

LEUCADIA NATIONAL CORP

Form 424B5

September 19, 2007

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The information in this prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where such offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED SEPTEMBER 19, 2007

**PROSPECTUS SUPPLEMENT**

**(To Prospectus dated August 24, 2007)**

**Filed Pursuant to Rule 424(b)(5)  
Registration No. 333-145668**

**\$350,000,000**

**Leucadia National Corporation**

**% Senior Notes due 2015**

**The Company**

We are a diversified holding company engaged in a variety of businesses, including manufacturing, telecommunications, property management and services business, gaming entertainment, real estate activities, medical product development, winery operations and residual banking and lending activities that are in run-off. We also own equity interests in operating businesses and investment partnerships which are accounted for under the equity method of accounting, including a broker-dealer engaged in the trading of high yield and special situation securities, land based contract oil and gas drilling, real estate activities and development of a copper mine in Spain.

**The Notes**

*Interest Payments.* We will pay interest on the notes at an annual rate of % . We will make interest payments on the notes semiannually, on each March 15 and September 15, beginning on March 15, 2008.

*Maturity Date.* September 15, 2015.

*Ranking.* The notes will be our senior unsecured obligations and will rank equally in right of payment with all of our existing and future senior unsecured indebtedness and senior in right of payment to all of our existing and future subordinated indebtedness. The notes will be effectively subordinated to all existing and future indebtedness of our subsidiaries.

*Redemption.* The notes are not subject to redemption prior to their maturity.

*Change of Control Offer.* If we experience a change of control, we must give holders of the notes the opportunity to sell us their notes at 101% of their principal amount, plus accrued and unpaid interest.

**The Concurrent Offering**

Concurrent with this offering, and by a separate prospectus supplement, we are offering 5.5 million of our common shares. The completion of the concurrent common share offering and the completion of this offering are each conditioned upon the completion of the other.

Investing in the notes involves a high degree of risk that we describe in the **Risk Factors** section beginning on page S-5.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the related prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Note(1)	Total
Initial Public Offering Price	%	\$
Underwriting Discount	%	\$
Proceeds to Leucadia (before expenses)	%	\$

(1) Plus accrued interest, if any, from the date of initial issuance.

We expect that delivery of the notes will be made through The Depository Trust Company in New York, New York on or about September , 2007.

**Jefferies & Company**

The date of this prospectus supplement is , 2007

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**INFORMATION ABOUT THIS PROSPECTUS SUPPLEMENT**

This prospectus supplement is part of an automatic shelf registration statement on Form S-3 that we filed with the Securities and Exchange Commission, or the SEC, as a well-known seasoned issuer as defined in Rule 405 under the Securities Act of 1933, as amended, or the Securities Act. By using a shelf registration statement, we may sell, at any time and from time to time, in one or more offerings, any combination of the securities described in the accompanying prospectus. As allowed by SEC rules, this prospectus supplement does not contain all of the information included in the registration statement. For further information, we refer you to the registration statement, including its exhibits, the documents incorporated by reference therein and herein as well as the accompanying prospectus. Statements contained in this prospectus supplement and the accompanying prospectus about the provisions or contents of any agreement or other document are not necessarily complete. If the SEC's rules and regulations require that an agreement or document be filed as an exhibit to the registration statement, please see that agreement or document for a complete description of these matters.

You should read this prospectus supplement and the accompanying prospectus together with any additional information you may need to make your investment decision. You should also read and carefully consider the information in the documents we have referred you to in *Where You Can Find More Information*. Information incorporated by reference after the date of this prospectus supplement is considered a part of this prospectus supplement and may add, update or change information contained in this prospectus supplement. The information in this prospectus supplement, the accompanying prospectus or any document incorporated herein or therein by reference is accurate as of the date contained on the cover of such documents or the date such documents are filed with the SEC, as the case may be. Neither the delivery of this prospectus supplement or the accompanying prospectus, nor any sale made under this prospectus supplement nor the accompanying prospectus will, under any circumstances, imply that the information in this prospectus supplement or the accompanying prospectus is correct as of any date after the date of this prospectus supplement or the accompanying prospectus. Any information in such subsequent filings that is inconsistent with this prospectus supplement will supersede the information in this prospectus supplement and the accompanying prospectus.

**You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriter has not, authorized anyone to provide you with different or additional information. We are not, and the underwriter is not, making an offer of these securities in any state where the offer is not permitted.**

**FORWARD-LOOKING STATEMENTS**

Some of the statements contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus contain forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. These statements may relate, but are not limited, to projections of revenues, income or loss, capital expenditures, plans for growth and future operations, competition and regulation, as well as assumptions relating to the foregoing.

Forward-looking statements are inherently subject to risks and uncertainties, many of which cannot be predicted or quantified. When used in this prospectus supplement and the accompanying prospectus, the words *estimates*, *expects*, *anticipates*, *believes*, *plans*, *intends* and variations of these words and similar expressions are intended to identify forward-looking statements that involve risks and uncertainties. Future events and actual results could differ materially from those set forth in, contemplated by or underlying the forward-looking statements.

