FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1994-05-13** | Period of Report: **1994-03-31**
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FILER

LEUCADIA NATIONAL CORP
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SIC: **6199** Finance services

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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[x] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the quarterly period ended March 31, 1994

or

[_] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the transition period from ___________ to ___________

Commission file number: 1-5721

LEUCADIA NATIONAL CORPORATION

(Exact Name of Registrant as Specified in its Charter)

New York	13-2615557
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

315 Park Avenue South
New York, New York 10010-3607
(212) 460-1900

(Address, Including Zip Code, and Telephone Number, Including Area Code of Registrant's Principal Executive Offices)

N/A

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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 [_]

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY
PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes [_] No [_]

APPLICABLE ONLY TO CORPORATE ISSUERS: Indicate the number of shares outstanding of each of the issuer's classes of common stock, at May 6, 1994: 27,973,623.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

LEUCADIA NATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
March 31, 1994 and December 31, 1993
(Dollars in thousands, except par value)

	March 31, 1994 (Unaudited)	December 31, 1993
ASSETS		
Investments:		
Available for sale (aggregate cost of $2,385,158 and $2,447,180)	$2,384,367	$2,524,493
Trading securities (aggregate cost of $39,409 and $40,578)	38,630	41,984
Held to maturity (aggregate market value of $76,270 and $77,243)	75,711	74,796
Policyholder loans	17,954	18,138
Other long-term investments, including accrued interest income	31,841	38,559
Total investments	2,548,503	2,697,970
Cash and short-term investments	342,292	291,414
Reinsurance receivable, net	445,623	462,671
Trade, notes and other receivables, net	461,976	390,394
Prepaids and other assets	160,847	161,441
Property, equipment and leasehold improvements, net	99,392	99,741
Deferred policy acquisition costs and value of insurance in force	60,394	55,410
Deferred income taxes	137,675	114,001
Separate and variable accounts	355,010	335,357
Investments in associated companies	85,684	80,873
Total	$4,697,396	$4,689,272
LIABILITIES		
Customer banking deposits	$ 170,904	$ 173,365
Trade payables and expense accruals	162,164	164,533
Other liabilities	131,242	110,396
Income taxes payable	39,430	40,378
Policy reserves	2,101,631	2,105,408
Unearned premiums	402,515	380,260
Separate and variable accounts	354,355	334,636
Liability for unredeemed trading stamps	54,159	58,541
Debt, including current maturities	396,426	401,335
Total liabilities	3,812,826	3,768,852
Minority interest	12,064	12,564
SHAREHOLDERS' EQUITY		
Common shares, par value $1 per share, authorized 150,000,000 shares; 27,948,823 and 27,897,023 shares issued and outstanding, after deducting 30,261,364 and 30,260,664 shares held in treasury	27,949	27,897
Additional paid-in capital	125,452	125,013
Net unrealized gain (loss) on investments	(148)	49,912
Retained earnings	719,253	705,034
Total shareholders' equity	872,506	907,856
Total	$4,697,396	$4,689,272

See notes to interim consolidated financial statements.

LEUCADIA NATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
For the three months ended March 31, 1994 and 1993
(Dollars in thousands, except per share amounts)
(Unaudited)

<TABLE>
<CAPTION>

<S>	1994 <C>	1993 <C>
Revenues:		
Insurance revenues and commissions	$217,583	$221,537
Manufacturing	46,650	44,599
Trading stamps	5,207	6,704
Finance	9,670	7,507
Investment and other income	58,465	66,769
Net securities gains (losses)	(1,467)	12,970
	336,108	360,086
Expenses:		
Provision for insurance losses and policy benefits	207,993	205,013
Insurance commissions	719	1,011
Cost of goods sold:		
Manufacturing	32,489	30,805
Trading stamps	55	701
Interest	10,771	9,176
Salaries	20,927	20,997
Selling, general and other expenses	40,878	50,760
Minority interest	242	477
	314,074	318,940
Income before income taxes and cumulative effects of changes in accounting principles	22,034	41,146
Provision for income taxes:		
Currently payable	3,931	3,205
Applied to deferred taxes	3,884	12,089
	7,815	15,294
Income before cumulative effects of changes in accounting principles	14,219	25,852
Cumulative effects of changes in accounting principles	-	129,195
Net income	$ 14,219	$155,047
Earnings per common and dilutive common equivalent share:		
Income before cumulative effects of changes in accounting principles	$.49	$ .88
Cumulative effects of changes in accounting principles	-	4.37
Net income	$.49	$5.25
Fully diluted earnings per common share:		
Income before cumulative effects of changes in accounting principles	$.49	$ .87
Cumulative effects of changes in accounting principles	-	4.25
Net income	$.49	$5.12

