

The ratings systems used by Moody's and S&P are

estimates by Moody's and S&P of the investment quality of a particular issue of debt by an issuer. Moody's and S&P rely on information furnished by an issuer and any other sources they consider reliable. Moody's and S&P do not perform any audit in connection with assigning a rating and may, on occasion, rely on unaudited financial information. The ratings are based on, among other things, (i) the ability of the issuer to make timely interest payments and to repay principal according to the terms of the obligation, (ii) the nature and provisions of the obligation and (iii) the protection afforded by, and the relative position of, the obligation in the event of bankruptcy, reorganization or other arrangement under the laws of bankruptcy and other laws affecting creditors' rights. If changes in these or other factors occur, Moody's or S&P or both may change the rating assigned to a particular issue.

Moody's describes its ratings as follows:

Aaa Bonds which are rated Aaa are judged to be the best quality. They carry the smallest degree of investment risk and are generally referred to as "gilt edge." Interest payments are protected by a large or by an exceptionally stable margin and principal is secure. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues.

Aa Bonds which are rated Aa are judged to be of high quality by all standards. Together with Aaa group they comprise what are generally known as high grade bonds. They are rated lower than the best bonds because margins of protection may not be as large as in Aaa securities or fluctuation of protective elements may be of greater amplitude or there may be other elements present which make the long term risks appear somewhat larger than in Aaa securities.

A Bonds which are rated A possess many favorable investment attributes and are to be considered as upper medium grade obligations. Factors giving security to principal and interest are considered adequate but elements may be present which suggest a susceptibility to impairment sometime in the future.

Baa Bonds which are rated Baa are considered as medium grade obligations, i.e., they are neither highly protected nor poorly secured. Interest

payment and principal security appear adequate for the present but certain protective elements may be lacking or may be characteristically unreliable over any great length of time. Such bonds lack outstanding investment characteristics and in fact have speculative characteristics as well.

Ba Bonds which are rated Ba are judged to have speculative elements; their future cannot be considered as well assured. Often the protection of interest and principal payments may be very moderate and thereby not well safeguarded during both good and bad times over the future. Uncertainty of position characterizes bonds in this class.

B Bonds which are rated B generally lack characteristics of the desirable investment. Assurance of interest and principal payments or of maintenance of other terms of the contract over any long period of time may be small.

Caa Bonds which are rated Caa are of poor standing. Such issues may be in default or there may be present elements of danger with respect to principal or interest.

Ca Bonds which are rated Ca represent obligations which are speculative in a high degree. Such issues are often in default or have other marked shortcomings.

C Bonds which are rated C are the lowest rated class of bonds and issues so rated can be regarded as having extremely poor prospects of ever attaining any real investment standing.

Moody's applies numerical modifiers, 1, 2 and 3 in each generic rating classification from Aa through B in its corporate bond rating system. The modifier 1 indicates that the security ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates that the issue ranks in the lower end of its generic rating category.

S&P describes its ratings as follows:

AAA Debt rated 'AAA' has the highest rating assigned by Standard & Poor's. Capacity to pay interest and repay principal is extremely strong.

AA Debt rated 'AA' has a very strong capacity to pay interest and repay principal and differs from the higher rated issues only in small degree.

A Debt rated 'A' has a strong capacity to pay interest and repay principal although it is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than debt in higher rated categories.

BBB Debt rated 'BBB' is regarded as having an adequate capacity to pay interest and repay principal. Whereas it normally exhibits adequate protection parameters, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity to pay interest and repay principal for debt in this category than in higher rated categories.

BB, B, CCC, CC, C Debt rated 'BB', 'B', 'CCC', 'CC', 'C', is regarded, on balance, as predominantly speculative with respect to capacity to pay interest and repay principal in accordance with the terms of the obligation. 'BB' indicates the lowest degree of speculation and 'C' the highest degree of speculation. While such debt will likely have some quality and protective characteristics, these are outweighed by large uncertainties or major risk exposures to adverse conditions.

BB Debt rated 'BB' has less near-term vulnerability to default than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to inadequate capacity to meet timely interest and principal payments. The 'BB' rating category is also used for debt subordinated to senior debt that is assigned an actual or implied 'BBB-' rating.

B Debt rated 'B' has a greater vulnerability to default but currently has the capacity to meet interest payments and principal repayments. Adverse business, financial, or economic conditions will likely impair capacity or willingness to pay interest and repay principal. The 'B' rating category is also used for debt subordinated to senior debt that is assigned an

actual or implied 'BB' or 'BB-' rating.

CCC Debt rated 'CCC' has a currently identifiable vulnerability to default, and is dependent upon favorable business, financial, or economic conditions to meet timely payment of interest and repayment of principal. In the event of adverse business, financial, or economic conditions, it is not likely to have the capacity to pay interest and repay principal. The 'CCC' rating category is also used for debt subordinated to senior debt that is assigned an actual or implied 'B' or 'B-' rating.

CC The rating 'CC' is typically applied to debt subordinated to senior debt that is assigned an actual or implied 'CCC' rating.

C The rating 'C' is typically applied to debt subordinated to senior debt which is assigned an actual or implied 'CCC-' debt rating. The 'C' rating may be used to cover a situation where a bankruptcy petition has been filed, but debt service payments are continued.

CI The rating 'CI' is reserved for income bonds on which no interest is being paid.

D Debt rated 'D' is in payment default. The 'D' rating category is used when interest payments or principal payments are not made on the date due even if the applicable grace period has not expired, unless S&P believes that such payments will be made during such grace period. The 'D' rating also will be used upon the filing of a bankruptcy petition if debt service payments are jeopardized.

Plus (+) or Minus (-): The ratings from 'AA' to 'CCC' may be modified by the addition of a plus or minus sign to show relative standing within the major categories.