The factors that could cause actual results to differ materially from those suggested by any of these statements include, but are not limited to, those discussed or identified from time to time in our public filings, including without limitation our Annual Report on Form 10-K for the fiscal year ended December 31, 2006, as amended, and our Quarterly Reports on Form 10-Qs for the quarters ended March 31, 2007 and June 30, 2007, such as:

risks associated with future acquisitions and investments;

dependence on key management personnel;

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a worsening of general economic and market conditions or increases in prevailing interest rate levels or a continued weakening of the U.S. Dollar against the Euro;

declines in U.S. commercial and residential real estate markets;

increased competition in the international and domestic plastics market and volatility of raw material prices;

availability of key raw materials;

changes in foreign and domestic laws, regulations and taxes;

adverse legal and regulatory developments that may affect our particular businesses;

changes in mortgage interest rate levels or changes in consumer lending practices;

risks associated with the operation of a new business without a proven track record;

ability to obtain, maintain and defend patent protection for our products and technologies, preserve trade secrets and operate without infringing the intellectual property rights of others;

increased competition in the luxury segment of the premium table wine market;

ability to obtain sufficient or cost effective telecommunications termination capacity from high quality carriers to particular destinations;

reliance on independent distributors to generate telecommunications revenue;

increased competition and adverse changes in pricing environments;

increased default rates and decreased value of assets pledged to us;

adverse economic, political or environmental developments where we have mining interests (including Spain and Australia) that could delay or preclude the issuance of permits, result in increased development costs or increased financing costs, or any other developments that result in a decrease in mineral prices;

changes in the composition of our assets and liabilities through acquisitions and dispositions;

weather related conditions and significant natural disasters, including hurricanes, tornadoes, windstorms, earthquakes and hailstorms that may affect our operations or investments;

ability to insure certain risks economically; and

ability to generate sufficient taxable income to fully realize our deferred tax asset.

Accordingly, we caution you against relying on these forward-looking statements, which are applicable only as of the date of this prospectus supplement. We undertake no obligation to revise or update these forward-looking statements to reflect events or circumstances that arise after the date of this prospectus supplement and the accompanying prospectus or to reflect the occurrence of unanticipated events.





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**PROSPECTUS SUPPLEMENT SUMMARY**

*This summary highlights certain information concerning our business and this offering. It does not contain all of the information that may be important to you and to your investment decision. The following summary is qualified in its entirety by the more detailed information and financial statements and notes thereto in the accompanying prospectus and the documents incorporated by reference herein and therein. You should carefully read this entire prospectus supplement and the accompanying prospectus, including the information incorporated herein and therein by reference. Unless otherwise expressly stated herein or the context otherwise requires, all references in this prospectus supplement to Leucadia, we, us, our, our company or the company refer to Leucadia National Corporation, a New York corporation, and its direct and indirect subsidiaries.*

**Our Company**

We are a diversified holding company engaged in a variety of businesses, including manufacturing, telecommunications, property management and services business, gaming entertainment, real estate activities, medical product development, winery operations and residual banking and lending activities that are in run-off. We also own equity interests in operating businesses and investment partnerships which are accounted for under the equity method of accounting, including a broker-dealer engaged in the trading of high yield and special situation securities, land based contract oil and gas drilling, real estate activities and development of a copper mine in Spain. We concentrate on return on investment and cash flow to maximize long-term shareholder value. Additionally, we continuously evaluate the retention and disposition of our existing operations and investigate possible acquisitions of new businesses. In identifying possible acquisitions, we tend to seek assets and companies that are out of favor or troubled and, as a result, are selling substantially below the values we believe to be present.

Our manufacturing operations are conducted through Idaho Timber, LLC, or Idaho Timber, and Conwed Plastics, LLC, or Conwed Plastics. Idaho Timber primarily remanufactures dimension lumber and remanufactures, packages and/or produces other specialized wood products. Conwed Plastics manufactures and markets lightweight plastic netting used for a variety of purposes including, among other things, building and construction, erosion control, agriculture, packaging, carpet padding, filtration and consumer products.

Our telecommunications operation is conducted through STi Prepaid, LLC, a seller of international prepaid phone cards and other telecommunication services in the United States.

Our property management and services business is conducted through ResortQuest International, Inc., a company engaged in offering management services to vacation properties in beach and mountain resort locations in the continental United States and Canada, as well as in real estate brokerage services and other rental and property owner services.

Our gaming entertainment operations are conducted through our controlling interest in Premier Entertainment Biloxi, LLC, or Premier, which is the owner of the Hard Rock Hotel & Casino Biloxi, or Hard Rock Biloxi, located in Biloxi, Mississippi. The Hard Rock Biloxi was severely damaged by Hurricane Katrina and re-opened in June 2007 after an extensive rebuilding effort. In August 2007, Premier and its subsidiary emerged from bankruptcy pursuant to their Chapter 11 reorganization plan.

Our domestic real estate operations include a mixture of commercial properties, residential land development projects and other unimproved land, all in various stages of development and all available for sale.

Our medical product development operation is conducted through our majority-owned, development stage subsidiary, Sangart, Inc., or Sangart. Sangart is developing a product called Hemospan<sup>®</sup> which is a form of cell-free hemoglobin that is designed for intravenous administration to treat a variety of medical conditions, including use as an alternative to red blood cell transfusions.

