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SALOMON INC

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PROSPECTUS SUPPLEMENT
(To Prospectus Dated December 14, 1993)

1,000,000 ELKS SM (EQUITY-LINKED SECURITIES SM)

SALOMON INC

6.125% PRI COMMON EQUITY-LINKED SECURITIES DUE 1997

(ISSUE PRICE AND PRINCIPAL AMOUNT BASED ON THE PER SHARE PRICE OF THE PROMUS COMPANIES INCORPORATED COMMON STOCK)

The issue price (the "Issue Price") of each of the 6.125% PRI Common Equity-Linked Securities Due 1997 (an "ELK", and in the aggregate, the "ELKS") of Salomon Inc ("Salomon" or the "Company") being offered hereby will be $49.25 (the closing price of the Common Stock (the "PRI Common Stock") of The Promus Companies Incorporated ("PRI") on February 28, 1994, as quoted on the New York Stock Exchange Composite Tape). The ELKS will mature on March 15, 1997, subject to extension upon the occurrence of certain Non-Trading Days, but in any event not later than March 22, 1997.

The principal amount of each ELK payable at maturity will equal the lesser of (A) 150% of the Issue Price or (B) the average Closing Price of PRI Common Stock, subject to adjustment as a result of certain dilution events (see "Description of ELKS--Dilution Adjustments" herein), for the 10 Trading Days immediately prior to maturity. Interest on each ELK is payable quarterly on each March 15, June 15, September 15 and December 15, at the rate of 6.125% of the Issue Price per annum (or $3.017 per annum), beginning June 15, 1994. The ELKS are not subject to redemption by the Company prior to maturity.

PROSPECTIVE INVESTORS ARE ADVISED TO CONSIDER CAREFULLY THE INFORMATION CONTAINED UNDER "SPECIAL CONSIDERATIONS" HEREIN.

For a discussion of certain United States federal income tax consequences for holders of ELKS, see "Certain United States Federal Income Tax Considerations."

"PRI" is a trade name used by PRI. PRI is neither affiliated with the Company nor involved in this offering of ELKS. See "Special Considerations--Lack of Affiliation Between the Company and PRI."

"ELKS" and "Equity-Linked Securities" are service marks of Salomon Brothers Inc.

The ELKS have been approved for listing on the American Stock Exchange (the "AMEX"), subject to official notice of issuance. The AMEX symbol for the ELKS will be PLK.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS SUPPLEMENT OR THE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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	PRICE TO PUBLIC(1)	UNDERWRITING DISCOUNT	PROCEEDS TO COMPANY(1)(2)
Per ELK................................	$49.25	$1.31	$47.94
Total(3)...............................	$49,250,000	$1,310,000	$47,940,000

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(1) Plus accrued interest, if any, from March 7, 1994.
(2) Before deducting expenses payable by the Company estimated to be $131,000.
(3) The Company has granted to the Underwriters an option, exercisable for 30 days from the date of the Prospectus Supplement, to purchase up to an additional 150,000 ELKS to cover over-allotments, if any. If all such ELKS are purchased, the total Price to Public, Underwriting Discount and Proceeds to Company will be $56,637,500, $1,506,500 and $55,131,000, respectively.

The ELKS are offered subject to receipt and acceptance by the Underwriters, to prior sale and to the Underwriters' right to reject any order in whole or in part and to withdraw, cancel or modify the offer without notice. It is expected that delivery of the ELKS will be made at the office of The First National Bank of Chicago, One First National Plaza, Chicago, Illinois, on behalf of Salomon Brothers Inc, Seven World Trade Center, New York, New York, or through the facilities of the Depository Trust Company, on or about March 7, 1994.

The Company or one or more of its subsidiaries may from time to time purchase or acquire a position in ELKS and may, at their option, hold or resell such ELKS. Salomon Brothers Inc, an indirect wholly owned subsidiary of the Company, expects to offer and sell previously issued ELKS in the course of its business as a broker-dealer. Salomon Brothers Inc may act as principal or agent in such transactions. The Prospectus and this Prospectus Supplement may be used by the Company or any of its subsidiaries, including Salomon Brothers Inc, in connection with such transactions. Such sales, if any, will be made at varying prices related to prevailing market prices at the time of sale.

SALOMON BROTHERS INC   PRUDENTIAL SECURITIES INCORPORATED

The date of this Prospectus Supplement is February 28, 1994.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE ELKS OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET.