</TABLE>

See notes to interim consolidated financial statements.

LEUCADIA NATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three months ended March 31, 1994 and 1993
(Dollars in thousands)
(Unaudited)

<TABLE>
<CAPTION>

<S>	1994 <C>	1993 <C>
Net cash flows from operating activities:		
Net income	$ 14,219	$ 155,047
Adjustments to reconcile net income to net cash provided by operations:		
Cumulative effects of changes in accounting principles	-	(129,195)
Reduction of SFAS 109 deferred tax asset, principally the benefit from utilization of tax loss carryforwards	3,884	12,089
Depreciation and amortization of property, equipment and leasehold improvements	4,246	4,068
Other amortization	23,961	21,198
Provision for doubtful accounts	2,869	2,129
Net securities (gains) losses	1,467	(12,970)
Equity in losses of associated companies	2,765	845
(Gain) related to El Salvador government bonds receivable	(8,458)	-
Purchases of investments classified as trading	(24,340)	-
Proceeds from sales of investments classified as trading	26,371	-
Net change in reinsurance receivable	17,048	15,870
Net change in trade, notes and other receivables	(44,019)	(49,705)
Net change in prepaids and other assets	(13,084)	(14,187)
Deferred policy acquisition costs incurred and deferred	(25,863)	(21,981)
Net change in trade payables and expense accruals	(3,908)	2,806
Net change in other liabilities	20,317	14,649
Net change in income taxes	(908)	(2,576)
Net change in policy reserves	1,550	(21,652)
Net change in unearned premiums	22,255	33,021
Decrease in liability for unredeemed trading stamps	(4,382)	(3,202)
Minority interest	242	477
Other	532	(1,277)
Net cash provided by operating activities	16,764	5,454
Net cash flows from investing activities:		
Acquisition of property, equipment and leasehold improvements	(4,705)	(4,103)
Proceeds from disposals of property, equipment and leasehold improvements	931	1,168
Advances on loan receivables	(38,709)	(30,012)
Principal collections on loan receivables	30,876	26,988
Purchases of investments (other than short-term)	(295,293)	(637,688)
Proceeds from maturities of investments	123,026	81,108
Proceeds from sales of investments	230,675	219,012
Net cash provided by (used for) investing activities	46,801	(343,527)
Net cash flows from financing activities:		
Net change in credit agreement and other short-term borrowings	(340)	(1,742)
Net change in customer banking deposits	(2,386)	(43)
Net change in policyholder account balances	(5,327)	(66,515)
Issuance of long-term debt, net of issuance costs	-	96,786
Reduction of long-term debt	(4,604)	(722)
Purchase of common shares for treasury	(30)	(526)
Net cash provided by (used for) financing activities	(12,687)	27,238

Net increase (decrease) in cash and short-term investments	50,878	(310,835)
Cash and short-term investments at January 1,	291,414	670,599
Cash and short-term investments at March 31,	$ 342,292	$ 359,764

</TABLE>

See notes to interim consolidated financial statements.