Our winery operations consist of Pine Ridge Winery in Napa Valley, California and Archery Summit in the Willamette Valley of Oregon. These wineries primarily produce and sell wines in the luxury segment of the premium table wine market.

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Our land based contract oil and gas drilling investment is conducted through our equity interest in Goober Drilling, LLC, or Goober. Based in Stillwater, Oklahoma, Goober provides drilling services to exploration and production companies. In August 2007, we invested an additional \$20,000,000 in Goober, increasing our equity interest to 50%.

Our investment in the development of a copper mine consists of our 30% interest in Cobre Las Cruces, S.A., a former subsidiary that holds the exploration and mineral rights to the Las Cruces copper deposit in the Pyrite Belt of Spain. We also hold an 11.6% interest in Inmet Mining Corporation, a Canadian-based global mining company, that produces copper, zinc and gold, that owns the remaining 70% of Cobre Las Cruces.

Our largest equity investment is our 9.93% interest in Fortescue Metals Group Ltd, or Fortescue, a publicly traded company listed on the Australian Stock Exchange. We have invested an aggregate of \$452,200,000 in Fortescue's Pilbara iron ore and infrastructure project in Western Australia, including a \$100,000,000 note of Fortescue's subsidiary, FMG Chichester Pty Ltd. Interest on the note is calculated as 4% of the revenue, net of government royalties, invoiced from the iron ore produced from that project's Cloud Break and Christmas Creek areas. The Fortescue shares acquired by us may be sold without restriction. As of September 18, 2007, our investment in Fortescue stock had a market value of \$907,600,000.

Our principal executive offices are located at 315 Park Avenue South, New York, New York 10010. Our telephone number is (212) 460-1900. Our website is <http://www.leucadia.com>. The information contained on our website does not constitute a part of this prospectus supplement or the accompanying prospectus.

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*The summary below describes the principal terms of the notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The section of this prospectus supplement entitled "Description of Notes" contains a more detailed description of the terms and conditions of the notes.*

Issuer	Leucadia National Corporation.
Notes Offered	\$350.0 million aggregate principal amount of   % Senior Notes due 2015.
Maturity Date	September 15, 2015.
Interest Rate	We will pay interest on the notes at an annual rate of   %.
Interest Payment Dates	We will make interest payments on the notes semiannually on each March 15 and September 15, beginning on March 15, 2008.
Ranking	The notes will be our senior unsecured obligations and will rank equally in right of payment with all of our existing and future senior unsecured indebtedness and senior in right to all of our existing and future subordinated indebtedness. The notes will be effectively subordinated to all existing and future indebtedness of our subsidiaries. Had the notes been issued as of June 30, 2007, they would have been effectively subordinated to approximately \$844.7 million of indebtedness and other liabilities of our subsidiaries, including trade payables but excluding intercompany obligations.
Redemption	The notes are not subject to redemption prior to their maturity or to sinking fund payments.
Change of Control Offer	If we experience a change of control, each holder of notes will have the right to sell to us all or a portion of such holder's notes at 101% of their principal amount, plus accrued but unpaid interest, if any, to the date of repurchase. A change of control will occur at the time Ian M. Cumming, our chairman of the board, and Joseph S. Steinberg, a director and our president, cease to beneficially own, in the aggregate, a specified percentage of our outstanding common shares, coupled in various circumstances with the notes being rated below investment grade. See "Description of Notes—Repurchase at Option of Holders Upon a Change of Control."
Restrictive Covenants	The indenture governing the notes will contain covenants that, among other things, limit: <ul style="list-style-type: none"> <li>our ability to incur additional indebtedness;</li> <li>our ability to incur liens;</li> </ul>

our ability to enter into sale-leaseback transactions;  
our ability to enter into transactions with affiliates;  
the ability of certain of our subsidiaries to incur debt; and  
our ability to consummate certain mergers.

These covenants are subject to a number of important exceptions described in Description of Notes.

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Form of Notes	The notes will be issued in book-entry form and will be represented by global certificates in denominations of \$2,000 and integral multiples of \$2,000, deposited with a custodian for and registered in the name of a nominee of The Depository Trust Company.
Absence of a Public Market for the Notes	We do not intend to apply for listing of the notes on any securities exchange. Accordingly, we cannot assure you that a liquid market for the notes will be developed or maintained. The underwriter has advised us that it intends to make a market in the notes. The underwriter is not obligated, however, to make a market in the notes and any such market may be discontinued by the underwriter in its sole discretion at any time without notice. See Underwriting.
The Concurrent Offering	Concurrent to this offering, and by a separate prospectus supplement, we are offering 5.5 million of our common shares. The completion of the concurrent common share offering and the completion of this offering are each conditioned upon the completion of the other.
Use of Proceeds	We intend to use the net proceeds from the sale of the notes, together with the net proceeds from the concurrent common share offering, for general corporate purposes, which may include working capital, acquisitions or other investment opportunities. See Use of Proceeds.