SUCH TRANSACTIONS MAY BE EFFECTED ON THE AMERICAN STOCK EXCHANGE OR OTHERWISE. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents, filed by the Company with the Securities and Exchange Commission (the "Commission") pursuant to Section 13 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (File No. 1-4346), are incorporated herein by reference: (i) the Company's Annual Report on Form 10-K for the year ended December 31, 1992; (ii) the Quarterly Reports on Form 10-Q for the quarters ended March 31, 1993, June 30, 1993 and September 30, 1993; and (iii) the Current Reports on Form 8-K dated January 12, 1993, January 19, 1993, February 1, 1993, February 3, 1993, February 22, 1993, March 4, 1993, April 22, 1993, July 22, 1993, October 14, 1993, October 21, 1993, October 27, 1993, November 5, 1993, December 17, 1993, January 12, 1994, January 18, 1994 and January 27, 1994. See "Incorporation of Certain Documents By Reference" in the Prospectus.

SALOMON INC

Salomon Inc was incorporated in 1960 under the laws of the State of Delaware. Its major operating units are engaged principally in securities, commodities trading and oil refining activities. Securities and related activities are conducted by Salomon Brothers Holding Company Inc and its subsidiaries and commodities trading by the Phibro Division of the Company. Oil refining activities are conducted by Phibro Energy USA, Inc., the owner of three oil refineries and other asset-based businesses.

RATIO OF EARNINGS TO FIXED CHARGES

Salomon's ratio of earnings to fixed charges was 1.25, 1.16, 1.08, 1.12, and 1.21 for the years 1992, 1991, 1990, 1989, and 1988, and 1.19 for the nine months ended September 30, 1993. Such ratios were calculated by dividing fixed charges into the sum of earnings before taxes and fixed charges. Fixed charges consist largely of interest expense, including capitalized interest, and a portion of rental expense representative of the interest factor. See "Ratio of Earnings to Fixed Charges" in the Prospectus.

USE OF PROCEEDS AND HEDGING

Before and/or after the initial offering of the ELKS, the Company or one or more of its subsidiaries will acquire PRI Common Stock or listed or over-the-counter options contracts in, or other derivative or synthetic instruments related to PRI Common Stock in connection with hedging the Company's obligations under the ELKS. The proceeds of the offering not used for such hedging will be used for corporate purposes. See "Use of Proceeds" in the Prospectus. From time to time after the initial offering and prior to the maturity of the ELKS, depending on market conditions (including the market price of PRI Common Stock), in connection with hedging with respect to the ELKS, the Company expects that it or one or more of its subsidiaries will increase or decrease their initial hedging positions using dynamic hedging techniques and may take long or short positions in PRI Common Stock, in listed or over-the-counter options contracts in, or other derivative or synthetic instruments related to, PRI Common Stock. In addition, the Company or one or more of its subsidiaries may purchase or otherwise acquire a long or short position in ELKS from time to time and may, in their sole discretion, hold or resell such ELKS. The Company or one or more of its subsidiaries may also take positions in other types of appropriate financial instruments that may become available in the future. To the extent that the Company or one or more of its subsidiaries have a long hedge position in PRI Common Stock or options contracts in, or other derivative or synthetic instruments related to, PRI Common Stock, the Company or one or more of its subsidiaries may liquidate a portion of their holdings at or about the time of the maturity of the ELKS. Depending, among other things, on future market conditions, the aggregate amount and the composition of such positions are likely to vary over time. Profits or losses from any such position cannot be ascertained until such position is closed out and any offsetting position or positions are taken into account.

THE PROMUS COMPANIES INCORPORATED

According to publicly available documents, PRI, a Delaware corporation, is a hospitality company with two business segments: (a) casino entertainment under the brand name Harrah's and (b) hotels under the brand names Embassy Suites, Hampton Inn and Homewood Suites. PRI is subject to the informational requirements of the Exchange Act. Accordingly, PRI files reports, proxy statements and other information with the Commission. Copies of such reports, proxy statements and other information may be inspected and copied at certain offices of the Commission.