LEUCADIA NATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the three months ended March 31, 1994 and 1993
(Dollars in thousands, except par value)
(Unaudited)

<TABLE>
<CAPTION>

<S>	Common Shares $1 Par Value <C>	Additional Paid-In Capital <C>	Net Unrealized Gain (Loss) on Investments <C>	Retained Earnings <C>	Total <C>
Balance, January 1, 1993	$27,945	$123,656	$ 9	$466,551	$618,161
Exercise of options to purchase common shares	98	825			923
Purchase of stock for treasury	(12)	(514)			(526)
Net change in unrealized gain (loss) on investments			206		206
Income tax benefit related to warrant and option transactions recognized upon adoption of SFAS 109		9,410			9,410
Net income				155,047	155,047
Balance, March 31, 1993	$28,031	$133,377	$ 215	$621,598	$783,221
Balance, January 1, 1994	$27,897	$125,013	$ 49,912	$705,034	$907,856
Exercise of options to purchase common shares	53	468			521
Purchase of stock for treasury	(1)	(29)			(30)
Net change in unrealized gain (loss) on investments			(50,060)		(50,060)
Net income				14,219	14,219
Balance, March 31, 1994	$27,949	$125,452	$ (148)	$719,253	$872,506

</TABLE>

See notes to interim consolidated financial statements.

LEUCADIA NATIONAL CORPORATION
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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1. The unaudited interim consolidated financial statements, which reflect all adjustments (consisting only of normal recurring items) that management believes necessary to present fairly results of interim operations, should be read in conjunction with the Notes to Consolidated Financial Statements (including the Summary of Significant Accounting Policies) included in the Company's audited consolidated financial statements for the year ended December 31, 1993, which are included in the Company's Annual Report filed on Form 10-K for such year (the "1993 10-K"). Results of operations for interim periods are not necessarily indicative of annual results of operations. The consolidated balance sheet at December 31, 1993 was extracted from the audited annual financial statements and does not include all disclosures required by generally accepted accounting principles for annual financial statements.

   Certain amounts for prior periods have been reclassified to be consistent with the 1994 presentation.

2. As more fully described in the 1993 10-K, the results of the most recent statistical studies of trading stamp redemptions indicate that the recorded liability for unredeemed trading stamps is in excess of the amount that ultimately will be required to redeem trading stamps outstanding. Although the Company believes a significant change in redemption patterns has occurred, the amount of the excess may be different than is indicated by these studies. Accordingly, the Company is amortizing the aggregate apparent excess over a five year period. The amount of amortization of such apparent excess, which is reflected in results of operations in the caption "Cost of goods sold," was approximately $3,000,000 for each of the three month periods ended March 31, 1994 and 1993. Based on the latest studies, the unamortized apparent excess at March 31, 1994 was approximately $14,140,000. The Company provided the liability for unredeemed trading stamps based on the estimate that approximately 75% of stamps issued during the three month periods ended March 31, 1994 and 1993 ultimately will be redeemed.

3. In March 1993, in settlement of claims related to El Salvador's 1986 seizure of the assets of Compania de Alumbrado Electrico de San Salvador, S.A. ("CAESS"), the Company received cash of approximately $5,300,000 and approximately $12,000,000 principal amount of 6% U.S. dollar denominated El Salvador Government bonds due in instalments through 1996. The Company has recognized the gain on the cash basis. During the first quarter of 1994, the Company disposed of the remaining bonds and reported a pre-tax gain of approximately $8,458,000, which gain is included in the caption "Investment and other income." Gains recognized in 1993 were not significant.

4. During the first quarter of 1994, the Company agreed to acquire a 30% interest in Caja de Ahorro y Seguro S.A. ("Caja") for a preliminary purchase price (subject to audit adjustment) of

approximately $46,000,000, including costs. Caja is a holding company whose subsidiaries are engaged in property and casualty insurance, life insurance and banking in Argentina. Caja has (unaudited) assets in excess of approximately $500,000,000. Reliable historical operating data for Caja is not available. The acquisition closed in April 1994. The Company believes that Caja will not constitute a "significant subsidiary."

5. During 1992, the Company concluded that the profitability of its existing block of single premium deferred annuity ("SPDA") business was unlikely to achieve acceptable operating results in the future. Accordingly, principally starting in the fourth quarter of 1992, the Company offered certain of its existing SPDA policyholders the opportunity to exchange their policies for SPDA policies of an unrelated insurer and entered into a

reinsurance agreement (which closed in stages in 1992 and 1993) to reinsure certain blocks of SPDA business with a second unrelated insurer. In connection with the 1993 SPDA closing (which involved reinsurance of policies with account balances of approximately $47,187,000 on the date of closing in 1993) there was no significant net gain or loss. The Company is maximizing the return on any remaining SPDA policies by reducing crediting rates to the minimum permitted. As a result, the Company believes a substantial portion of the remaining SPDA policyholders will terminate their policies over a period of time.