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**RISK FACTORS**

*Investing in the notes involves a high degree of risk. You should carefully consider the risks described below, as well as those risk factors incorporated by reference in this prospectus supplement and the accompanying prospectus under the captions Item 1A. Risk Factors in our Annual Report on Form 10-K for the fiscal year ended December 31, 2006, as amended, and our Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2007 and June 30, 2007, before making a decision to invest in the notes. The risks and uncertainties described below are not the only ones facing us. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations or adversely affect our results of operations or financial condition. If any of such risks actually occur, our business and results of operations could be materially affected. In that case, you could lose all or part of your investment in the notes.*

**Risks Related to this Offering**

*The level of our indebtedness could adversely affect our financial condition and therefore make it more difficult for us to fulfill our obligations under the notes.*

At June 30, 2007, on a pro forma basis after giving effect to the completion of this offering, we would have had total indebtedness of \$2,050.6 million, consisting of \$1,325.5 million of senior debt, \$350.0 million of senior subordinated debt, \$98.2 million of subordinated debt and \$276.9 million of subsidiary debt.

Our substantial indebtedness level and interest expense could have important consequences to our company and you, including:

limiting our ability to borrow additional amounts for working capital, capital expenditures, debt service requirements, funding of future acquisitions or other general corporate purposes;

limiting our ability to use operating cash flow in other areas of our business because we must dedicate a substantial portion of these funds to service the debt;

increasing our vulnerability to general adverse economic and industry conditions;

placing us at a competitive disadvantage as compared to our competitors that have less leverage;

limiting our ability to capitalize on business opportunities and to react to competitive pressures and adverse changes in government regulation; and

limiting our ability or increasing the costs to refinance indebtedness.

Although we have substantial indebtedness outstanding, the indenture governing the notes will permit us to incur additional indebtedness in the future. If we or our subsidiaries incur additional debt, the risks we now face as a result of our leverage could intensify.

***Your right to receive payments on the notes is effectively junior to all existing and future indebtedness and other liabilities of our subsidiaries.***

The notes will be effectively junior to all existing and future indebtedness of our subsidiaries. For example, the notes will effectively rank junior to \$844.7 million of indebtedness and other liabilities of our subsidiaries as of June 30,

2007. Although the indenture contains restrictions on the ability of certain of our subsidiaries to incur indebtedness, these restrictions are subject to important limitations and exceptions that permit our subsidiaries to incur a substantial amount of additional indebtedness. Accordingly, in the event of a bankruptcy, liquidation or reorganization affecting us or any of our subsidiaries, your rights to receive payment effectively will be subordinated to the creditors of those subsidiaries.

***We may be unable to repay or repurchase the notes upon a change of control.***

If we experience a change of control, as that term is defined in Description of Notes, we may be required to make an offer to repurchase all of your notes prior to maturity. We cannot assure you that we will have sufficient funds or be able to arrange for additional financing to repurchase notes tendered to us following a change of control.

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***There is no public market for the notes and we do not know if a market will ever develop or, if a market does develop, whether it will be sustained.***

The notes are a new issue of securities and there is no existing trading market for the notes. Although the underwriter has informed us that it intends to make a market in the notes, it has no obligation to do so and may discontinue making a market at any time without notice. In addition, any market making activity will be subject to the limits imposed by applicable law. As a result, we cannot assure you that a liquid market will develop for the notes, that you will be able to sell your notes at a particular time or that the prices that you receive when you sell the notes will be favorable. If a liquid market is established, various factors could have a material adverse effect on the trading of the notes, including fluctuations in prevailing interest rates.

Historically, the market for non-investment grade debt has been subject to substantial volatility. We cannot assure you that the market for the notes will be free from similar volatility.

***Changes in our credit ratings or the financial and credit markets could adversely affect the market prices of the notes.***

The future market prices of the notes will be affected by a number of factors, including:

our ratings with major credit rating agencies;

the prevailing interest rates being paid by companies similar to us; and

the overall condition of the financial and credit markets.

The condition of the financial and credit markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. These fluctuations could have an adverse effect on the prices of the notes. In addition, credit rating agencies continually revise their ratings for companies that they follow, including us. We cannot assure you that credit rating agencies will continue to rate the notes or that they will maintain their ratings on the notes. A negative change in our rating could have an adverse effect on the market prices of the notes.

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**USE OF PROCEEDS**

We estimate the net proceeds from the issuance of the notes will be approximately \$      million. We intend to use the net proceeds from the offering, together with the net proceeds from the concurrent common share offering, for general corporate purposes, which may include working capital, acquisitions or other investment opportunities. Except as publicly disclosed, we have no material arrangement, commitment or understanding with respect to any specific acquisitions or investment opportunities. Accordingly, our management will have broad discretion over the use of proceeds from this offering. Pending the specific uses described above, we intend to invest the net proceeds in short-term investment grade obligations.