THIS PROSPECTUS SUPPLEMENT RELATES ONLY TO THE ELKS OFFERED HEREBY AND DOES NOT RELATE TO THE PRI COMMON STOCK. ALL DISCLOSURES CONTAINED IN THIS PROSPECTUS SUPPLEMENT REGARDING PRI ARE DERIVED FROM THE PUBLICLY AVAILABLE DOCUMENTS DESCRIBED IN THE PRECEDING PARAGRAPH. NEITHER THE COMPANY NOR THE UNDERWRITERS HAVE PARTICIPATED IN THE PREPARATION OF SUCH DOCUMENTS, OR MADE ANY DUE DILIGENCE INQUIRY WITH RESPECT TO THE INFORMATION PROVIDED THEREIN. THERE CAN BE NO ASSURANCE THAT ALL EVENTS OCCURRING PRIOR TO THE DATE HEREOF (INCLUDING EVENTS THAT WOULD AFFECT THE ACCURACY OR COMPLETENESS OF THE PUBLICLY AVAILABLE DOCUMENTS DESCRIBED IN THE PRECEDING PARAGRAPH) THAT WOULD AFFECT THE TRADING PRICE OF PRI COMMON STOCK HAVE BEEN PUBLICLY DISCLOSED. BECAUSE THE PRINCIPAL AMOUNT OF THE ELKS PAYABLE AT MATURITY IS RELATED TO THE TRADING PRICE OF PRI COMMON STOCK, SUCH EVENTS, IF ANY, WOULD ALSO AFFECT THE TRADING PRICE OF THE ELKS.

PRICE RANGE AND DIVIDEND HISTORY OF PRI COMMON STOCK

PRI Common Stock is listed and traded on the New York Stock Exchange (the "NYSE") under the symbol PRI. The following table sets forth, for the periods indicated, the high and low sales prices on the NYSE for PRI Common Stock as reported on the NYSE Composite Tape.

	HIGH	LOW
1992		
Fourth Quarter	$56 1/4	$35 7/8
1993		
First Quarter	$37 1/2	$26 1/8
Second Quarter	48 3/4	34 3/8
Third Quarter	80 1/2	47
Fourth Quarter	55	39
1994		
First Quarter, as of the date hereof	54 1/4	46 1/8

Historically, cash dividends have not been declared on PRI Common Stock. The Company makes no representation as to the amount of dividends, if any, that PRI will pay in the future. In any event, holders of ELKS will not be entitled to receive any dividends that may be payable on PRI Common Stock.

SPECIAL CONSIDERATIONS

ELKS are novel and innovative securities. Accordingly, the AMEX requires its members and member organizations to sell ELKS only to investors whose accounts have been specifically approved for trading equity-linked securities.

As described in more detail below, the trading price of the ELKS may vary considerably prior to maturity due, among other things, to fluctuations in the price of PRI Common Stock and other events that are difficult to predict and beyond the Company's control.

COMPARISON TO OTHER DEBT SECURITIES

The terms of the ELKS differ from those of ordinary debt securities, in that the principal amount received at maturity is not fixed, but is based on the price of PRI Common Stock. There can be no assurance that the principal amount payable at maturity will be greater than the Issue Price and, if the price of PRI Common Stock at maturity is less than the Issue Price, such principal amount will be less, in which case an investment in ELKS may result in a loss.

RELATIONSHIP OF ELKS AND PRI COMMON STOCK

The market price of ELKS at any time is expected to be affected primarily by changes in the price of PRI Common Stock. As indicated in "Price Range of PRI Common Stock" herein, the price of PRI Common Stock has during certain recent periods been highly volatile.

It is impossible to predict whether the price of PRI Common Stock will rise or fall. Trading prices of PRI Common Stock will be influenced by PRI's operational results and by complex and interrelated political, economic, financial and other factors that can affect the capital markets generally, the stock exchanges on which PRI Common Stock is traded and the market segment of which PRI is a part. See "The Promus Companies Incorporated" herein.

DILUTION OF PRI COMMON STOCK

The principal amount of the ELKS payable at maturity is subject to adjustment for certain events arising from stock splits and combinations, stock dividends, extraordinary cash dividends and certain other actions of PRI that modify its capital structure. See "Description of ELKS--Dilution Adjustments" herein. The principal amount of the ELKS is not adjusted for other events, such as offerings of PRI Common Stock for cash, that may adversely affect the price of PRI Common Stock and, because of the relationship of such principal amount to the price of PRI Common Stock, may adversely affect the price of ELKS. There can be no assurance that PRI will not make offerings of PRI Common Stock in the future or as to the amount of such offerings, if any.