6. Effective as of January 1, 1993, the Company adopted Statement of Financial Accounting Standards No. 109 "Accounting for Income Taxes" ("SFAS 109"), Statement of Financial Accounting Standards No. 106 "Employers' Accounting for Postretirement Benefits Other Than Pensions" ("SFAS 106"), Statement of Financial Accounting Standards No. 112 "Employers' Accounting for Postemployment Benefits" ("SFAS 112"), Statement of Financial Accounting Standards No. 113 "Accounting and Reporting for Reinsurance of Short-Duration and Long-Duration Contracts" ("SFAS 113") and Financial Accounting Standards Board's Emerging Issues Task Force Consensus No. 93-6 "Accounting for Multiple-Year Retrospectively Rated Contracts by Ceding and Assuming Enterprises" ("EITF 93-6"). As a result of adoption of SFAS 109, SFAS 106, SFAS 112 and EITF 93-6, the cumulative effects of such changes through January 1, 1993 were recorded as of the date of adoption and were principally reflected in results of operations as "Cumulative effects of changes in accounting principles." In addition, as a result of adoption of SFAS 109, certain acquired intangibles were reduced (for benefits of acquired tax loss carryforwards) and shareholders' equity was directly increased (as a result of prior stock transactions).

A summary of the amounts included in cumulative effects of changes in accounting principles and related per share amounts, for the three month period ended March 31, 1993 is as follows (in thousands, except per share amounts):

<TABLE>
<CAPTION>

		Per Share	
	Amount	Primary	Fully Diluted
<S>	<C>	<C>	<C>
SFAS 109	$127,152	$4.31	$4.18
SFAS 106, less income taxes of $2,298	(4,461)	(.15)	(.15)
SFAS 112, less income taxes of $1,632	(3,168)	(.11)	(.10)
EITF 93-6, less income taxes of $4,982	9,672	.32	.32
	$129,195	$4.37	$4.25

</TABLE>

7. Earnings per common and dilutive common equivalent share were calculated by dividing net income by the sum of the weighted average number of common shares outstanding and the incremental weighted average number of shares issuable upon exercise of outstanding options and warrants for the periods they were outstanding. The number of shares used to calculate primary earnings per share amounts was 29,146,000 for 1994 and 29,514,000 for 1993.

Fully diluted earnings per share was calculated as described above and, for 1993, also assumes the outstanding 5 1/4% Convertible Subordinated Debentures due 2003 had been converted into Common Shares for the period they were outstanding and earnings increased for the interest on such debentures, net of the income tax effect. Conversion was not assumed for the 1994 period since the effect of such assumed conversion would have been to increase earnings per share. The number of shares used to calculate fully diluted earnings per share was 29,146,000 for 1994 and 30,383,000 for 1993.

8. Cash paid for interest and income taxes (net of refunds) was $13,405,000 and $4,944,000, respectively, for the three month period ended March 31, 1994 and $7,741,000 and $5,740,000, respectively, for the three month period ended March 31, 1993.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Interim Operations.

The following should be read in conjunction with the Management's Discussion and Analysis of Financial Condition and Results of Operations included in the 1993 10-K.

Liquidity and Capital Resources

During each of the three month periods ended March 31, 1994 and 1993, the Company operated profitably and net cash was provided from operations.

During the first quarter of 1994, the Company did not utilize its bank Credit Agreement facilities, except for certain minor amounts borrowed to meet daily cash requirements.

In March 1993, in settlement of claims related to El Salvador's 1986 seizure of CAESS's assets, the Company received cash of approximately $5,300,000 and approximately $12,000,000 principal amount of 6% U.S. dollar denominated El Salvador Government bonds due in instalments through 1996. During the first quarter of 1994, the Company disposed of the remaining bonds for cash and a pre-tax gain of approximately $8,458,000.