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**DESCRIPTION OF CERTAIN INDEBTEDNESS AND OTHER OBLIGATIONS**

**7 1/8% Senior Notes due 2017**

We currently have outstanding \$500 million aggregate principal amount of 7 1/8% Senior Notes due 2017, or the 7 1/8% senior notes. The 7 1/8% senior notes were issued pursuant to an indenture dated as of March 6, 2007, with The Bank of New York, as trustee. The 7 1/8% senior notes are our senior unsecured obligations and rank senior in right of payment to all of our existing and future subordinated indebtedness and pari passu in right of payment with all of our existing and future senior indebtedness, including the notes offered hereby, the 7 3/4% Senior Notes due 2013, or the 7 3/4% senior notes, and the 7% Senior Notes due 2013, or the 7% senior notes. The terms of the indenture governing the 7 1/8% senior notes are substantially identical to the terms of the indenture governing the notes offered hereby other than the optional redemption provisions applicable to the 7 1/8% senior notes.

**7 3/4% Senior Notes due 2013**

We currently have outstanding \$100 million aggregate principal amount of 7 3/4% senior notes. The 7 3/4% senior notes were issued pursuant to an indenture dated as of August 15, 1993, with U.S. Bank (formerly, Continental Bank, National Association), as trustee. The 7 3/4% senior notes are our senior unsecured obligations and rank senior in right of payment to all of our existing and future subordinated indebtedness and pari passu in right of payment with all of our existing and future senior indebtedness, including the notes offered hereby, the 7 1/8% senior notes and the 7% senior notes. The terms of the indenture governing the 7 3/4% senior notes are substantially identical to the terms of the indenture governing the notes offered hereby.

**7% Senior Notes due 2013**

We currently have outstanding \$375 million aggregate principal amount of 7% senior notes issued pursuant to an indenture dated as of November 5, 2003, with The Bank of New York (formerly, JPMorgan Chase Bank), as trustee. The 7% senior notes are our senior unsecured obligations and rank senior in right of payment to all of our existing and future subordinated indebtedness, and pari passu in right of payment with all of our existing and future senior indebtedness, including the notes offered hereby, the 7 1/8% senior notes and the 7 3/4% senior notes. The terms of the indenture governing the 7% senior notes are substantially identical to the terms of the indenture governing the notes offered hereby.

**3 3/4% Convertible Senior Subordinated Notes due 2014**

We currently have outstanding \$350 million aggregate principal amount of 3 3/4% Convertible Senior Subordinated Notes due 2014, or the 3 3/4% convertible senior subordinated notes. The 3 3/4% convertible senior subordinated notes were issued pursuant to an indenture dated as of April 29, 2004, with HSBC Bank USA, as trustee. The 3 3/4% convertible senior subordinated notes are convertible into our common shares at \$22.97 per share at any time before their maturity, subject to certain restrictions, at a conversion rate of 43.5414 shares per each \$1,000 principal amount of the notes subject to adjustment (an aggregate of 15,239,490 shares). The 3 3/4% convertible senior subordinated notes are our unsecured senior subordinated obligations and rank pari passu in right of payment to all of our existing and future subordinated indebtedness and junior in right of payment with all of our existing and future senior indebtedness, including the notes offered hereby. The indenture governing the 3 3/4% convertible senior subordinated notes does not restrict the incurrence of senior indebtedness or other debt by us or our subsidiaries. In addition, we are not restricted from paying dividends or issuing or repurchasing 3 3/4% convertible senior subordinated notes under the indenture. In addition, if we experience a change of control, we will be required to offer to purchase all of the outstanding 3 3/4% convertible senior subordinated notes at purchase price in cash equal to 101% of the principal

amount thereof on the date of purchase, including accrued and unpaid interest, if any, to the date of purchase. Under the terms of the indenture governing the 33/4% convertible senior subordinated notes, a change of control will occur at the time Ian M. Cumming, our chairman of the board, and Joseph S. Steinberg, a director and our president, cease to beneficially own, in the aggregate, a specified percentage of our outstanding common shares, which percentage ownership requirement is in excess of 10%, coupled in various circumstances with the 33/4% convertible senior subordinated notes being rated below investment grade.

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**8.65% Junior Subordinated Deferrable Interest Debentures due 2027**

We currently have outstanding \$98.2 million principal amount of 8.65% Junior Subordinated Deferrable Interest Debentures due 2027. These debentures were issued pursuant to an indenture dated as of January 21, 1997, with The Bank of New York (formerly, JPMorgan Chase Bank), as trustee. The debentures are subordinated to all of our existing and future senior indebtedness, including the notes offered hereby, our outstanding 7 1/8% senior notes, the 7 3/4% senior notes, the 7% senior notes and the 3 3/4% convertible senior subordinated notes.

**Bank Credit Facility**

In June 2006, we entered into a new credit agreement with various bank lenders for a \$100 million unsecured credit facility that matures in five years and bears interest based on the Eurocurrency rate or the prime rate. As of the date of this prospectus supplement, no amounts were outstanding under this bank credit facility.

**Aircraft Financing**

During 2001, we borrowed \$53.1 million secured by our corporate aircraft. This debt bears interest based on a floating rate, requires monthly payments of principal and interest and matures in ten years. As of June 30, 2007, \$40.3 million was outstanding and the interest rate was 9.3%. We have entered into an interest rate swap agreement on this financing, which fixed the interest rate at approximately 5.7%.