LACK OF AFFILIATION BETWEEN THE COMPANY AND PRI

The Company is not affiliated with PRI and, although the Company has no knowledge that any of the events described in the preceding subsection are currently being contemplated by PRI or of any event that would have a material adverse effect on PRI or on the price of PRI Common Stock, such events are beyond the Company's ability to control and are difficult to predict.

PRI is not involved in the offering of ELKS and has no obligations with respect to the ELKS, including any obligation to take the needs of the Company or of Holders of ELKS into consideration for any reason. PRI will not receive any of the proceeds of the offering of the ELKS made hereby and is not responsible for, and has not participated in, the determination of the timing of, prices for, or quantities of, the ELKS to be issued or in the determination or calculation of the principal amount to be paid at maturity. PRI is not involved with the administration, marketing or trading of the ELKS and has no obligations with respect to the principal amount to be paid to Holders of ELKS at maturity.

POSSIBLE ILLIQUIDITY OF THE SECONDARY MARKET

It is not possible to predict how the ELKS will trade in the secondary market or whether such market will be liquid or illiquid.

At issuance, the ELKS will be listed on the AMEX. However, there can be no assurance that the ELKS will not later be delisted or that trading in the ELKS on the AMEX will not be suspended. In the event of a delisting or suspension of trading on such exchange, the Company will use its best efforts to list the ELKS on another national securities exchange. If the ELKS are not listed or traded on any securities exchange, or if trading of the ELKS is suspended, pricing information for the ELKS may be more difficult to obtain, and the liquidity of the ELKS may be adversely affected.

DESCRIPTION OF ELKS

The ELKS are a series of Debt Securities to be issued under the Senior Debt Indenture described in the accompanying Prospectus. The ELKS will be issued only in fully registered form. Reference should be made to the accompanying Prospectus for a detailed summary of additional provisions of the ELKS and the Senior Debt Indenture under which the ELKS will be issued and to the Prospectus and the Senior Debt Indenture for the definitions of certain capitalized terms used herein.

The Trustee for the ELKS will be The First National Bank of Chicago, under a Senior Debt Indenture dated as of February 8, 1993, as amended from time to time. A copy of such Senior Debt Indenture has been filed with the Commission.

The aggregate number of ELKS to be issued will be 1,000,000 subject to the over-allotment option granted by the Company to the Underwriters (see "Underwriting" herein). The ELKS will mature on March 15, 1997, subject to extension in the case of certain Non-Trading Days, but in any event not later than March 22, 1997. At maturity, the Holder of an ELK will be entitled to receive the principal amount, which will equal the lesser of (A) 150% of the Issue Price or (B) the average Closing Price per share of the PRI Common Stock, subject to adjustment as a result of certain dilution events (see "Dilution Adjustments" below), for the 10 Trading Days immediately prior to maturity.

The "Closing Price" of any security on any date of determination means the closing sale price or last reported sale price of such security on the NYSE on such date or, if such security is not listed for trading on the NYSE on any such date, on such other national securities exchange or association that is the primary market for the trading of such security. A "Trading Day" is defined as a Business Day on which the security the Closing Price of which is being determined (A) is not suspended from trading on any national securities exchange or association at the close of business and (B) has traded at least once on the national securities exchange or association that is the primary market for the trading of such security. "Business Day" with respect to the ELKS means any day that is not a Saturday, a Sunday or a day on which the NYSE, the AMEX or banking institutions or trust companies in The City of New York are authorized or obligated by law or executive order to close.

The maximum aggregate principal amount payable at maturity of the ELKS is therefore $73,875,000 ($84,956,250, if the Underwriters' over-allotment option is exercised in full). The Company in the future may, however, "reopen" the issue of ELKS and issue additional ELKS at a later time or issue additional Debt Securities or other securities with terms similar to those of the ELKS, and such issuances may affect the trading value of the ELKS.

NON-TRADING DAYS

In the event that any of the 10 Business Days immediately prior to March 15, 1997 is not a Trading Day (a "Non-Trading Day"), the ELKS will not mature on March 15, 1997, but the maturity of the ELKS will be suspended one Trading Day for each Non-Trading Day; provided, however, that the ELKS will mature in any event not later than March 22, 1997. The ELKS will continue to accrue interest until the principal amount of the ELKS is paid at maturity, which, in the event that the maturity of the ELKS is suspended as a result of a Non-Trading Day, will be payable to the Holders of ELKS on the date of such suspended maturity.