During the first quarter of 1994, the Company agreed to acquire a 30% interest in Caja for a preliminary purchase price (subject to audit adjustment) of approximately $46,000,000, including costs. Caja is a holding company whose subsidiaries are engaged in property and casualty insurance, life insurance and banking in Argentina. Caja has (unaudited) assets in excess of approximately $500,000,000. Reliable historical operating data for Caja is not available. The acquisition closed in April 1994. The Company believes that Caja will not constitute a "significant subsidiary."

As more fully described in the 1993 10-K, as of December 31, 1993 the Company adopted Statement of Financial Accounting Standards No. 115 "Accounting for Certain Investments in Debt and Equity Securities," which requires securities classified as "available for sale" to be carried at market value with the corresponding adjustment reflected directly in shareholders' equity. Principally as a result of increases in market interest rates during 1994, the unrealized gain on investments at the end of 1993 became an unrealized loss of $148,000 as of March 31, 1994. While this has resulted in a reduction in shareholders' equity, it had no effect on cash flows. Further, the Company believes that the high quality and relatively short duration of its investment portfolios will enable it to take advantage of higher interest rates and suffer relatively smaller reductions in aggregate market value than others in its industries.

New Jersey's insurance laws require all automobile insurers to share in the losses of the newly established successor (the "MTF") to its insurance pool for high risk drivers (the "JUA") based on their depopulation share of the JUA, as set by the New Jersey Department of Insurance. Although the amount of the MTF deficit has not yet been finalized, based on certain current estimates of the MTF deficit (which are subject to change), the Colonial Penn property and casualty group, subsidiaries of the Company, would be assessed approximately $15,800,000. In February 1994, the Colonial Penn property and casualty group paid approximately $5,300,000 of this possible assessment into a court mandated escrow account. While the New Jersey Insurance Department has adopted regulations which would permit an insurer, with the approval of the Insurance Department, to recover amounts paid to the MTF through surcharges to policyholders, there can be no assurance that the Colonial Penn

property and casualty group would be permitted to surcharge its policyholders for all or even part of any future deficit assessment. The Colonial Penn property and casualty group had previously provided for its portion of the MTF loss.

Results of Operations

Three Months Ended March 31, 1994 Compared to the Three Months Ended March 31, 1993

Earned premium revenues of the property and casualty insurance operations were approximately $174,382,000 and $174,784,000 for the three month periods ended March 31, 1994 and 1993, respectively. The decrease reflects a decline in premium levels applicable to the Colonial Penn property and casualty insurance group offset in part by increases in certain premium rates and increased premium volume applicable to the Empire Insurance Group. The decline in earned premiums of the Colonial Penn property and casualty insurance operations was anticipated. The Company believes its present marketing efforts have resulted in new business which to some degree offsets the normal attrition of existing business at Colonial Penn. The Company believes it is likely that new business generated will be greater than business lost through normal attrition by the end of 1994, although there can be no assurance that this will be achieved.

Earned premium revenues of the life and health insurance operations were approximately $43,201,000 and $46,753,000 for the three month periods ended March 31, 1994 and 1993, respectively. The decrease in earned premium revenues principally results from the run-off of the agent sold medicare supplement business, which the Company ceased marketing at December 31, 1992 due to inadequate profitability.

Manufacturing revenues increased in the first quarter of 1994 compared to the first quarter of 1993, principally at the divisions selling padding, absorbent and erosion control products, electrical products and commercial office furnishings and acoustical products.

Trading stamp revenues decreased in the 1994 period compared to the 1993 period principally due to reduced demand from existing customers.

Finance revenues reflect the level of consumer instalment loans. As more fully described in the 1993 10-K, based on its experience in providing collateralized automobile loans to individuals with poor credit histories, the Company concluded that there were excellent opportunities for successful expansion of this business. Accordingly, on a controlled basis the Company is increasing its investments in such loans. Such loans approximated $84,918,000 at March 31, 1994 and $73,321,000 at December 31, 1993.