**Capital Leases**

Capital leases primarily consist of a sale-leaseback transaction related to certain corporate aircraft originally entered into in May 2003, which was amended in 2005 to among other matters extend the lease term through 2015.

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**DESCRIPTION OF NOTES**

The notes are to be issued under an indenture to be dated as of September 25, 2007 (the Indenture ) between the Company and The Bank of New York, as trustee (the Trustee ). The terms of the notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (the Trust Indenture Act ).

This Description of Notes summarizes certain provisions of the Indenture and makes use of defined terms in the Indenture. The following summary does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all of the provisions of the Indenture, and terms made a part of the Indenture by reference to the Trust Indenture Act. We urge you to read the Indenture and the Trust Indenture Act because they, and not this description, define your rights as a holder of notes. Copies of the Indenture are available from the Company as described below under the heading Where You Can Find More Information.

You can find the definitions of certain terms used in this Description of Notes throughout this Description of Notes. As used in this Description of Notes, references to we, us or the Company mean Leucadia National Corporation (and its successors in accordance with the terms of the Indenture) and not any of its subsidiaries.

**General**

The notes will bear interest from the date of their initial issuance at the rate shown on the cover page of this prospectus supplement, payable on March 15 and September 15 in each year to the noteholders of record at the close of business on the March 1 and September 1 (whether or not a business day) immediately preceding such interest payment date, commencing March 15, 2008. The notes will be due on September 15, 2015, will be issued only in denominations of \$2,000 and integral multiples of \$2,000, and will be general unsecured obligations of the Company. The Indenture authorizes an initial aggregate principal amount of \$350,000,000 of the notes plus an unlimited amount of additional notes which may be issued in the future in accordance with the terms of the Indenture.

**Ranking**

The notes will be senior unsecured obligations of the Company and will rank pari passu with all other unsecured and unsubordinated indebtedness of the Company and prior in right of payment to all subordinated indebtedness of the Company. The notes will be effectively subordinated to all existing and future indebtedness of our subsidiaries. Had the notes been issued as of June 30, 2007, they would have been effectively subordinated to approximately \$844.7 million of indebtedness and other liabilities of our subsidiaries, including trade payables but excluding intercompany obligations.

The notes will rank pari passu with the Company's 7 1/8% Senior Notes due 2017, 7 3/4% Senior Notes due 2013 and 7% Senior Notes due 2013. The notes will rank senior to the Company's 3 3/4% Convertible Senior Subordinated Notes due 2014 and the Company's 8.65% Junior Subordinated Deferrable Interest Debentures due 2027.

**Redemption**

The notes are not subject to redemption prior to their maturity.

**Sinking Fund**

The notes are not subject to sinking fund payments.

## **Certain Covenants**

The Indenture will contain the following covenants:

*Restriction on Incurrence of Indebtedness by the Company and on the Incurrence of Indebtedness and Issuance of Preferred Stock by Its Subsidiaries.* The Company shall not, and shall not permit any Subsidiary to, create, incur, assume or guarantee the payment of any Indebtedness, and shall not permit any of its Subsidiaries to issue any Preferred Stock, if, at the time of such event and after giving effect thereto on a pro forma basis, the Company's ratio of Consolidated Debt to Consolidated Tangible Net Worth, as of the most recent date for which consolidated

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financial statements are available and adjusted for the incurrence of all Indebtedness and the issuance of all Preferred Stock by Subsidiaries (other than Permitted Indebtedness) since that date, would be greater than 1.75 to 1. This restriction shall not preclude the incurrence of Permitted Indebtedness.

*Consolidated Debt* means, on any date, the sum of (i) total Indebtedness of the Company and its Subsidiaries, at such date, determined in accordance with GAAP on a consolidated basis, and (ii) the aggregate liquidation preference of all Preferred Stock of Subsidiaries of the Company, at such date, other than Preferred Stock to the extent held by the Company and its Subsidiaries; *provided*, that Consolidated Debt shall not include Permitted Indebtedness.

*GAAP* means United States generally accepted accounting principles as in effect on December 31, 1992.

*Indebtedness* of any Person means (i) any liability of such Person (a) for borrowed money, (b) evidenced by a note, debenture or similar instrument (including a Purchase Money Obligation or deferred payment obligation) given in connection with the acquisition of any property or assets (other than inventory or similar property acquired in the ordinary course of business), including securities, (c) for the payment of a Capitalized Lease Obligation of such Person or (d) with respect to the reimbursement of any letter of credit, banker's acceptance or similar credit transaction (other than trade letters of credit issued in the ordinary course of business; *provided*, that the failure to make prompt reimbursement of any trade letter of credit shall be deemed to be the incurrence of Indebtedness); and (ii) any guarantee by such Person of any liability of others described in clause (i) above or any obligation of such Person with respect to any liability of others described in clause (i) above. Indebtedness shall not include deposits at the Company's banking and lending Subsidiaries.