INTEREST

Each ELK will bear interest from March 7, 1994 at the rate of 6.125% of the Issue Price per annum (or $3.017 per annum) until the principal amount thereof is paid or made available for payment. Interest on the ELKS will be payable quarterly in arrears on each March 15, June 15, September 15 and

December 15 (each an "Interest Payment Date"), beginning June 15, 1994, and at maturity. Interest on the ELKS will be computed on the basis of a 360-day year of twelve 30-day months. The interest to be paid June 15, 1994 will be $0.821 per ELK. Each payment of interest in respect of an Interest Payment Date will include interest accrued through the day before such Interest Payment Date. If an Interest Payment Date falls on a day that is not a Business Day, the interest payment to be made on such Interest Payment Date will be made on the next succeeding Business Day with the same force and effect as if made on such Interest Payment Date, and no additional interest will accrue as a result of such delayed payment. Interest payable on an ELK on any Interest Payment Date will be paid to the person in whose name such ELK is registered at the close of business on the last day of the calendar month immediately preceding such Interest Payment Date, or at 5:00 P.M., New York City time, on such last day, if such last day is not a Business Day.

DILUTION ADJUSTMENTS

The Closing Price of PRI Common Stock on any of the 10 Trading Days (the "10 Trading Days") used to calculate the principal amount of the ELKS payable at maturity shall be subject to adjustment as described below to the extent that any of the events requiring such adjustment occur during the period commencing on the date hereof and ending at the maturity of the ELKS:

(i) PRI COMMON STOCK DIVIDENDS, EXTRAORDINARY CASH DIVIDENDS AND OTHER DISTRIBUTIONS. In the event that a dividend or other distribution is declared (i) on any class of PRI's capital stock (or on the capital stock of any PRI Survivor, as defined in (iv) below) payable in shares of PRI Common Stock (or the common stock of any PRI Survivor) or (ii) on PRI Common Stock payable in cash in an amount greater than 10% of the Closing Price of PRI Common Stock on the date fixed for the determination of the shareholders of PRI entitled to receive such cash dividend (an "Extraordinary Cash Dividend"), any Closing Price of PRI Common Stock (or the common stock of any PRI Survivor) used to calculate the principal amount of the ELKS payable at maturity on any Trading Day that follows the date (the "PRI Record Date") fixed for the determination of the shareholders of PRI (or any PRI Survivor) entitled to receive such distribution shall be increased by multiplying such Closing Price by a fraction of which the numerator shall be the number of shares of PRI Common Stock (or the common stock of any PRI Survivor) outstanding on the PRI Record Date plus the number of shares constituting such distribution or, in the case of an Extraordinary Cash Dividend, plus the number of shares of PRI Common Stock that could be purchased with the amount of such Extraordinary Cash Dividend at the Closing Price of PRI Common Stock on the Trading Day immediately subsequent to such PRI Record Date, and the denominator shall be the number of shares of PRI Common Stock (or the common stock of any PRI Survivor) outstanding on the PRI Record Date.

(ii) SUBDIVISIONS AND COMBINATIONS OF PRI COMMON STOCK. In the event that the outstanding shares of PRI Common Stock (or the common stock of any PRI Survivor) are subdivided into a greater number of shares, the Closing Price of PRI Common Stock (or the common stock of any PRI Survivor) used to calculate the principal amount of the ELKS payable at maturity on any Trading Day that follows the date on which such subdivision becomes effective will be proportionately increased, and, conversely, in the event that the outstanding shares of PRI Common Stock (or the common stock of any PRI Survivor) are combined into a smaller number of shares, such Closing Price will be proportionately reduced.

(iii) RECLASSIFICATIONS OF PRI COMMON STOCK. In the event that PRI Common Stock (or the common stock of any PRI Survivor) is changed into the same or a different number of shares of any class or classes of stock, whether by capital reorganization, reclassification or otherwise (except to the extent otherwise provided in (i) or (ii) above or pursuant to a consolidation, merger, sale, transfer, lease or conveyance, liquidation, dissolution or winding up, as described in (iv) below), the principal amount of the ELKS payable at maturity shall be calculated by using the

Closing Prices of the shares of stock into which a share of PRI Common Stock (or the common stock of any PRI Survivor) was changed on any Trading Day that follows the effectiveness of such change.