Investment and other income decreased in the first quarter of 1994 compared to the first quarter of 1993. The decrease was the result of a lower level of investments due to the disposition of certain life insurance product lines and lower available interest rates. Investment and other income for the 1993 period includes revenues related to the Company's former motivation subsidiary, whose net assets were transferred to a new joint venture in early 1993, in exchange for a 45% equity interest in the joint venture. Investment and other income for the 1994 period includes approximately $8,458,000 related to the disposition of the El Salvador government bonds receivable, as described more fully above.

Net securities gains (losses) were ($1,467,000) for the first quarter of 1994 compared to $12,970,000 for the first quarter of 1993. Included in the 1994

period are provisions for write-downs of investments of approximately $3,568,000.

Provision for insurance losses and policy benefits of the life and health operations decreased in 1994 compared to 1993 principally due to lower earned premiums and insurance in force (including the single premium whole life business that was sold in June 1993).

The Company's loss ratios for its property and casualty operations were as follows:

<TABLE>
<CAPTION>

<S>	1994 <C>	1993 <C>
Loss Ratio:		
GAAP	88.9%	78.2%
SAP	88.9%	77.2%
Expense Ratio:		
GAAP	17.1%	21.8%
SAP	16.2%	17.4%
Combined Ratio:		
GAAP	106.0%	100.0%
SAP	105.1%	94.6%

</TABLE>

The provision for insurance losses and policy benefits includes aggregate catastrophe losses and related loss adjustment expenses estimated at approximately $15,950,000 (including approximately $10,900,000 related to the California earthquake) and $9,400,000 for the three month periods ended March 31, 1994 and 1993, respectively. The increase in catastrophe losses in 1994 as compared to 1993 accounted for approximately 36% of the increase in the GAAP loss ratio. In addition, the loss experience of Colonial Penn's automobile insurance business in the 1993 period reflects lower frequency of claims and settlement of prior years claims at amounts less than had been provided.

The increase in manufacturing cost of goods sold in the first quarter of 1994 compared to the similar period ended in 1993 principally reflects the increase in manufacturing sales. Pre-tax income related to the manufacturing operations was not materially different for the

1994 and 1993 periods.

Cost of goods sold applicable to the trading stamp operations in each period reflects amortization of the apparent excess in the liability for unredeemed trading stamps of approximately $3,000,000. The Company provided the liability for unredeemed trading stamps based on the estimate that approximately 75% of trading stamps issued in 1994 and 1993 ultimately will be redeemed.

Interest expense increased in the three month period ended March 31, 1994 compared to the three month period ended March 31, 1993. Interest expense principally reflects the increased level of borrowings resulting from the sale of $200,000,000 of new debt during 1993.

In the 1993 period, selling, general and other expenses included expenses related to the Company's former motivation subsidiary which, as described above, was contributed to a joint venture in early 1993.

The 1993 period includes cumulative effects of changes in accounting principles of $129,195,000, as more fully described in Notes to Interim Consolidated Financial Statements.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Interim Operations, continued

The number of shares used to calculate primary earnings per share amounts was 29,146,000 for 1994 and 29,514,000 for 1993. The number of shares used to calculate fully diluted earnings per share amounts was 29,146,000 for 1994 and 30,383,000 for 1993. The decrease in the number of shares utilized in calculating per share amounts was principally caused by the decrease in the market price of the Company's common stock. In addition, for fully diluted per share amounts, the 5 1/4% Convertible Subordinated Debentures due 2003 were not assumed to have been converted in 1994 since the effect of such assumed conversion would have been to increase earnings per share.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

Phlcorp Tender Offer:

As described more fully in the 1993 10-K, a class action complaint was pending against the Company and others in connection with the Company's tender offer to purchase up to 5,200,000 common shares of PHLCORP, Inc., which expired in February 1988.

The parties to this action have entered into a settlement agreement, which, on April 29, 1994, after notice and hearing, was approved by the Court. The settlement will have no material effect on the Company.

Item 6. Exhibits and Reports on Form 8-K.

a) Exhibits:

NONE

b) Reports on Form 8-K:

NONE

SIGNATURES

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

LEUCADIA NATIONAL CORPORATION
(Registrant)

Date: May 12, 1994

By /s/ Joseph A. Orlando

Joseph A. Orlando
Vice President and Comptroller
(Principal Financial and
Accounting Officer)