*Permitted Indebtedness* means (i) any Indebtedness of the Company and its Subsidiaries outstanding on the date of the Indenture, or any refinancing or replacement thereof; *provided*, that the aggregate amount of such Indebtedness is not increased, (ii) Acquired Indebtedness, (iii) Preferred Stock of Subsidiaries held by the Company or its Subsidiaries (it being understood that the sale of such Preferred Stock by the Company or such Subsidiary to any Person other than the Company or a Subsidiary of the Company or such Subsidiary no longer being a Subsidiary shall be deemed the issuance of Preferred Stock for purposes of the above test) and (iv) intercompany Indebtedness.

*Acquired Indebtedness* means Indebtedness of a Person either (i) existing at the time such Person becomes a Subsidiary, (ii) assumed in connection with the acquisition of assets of such Person or (iii) any refinancing or replacement by such Person of such Indebtedness; *provided*, that the aggregate amount of such Indebtedness then outstanding is not increased. Acquired Indebtedness shall not include (x) any such Indebtedness created in anticipation of such Person becoming a Subsidiary (other than a refinancing or replacement of Indebtedness of such Person, which original Indebtedness was not incurred in anticipation of such Person becoming a Subsidiary), or (y) any Indebtedness that is recourse to the Company or any Subsidiary or any of their respective assets, other than to such Person and its Subsidiaries and their respective assets.

*Limitation on Funded Debt of Material Subsidiaries.* Without limiting the preceding covenant, the Company will not permit any Material Subsidiary to (a) create, incur or assume any Funded Debt other than (i) Funded Debt secured by a Lien on Principal Property which is permitted under the provision described below under Limitations on Liens, (ii) Funded Debt owed to the Company or any Subsidiary, (iii) Funded Debt of a corporation which is merged with or into the Company or a Material Subsidiary, (iv) Funded Debt in existence on the date of the Indenture, (v) Funded Debt created in connection with, or with a view to, compliance by a Material Subsidiary with the requirements of any program adopted by any federal, state or local governmental authority and applicable to such Material Subsidiary and providing financial or tax benefits to such Material Subsidiary which are not available directly to the Company and (vi) Funded Debt that is Acquired Indebtedness; or (b) to guarantee, directly or indirectly through any arrangement that is substantially the equivalent of a guarantee, the payment of any Funded Debt except for (i) guarantees existing on the date of the Indenture, (ii) guarantees which, on the date of the Indenture, a Material Subsidiary is obligated to



give and (iii) guarantees of Funded Debt permitted under clause (a) of this paragraph. Notwithstanding the foregoing, any Material Subsidiary may create, incur, assume or guarantee the payment of Funded Debt in addition to that permitted in this paragraph and extend, renew, substitute or replace, in whole or in part, such Funded Debt, *provided*, that at the time of such creation, incurrence, assumption, guarantee, extension, renewal, substitution or replacement, and after giving effect thereto, the aggregate principal amount of all Funded Debt of Material Subsidiaries does not exceed 15% of Consolidated Tangible Net Worth.

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The term **Consolidated Tangible Net Worth** means, as of any date, the total shareholders' equity of the Company determined in accordance with GAAP less any and all goodwill and other intangible assets reflected on the consolidated balance sheet of the Company as of such date. Deferred policy acquisition costs ( **DPAC** ), that portion of the value of insurance in force resulting from an acquisition and equivalent to the amount of DPAC of the acquired entity outstanding immediately prior to such acquisition and deferred taxes shall not be deemed goodwill or other intangible assets for purposes of determining Consolidated Tangible Net Worth.

The term **Funded Debt** means Indebtedness which by its terms matures at, or can be extended or renewed at the option of the obligor to, a date more than twelve months after the date of the creation of such Indebtedness, including, without limitation, revolving credit loans.

*Limitations on Liens.* The Company will not, and will not permit any Material Subsidiary to, (a) issue, assume or guarantee any Indebtedness if such Indebtedness is secured by a Lien upon, or (b) directly or indirectly secure any outstanding Indebtedness of the Company or any Material Subsidiary by a Lien upon, any Principal Property, now owned or hereafter acquired, without effectively providing that the notes shall be secured equally and ratably with such Indebtedness, except that the foregoing restrictions shall not apply to (i) Liens on any Principal Property acquired after the date of the Indenture to secure or provide for the payment of the purchase price or acquisition cost thereof, (ii) Liens on Principal Property acquired after the date of the Indenture existing at the time such Principal Property is acquired, (iii) Liens on any Principal Property acquired from a corporation merged with or into the Company or a Material Subsidiary, (iv) Liens in favor of the Company or any Subsidiary, (v) Liens in existence on any Principal Property on the date of the Indenture, (vi) Liens on any Principal Property constituting unimproved real property constructed or improved after the date of the Indenture to secure or provide for the payment or cost of such construction or improvement, (vii) Liens in favor of, or required by, governmental authorities, (viii) pledges or deposits in connection with workers' compensation, unemployment insurance and other social security legislation and deposits securing liability to insurance carriers under insurance or self-insurance arrangements or other pledges or deposits in the ordinary course of the insurance business of a Material Subsidiary of the Company that is a licensed insurance company, including, without limitation, those relating to the insurance or reinsurance operations of such Material Subsidiaries and those relating to the requirements to create separate accounts, (ix) Liens for taxes not yet due or which are being contested in good faith by appropriate proceedings, (x) Liens securing any extension, renewal, substitution or replacement (or successive extensions, renewals, substitutions or replacements) of Indebtedness of the Company or any Material Subsidiary outstanding as of March 31, 1993, and (xi) any extension, renewal, substitution or replacement (or successive extensions, renewals, substitutions or replacements), in whole or in part, of any Lien referred to in the foregoing clauses (i) through (x), inclusive.