(iv) DISSOLUTION OF PRI; MERGERS, CONSOLIDATIONS OR SALES OF ASSETS IN WHICH PRI IS NOT THE SURVIVING ENTITY; SPIN-OFFS. In the event of any (A) consolidation or merger of PRI, or any surviving entity or subsequent surviving entity of PRI (a "PRI Survivor") with or into another entity (other than a consolidation or merger in which PRI is the surviving entity), (B) sale, transfer, lease or conveyance of all or substantially all of the assets of PRI or any PRI Survivor, (C) liquidation, dissolution or winding up of PRI or any PRI Survivor or (D) any declaration of a distribution on PRI Common Stock of the common stock of any subsidiary of PRI (a "PRI Spin-Off") (any of the events described in (A), (B), (C) or (D), a "Reorganization Event"), for purposes of determining the principal amount of each ELK payable at maturity, the Closing Price of PRI Common Stock on any Trading Day subsequent to the effective time of any Reorganization Event will be deemed to be the value of the cash and other property (including securities) received by a holder of a share of PRI Common Stock in any such Reorganization Event plus, in the case of a PRI Spin-Off, the value of a share of PRI Common Stock, or, to the extent that such holder obtains securities in any Reorganization Event, the value of the cash and other property received by the holder of such securities in any subsequent Reorganization Event. For purposes of determining any such Closing Prices, the value of (A) any cash and other property (other than securities) received in any such Reorganization Event will be an amount equal to the value of such cash and other property at the effective time of such Reorganization Event and (B) any property consisting of securities received in any such Reorganization Event will be an amount equal to the Closing Prices of such securities.

NOTWITHSTANDING THE FOREGOING, THE PRINCIPAL AMOUNT OF EACH ELK PAYABLE AT MATURITY WILL NOT, UNDER ANY CIRCUMSTANCES, EXCEED 150% OF THE ISSUE PRICE (OR $73.875 PER ELK).

REDEMPTION

The ELKS are not subject to redemption prior to maturity.

DEFEASANCE

The defeasance provisions described in the accompanying Prospectus will not be applicable to the ELKS.

CERTIFICATES

The ELKS will be evidenced by certificates in fully registered form (each, a "Certificate"). The Trustee will from time to time register the transfer of any outstanding Certificate upon surrender thereof at the Trustee's Office, duly endorsed by, or accompanied by a written instrument or instruments of transfer in a form satisfactory to the Trustee duly executed by, the Holder thereof, a duly appointed legal representative or a duly authorized attorney. Such signature must be guaranteed by a bank or trust company having a correspondent office in New York City or by a broker or dealer that is a member of the National Association of Securities Dealers, Inc. (the "NASD") or a member of a national securities exchange. A new Certificate will be issued to the transferee upon any such registration of transfer.

At the option of a Holder, Certificates may be exchanged for other Certificates representing a like amount of ELKS, upon surrender to the Trustee at the Trustee's Office of the Certificates to be exchanged. The Company will thereupon execute, and the Trustee will countersign and deliver, one or more new Certificates representing such like amount of ELKS.

If any Certificate is mutilated, lost, stolen or destroyed, the Company shall execute, and the Trustee shall countersign and deliver, in exchange and substitution for such mutilated Certificate, or in replacement for such lost, stolen or destroyed Certificate, a new Certificate representing the same principal amount represented by such Certificate, but only upon receipt of evidence satisfactory to the Company and to the Trustee of loss, theft or destruction of such Certificate and security or indemnity, if requested, satisfactory to them. Holders requesting replacement Certificates must also comply with such other reasonable regulations as the Company or the Trustee may prescribe.

No service charge will be made for any registration of transfer or exchange of Certificates, but the Company may require the payment of a sum sufficient to cover any tax or governmental charge that may be imposed in connection therewith, other than exchanges not involving any transfer. In the case of the replacement of mutilated, lost, stolen or destroyed Certificates, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith and any other expenses (including the fees and expenses of the Trustee) connected therewith.

CERTAIN FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of the principal U.S. federal income tax consequences that may be relevant to a holder of an ELK that is a citizen or resident of the United States, a corporation, partnership or other entity created or organized under the laws of the United States, an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source (a "U.S. person") or a holder that is otherwise subject to U.S. federal income taxation on a net income basis in respect of an ELK (such a holder and any U.S. person, a "U.S. holder").