Notwithstanding the foregoing, the Company and any Material Subsidiary may, without equally and ratably securing the notes, issue, assume or guarantee secured Indebtedness (which would otherwise be subject to the foregoing Lien restrictions) in an aggregate amount which, together with all other such secured Indebtedness of the Company and its Material Subsidiaries (that is, not including secured Indebtedness of the Company and its Material Subsidiaries permitted pursuant to the preceding paragraph) and the **Attributable Debt** in respect of **Sale and Lease-Back Transactions** existing at such time (other than **Sale and Lease-Back Transactions** permitted in accordance with the first paragraph under the caption **Limitation on Sale and Lease-Back Transactions** below), does not at the time exceed 15% of the shareholders' equity in the Company and its consolidated Subsidiaries as shown on the audited consolidated balance sheet contained in the latest annual report to shareholders of the Company.

*Lien* means any mortgage, lien, pledge, security interest, conditional sale or other title retention agreement or other security interest or encumbrance of any kind (including any agreement to give any security interest).

The term **Material Subsidiary** means (i) any Subsidiary of the Company which at December 31, 1992 was a significant subsidiary under Regulation S-X promulgated by the SEC or any successor to such Subsidiary and (ii) any other

Subsidiary of the Company; *provided*, that the Company's investments in and advances to such Subsidiary at the date of determination thereof, without giving effect to any write-downs in such investments or advances taken within the prior 12 months, represent 20% or more of the Company's Consolidated Tangible Net Worth as of such time; *provided, however*, that this clause (ii) shall not include any Subsidiary if, at the time that it

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became a Subsidiary, the Company contemplated commencing a voluntary case or proceeding under the Bankruptcy Law with respect to such Subsidiary.

The term *Principal Property* means all property, assets or revenue of the Company and each Material Subsidiary now owned or hereafter acquired and all shares of stock and Indebtedness of any Material Subsidiary now owned or hereafter acquired.

*Limitation on Sale and Lease-Back Transactions.* Sale and Lease-Back Transactions by the Company or any Material Subsidiary are prohibited unless the proceeds of such sale or transfer are at least equal to the fair value (as determined by the Board of Directors) of the Principal Property to be leased pursuant to such Sale and Lease-Back Transaction and either (i) the Company or such Material Subsidiary could incur a Lien on such Principal Property under the covenant described in *Limitation on Liens* above, (ii) such Sale and Lease-Back Transactions are between or among the Company and any of its Subsidiaries or between or among Subsidiaries, (iii) the lease is for a period not exceeding three years and the Company or such Material Subsidiary that is a party to such lease intends that its use of such Principal Property will be discontinued on or before the expiration of such period, or (iv) the Company applies, or causes such Material Subsidiary to apply, an amount equal to the fair value (as determined by the Board of Directors) of the Principal Property sold pursuant to such Sale and Lease-Back Transaction to (A) the retirement, within 60 days after the effective date of any such Sale and Lease-Back Transaction, of Funded Debt of the Company or of such Material Subsidiary, or (B) the purchase of other property that will constitute a Principal Property.

Notwithstanding the provisions of the preceding paragraph, the Company or any Material Subsidiary may enter into any Sale and Lease-Back Transaction which would otherwise be subject to the following restrictions, if the amount of *Attributable Debt* in respect of such Sale and Lease-Back Transaction, together with all secured Indebtedness of the Company and its Material Subsidiaries (other than secured Indebtedness of the Company and Material Subsidiaries permitted under the first paragraph under the caption *Limitation on Liens* above) and all other *Attributable Debt* in respect of Sale and Lease-Back Transactions existing at such time (other than Sale and Lease-Back Transactions permitted pursuant to the preceding paragraph), does not at the time exceed 15% of the shareholders' equity in the Company and its consolidated Subsidiaries as shown on the audited consolidated balance sheet contained in the latest annual report to shareholders of the Company.

The term *Attributable Debt* means, as of any particular time, the present value, discounted at a rate per annum equal to the interest rate of the notes, of the rental payments (not including amounts payable by the lessee for maintenance, property taxes and insurance) due during the remaining term of any lease (including any period for which such lease has been extended or may, at the option of the lessor, be extended).

The term *Sale and Lease-Back Transaction* means the sale or transfer of any property owned by the Company or any Subsidiary with the intention of taking back a lease on such property other than any such arrangements with the government of the United States of America, any of its territories or possessions, or any State thereof, or any department, agency, instrumentality or political subdivision of them.

Although the Indenture contains the foregoing restrictions on the ability of the Company and its Subsidiaries to incur Indebtedness, the Company and its Subsidiaries may engage in transactions that, although in compliance with such restrictions, would result in additional leverage, which may adversely affect the noteholders.