This summary is based on the U.S. federal income tax laws, regulations, rulings and decisions now in effect (or, in the case of certain Treasury regulations, now in proposed form), all of which are subject to change. Except to the extent discussed below under "Non-United States Persons", this summary deals only with U.S. holders that will hold ELKS as capital assets. Except as specifically noted, this summary does not address tax considerations applicable to investors that may be subject to special tax rules, such as banks, insurance companies, dealers in securities, persons that will hold ELKS as a position in a "straddle" for tax purposes or as part of a "synthetic security" or a "conversion transaction" or other integrated investment comprised of an ELK and one or more other investments, or persons that have a functional currency other than the U.S. dollar. It does not include any description of the tax laws of any state or local governments or of any foreign government that may be applicable to the ELKS or to the holders thereof. Investors (including tax-exempt investors) should consult their own tax advisors in determining the tax consequences to them of holding ELKS, including the application to their particular situation of the U.S. federal income tax considerations discussed below, as well as the application of state, local or other tax laws.

There are no regulations, published rulings or judicial decisions addressing the characterization for federal income tax purposes of securities with terms substantially the same as the ELKS. The Company intends to treat an ELK for

U.S. federal income tax purposes as a combination of a fixed loan in an amount equal to the issue price of the ELK and the application of the principal repayment of that loan at maturity to a capped cash-settled forward purchase contract on PRI Common Stock. Accordingly, under this approach, upon the sale, exchange, retirement or other disposition of an ELK, a U.S. holder generally will recognize gain or loss equal to the difference between the amount realized on the sale, exchange, retirement or other disposition and the U.S. holder's tax basis in the ELK. Such gain or loss generally will be long-term capital gain or loss if the U.S. holder has held the ELK for more than one year at the time of disposition, except that in the event of a retirement of the ELK, such gain or loss may be ordinary.

Under the approach described above, the Company intends to treat each payment of interest on an ELK as ordinary interest income to the holder of the ELK. Any such interest income would be includable in income in accordance with the holder's regular method of tax accounting.

The Internal Revenue Service may contend that an ELK should be characterized for federal income tax purposes in a manner different from the approach described above. For example, the Internal Revenue Service may contend that the ELKS should be characterized as contingent payment debt instruments of the Company. Under this analysis, the ELKS would be subject to certain proposed Treasury regulations dealing with "contingent payment" debt instruments (the "Proposed Regulations"). Under the Proposed Regulations, payment of interest on an ELK would be treated as a non-taxable return of the holder's investment in the ELK. The amount payable at maturity of the ELK would be treated first as a non-taxable return of the holder's investment in the ELK until, after taking into account the amount of any previous payments treated as a return of the holder's investment, the holder has recovered the full amount of its investment, and thereafter would be taxable as interest income to the holder. If a holder receives total payments in respect of an ELK in an amount less than the amount of its investment in the ELK, the holder generally would recognize a capital loss, which would be a long-term capital loss if the holder has held the ELK for more than one year. It is unclear, under the Proposed Regulations, whether gain from the sale of the ELK would be ordinary income or capital gain. Any loss recognized by the holder of the ELK, however, would generally be a capital loss, which would be a long-term capital loss if the holder has held the ELK for more than one year.

The Internal Revenue Service has indicated that it is considering withdrawing the Proposed Regulations, and may replace them with a rule that requires some minimum amount of interest income to be accrued on all contingent payment debt instruments. It is impossible to predict whether, or in what manner, the Proposed Regulations may be modified and whether any modifications would apply to the ELKS.

The distinction between capital gain or loss and ordinary income or loss is important for purposes of the limitations on a U.S. holder's ability to offset capital losses against ordinary income. In addition, certain individuals are subject to taxation at a reduced rate on long-term capital gains.

NON-UNITED STATES PERSONS

In the case of a holder of the ELKS that is not a U.S. person, the Company believes that payments made with respect to the ELKS should not be subject to U.S. withholding tax, provided that such holder complies with applicable certification requirements. Any capital gain realized upon the sale or other disposition of the ELKS by a holder that is not a U.S. person will generally not be subject to U.S. federal income tax if (i) such gain is not effectively connected with a U.S. trade or business of such holder and (ii) in the case of an individual, such individual is not present in the United States for 183 days or more in the taxable year of the sale or other disposition or the gain is not attributable to a fixed place of business maintained by such individual in the United States.

BACKUP WITHHOLDING AND INFORMATION REPORTING

A holder of an ELK may be subject to information reporting and to backup withholding at a rate of 31 percent of certain amounts paid to the holder unless such holder (a) is a corporation or comes within certain other exempt categories and, when required, provides proof of such exemption or (b) provides a correct taxpayer identification number, certifies as to no loss of exemption from backup withholding and otherwise complies with applicable requirements of the backup withholding rules. Information reporting and backup withholding do not apply to payments made to a holder of an ELK that is not a U.S. person if the beneficial owner of the ELK certifies as to its non-U.S. status or otherwise establishes an exemption, provided that the Company or its agent does not have actual knowledge that the holder is a U.S. person.

Payment of the proceeds from the sale of an ELK to or through a foreign office of a broker will not be subject to information reporting or backup withholding, except that if the broker is a U.S. person, a controlled foreign corporation for U.S. tax purposes or a foreign person 50 percent or more of whose gross income from all sources for the three-year period ending with the close of its taxable year preceding the payment was effectively connected with a U.S. trade or business, information reporting may apply to such payments. Payment of the proceeds from a sale of an ELK to or through the U.S. office of a broker is subject to information reporting and backup withholding unless the holder or beneficial owner certifies as to its non-U.S. status or otherwise establishes an exemption from information reporting and backup withholding.

Any amounts withheld under the backup withholding rules are not an additional tax and may be credited against the U.S. holder's U.S. Federal income tax liability, provided that the required information is furnished to the IRS.

UNDERWRITING

Subject to the terms and conditions set forth in an underwriting agreement among the Company and the Underwriters (the "Underwriting Agreement"), the Company has agreed to sell to each of Salomon Brothers Inc and Prudential Securities Incorporated (the "Underwriters"), and each of the Underwriters has severally agreed to purchase, the number of ELKS set forth opposite its name below.

NAME	NUMBER OF ELKS
Salomon Brothers Inc	500,000
Prudential Securities Incorporated	500,000
Total	1,000,000

The Company has been advised by the Underwriters that the Underwriters propose initially to offer the ELKS to the public at the public offering price set forth on the cover page of this Prospectus Supplement, and to certain dealers at such price less a concession not in excess of $0.78. After the initial public offering, the public offering price and such concession may be changed from time to time.

The Company has granted the Underwriters an option, exercisable within thirty days of the date of this Prospectus Supplement, to purchase up to 150,000 additional ELKS from the Company at the same price per ELK as described above. This option may be exercised only for the purpose of covering over-allotments, if any, made in the sale of the ELKS offered hereby.

Application has been made to list the ELKS on the AMEX. The Company will use its best efforts to maintain the listing of the ELKS on the AMEX or another national securities exchange. Nevertheless, no assurances can be given as to the liquidity of the market for the ELKS. See "Special Considerations--Possible Illiquidity of the Secondary Market" herein.

The Underwriting Agreement provides that the Company will indemnify the Underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended, or contribute to payments the Underwriters may be required to make in respect thereof.

The Underwriting Agreement provides that the obligations of the Underwriters are subject to certain conditions precedent and that the Underwriters will purchase all the ELKS if any are purchased.

Salomon Brothers Inc is an indirect wholly owned subsidiary of the Company. The participation of Salomon Brothers Inc in the offer and sale of the ELKS complies with the requirements of Schedule E of the By-Laws of the NASD regarding underwriting securities of an affiliate.

NO DEALER, SALESPERSON OR ANY OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS SUPPLEMENT AND THE PROSPECTUS IN CONNECTION WITH THE OFFER CONTAINED HEREIN AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR THE UNDERWRITERS. NEITHER THE DELIVERY OF THIS PROSPECTUS SUPPLEMENT AND THE PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATES AS OF WHICH INFORMATION IS GIVEN IN THIS PROSPECTUS SUPPLEMENT AND THE PROSPECTUS. THIS PROSPECTUS SUPPLEMENT AND THE PROSPECTUS DO NOT CONSTITUTE AN OFFER OR SOLICITATION BY ANYONE IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED OR IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION.

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1,000,000 ELKS

SALOMON INC

6.125% PRI COMMON EQUITY-LINKED SECURITIES DUE 1997

SALOMON BROTHERS INC

PRUDENTIAL SECURITIES INCORPORATED

PROSPECTUS SUPPLEMENT

DATED FEBRUARY 28, 1994