6. Investments, continued:

The amortized cost, gross unrealized gains and losses and estimated fair value of available for sale investments classified as current assets at December 31, 2006 and 2005 are as follows (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
2006				
Bonds and notes:				
United States Government and agencies	$440,375	$99	$155	$440,319
U.S. Government-Sponsored Enterprises	192,357	2	100	192,259
All other corporates	165,396	5,202	56	170,542
Total fixed maturities	798,128	5,303	311	803,120
Equity securities:				
Industrial, miscellaneous and all other	4,906	1,901	--	6,807
Total equity securities	4,906	1,901	--	6,807
Total	$803,034	$7,204	$311	$809,927
2005				
Bonds and notes:				
United States Government and agencies	$818,967	$107	$597	$818,477
U.S. Government-Sponsored Enterprises	199,030	17	377	198,670
Foreign governments	1,503	17	--	1,520
All other corporates	187,473	476	421	187,528
Total	$1,206,973	$617	$1,395	$1,206,195

Trading securities at December 31, 2006 and 2005 is comprised of other investments, principally INTL's investment in a master fund.

A summary of non-current investments at December 31, 2006 and 2005 is as follows (in thousands):

	2006		2005	
	Amortized Cost	Carrying Value and Estimated Fair Value	Amortized Cost	Carrying Value and Estimated Fair Value
Investments available for sale	$1,131,198	$1,283,261	$762,178	$825,716
Other investments	182,588	182,588	151,611	151,611
Total non-current investments	$1,313,786	$1,465,849	$913,789	$977,327

Other non-current investments include 5,600,000 common shares of Inmet, which have a cost and carrying value of $78,000,000 at December 31, 2006 and 2005. Although the Inmet shares have registration rights, they may not be sold until the earlier of August 2009 or the date on which the Company is no longer obligated under the guarantee of CLC's credit facilities. At acquisition, the fair value of the Inmet common stock was determined to be approximately 90% of the then current trading price as a result of these transferability restrictions. The Inmet shares will be carried at the initially recorded value (unless there is an other than temporary impairment) until one year prior to the termination of the transfer restrictions. At December 31, 2006, the market value of the Inmet shares is approximately $299,800,000.

In August 2006, pursuant to a subscription agreement with Fortescue Metals Group Ltd ("Fortescue") and its subsidiary, FMG Chichester Pty Ltd ("FMG"), the Company invested an aggregate of $408,000,000, including expenses, in Fortescue's Pilbara iron ore and infrastructure project in Western Australia. Fortescue is a publicly traded company on the Australian Stock Exchange, and the shares acquired by the Company may be sold without restriction (Symbol: FMG).

6. Investments, continued:

In exchange for its cash investment, the Company received 26,400,000 common shares of Fortescue, representing approximately 9.99% of the outstanding Fortescue common stock, and a 13 year, $100,000,000 note of FMG. Interest on the note is calculated as 4% of the revenue, net of government royalties, invoiced from the iron ore produced from the project's Cloud Break and Christmas Creek areas only. The note is unsecured and subordinate to the project's senior secured debt. At the date of acquisition, the Company's investment in Fortescue's common shares was recorded at its aggregate fair value, based on the closing price of Fortescue's common shares on that date. Subsequent to acquisition, the Company's investment in the Fortescue common shares are classified as a non-current available for sale investment and carried at market value as of each balance sheet date. At December 31, 2006, the market value of the Fortescue common shares was $276,300,000.

For accounting purposes, the Company bifurcated its remaining investment into a 13 year zero-coupon note and a prepaid mining interest. The zero-coupon note was recorded at an estimated initial fair value of $21,600,000, representing the present value of the principal amount discounted at 12.5%. The prepaid mining interest of $184,300,000 has been classified with other non-current assets, and will be amortized to expense as the 4% of revenue is earned.

The amortized cost, gross unrealized gains and losses and estimated fair value of non-current investments classified as available for sale at December 31, 2006 and 2005 are as follows (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
2006				
Bonds and notes:				
United States Government and agencies	$61,098	$–	$850	$60,248
U.S. Government-Sponsored Enterprises	337,397	612	4,366	333,643
States, municipalities and political subdivisions	50	--	--	50
All other corporates	153,175	6,508	291	159,392
Total fixed maturities	551,720	7,120	5,507	553,333
Equity securities:				
Preferred stocks	8,331	35	--	8,366
Common stocks:				
Banks, trusts and insurance companies	12,340	9,744	--	22,084
Industrial, miscellaneous and all other	558,807	142,876	2,205	699,478
Total equity securities	579,478	152,655	2,205	729,928
	$1,131,198	$159,775	$7,712	$1,283,261
2005				
Bonds and notes:				
United States Government and agencies	$39,037	$25	$584	$38,478
U.S. Government-Sponsored Enterprises	141,265	106	1,428	139,943
All other corporates	160,190	37,677	1,675	196,192
Total fixed maturities	340,492	37,808	3,687	374,613
Equity securities:				
Preferred stocks	5,569	--	118	5,451
Common stocks:				
Banks, trusts and insurance companies	12,340	10,010	--	22,350
Industrial, miscellaneous and all other	403,777	28,817	9,292	423,302
Total equity securities	421,686	38,827	9,410	451,103
	$762,178	$76,635	$13,097	$825,716

6. Investments, continued:

The amortized cost and estimated fair value of non-current investments classified as available for sale at December 31, 2006, by contractual maturity, are shown below. Expected maturities are likely to differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Estimated Fair Value
	(In thousands)	
Due after one year through five years	$121,077	$125,584
Due after five years through ten years	6,181	6,219
Due after ten years	55,608	57,266
	182,866	189,069
Mortgage-backed securities	368,854	364,264
	$551,720	$553,333

Non-current available for sale equity securities at December 31, 2005 included 115,000,000 shares of Level 3 common stock received in connection with the sale of WilTel (see Note 5), with a cost of $339,300,000 and an estimated fair value of $330,100,000. During 2006, the Company sold all of its shares of Level 3 common stock for total proceeds of $376,600,000 and recorded a pre-tax gain of $37,400,000.

During 2005, the Company sold all 375,000 common shares of White Mountains Insurance Group, Ltd. ("WMIG") that it owned, and recorded a security gain of $146,000,000. The Company purchased the shares in 2001 for $75,000,000.

Net unrealized gains (losses) on investments were $37,800,000, $(22,400,000) and $153,200,000 at December 31, 2006, 2005 and 2004, respectively. Reclassification adjustments included in comprehensive income for the three year period ended December 31, 2006 are as follows (in thousands):

	2006	2005	2004
Unrealized holding gains (losses) arising during the period, net of taxes of $48,799, $0 and $0	$86,004	$12,707	$(26,623)
Less: reclassification adjustment for (gains) losses included in net income, net of taxes of $14,650, $0 and $0	(25,817)	(188,284)	18,031
Net change in unrealized gains (losses) on investments, net of taxes of $34,149, $0 and $0	$60,187	$(175,577)	$(8,592)

The following table shows the Company's investments' gross unrealized losses and fair value, aggregated by investment category, all of which have been in a continuous unrealized loss position for less than 12 months, at December 31, 2006 (in thousands):

Description of Securities	Fair Value	Unrealized Losses
United States Government and agencies	$230,299	$157
U.S. Government-Sponsored Enterprises	177,579	112
Mortgage-backed securities	171,614	2,709
Corporate bonds	137,600	226
Marketable equity securities	20,259	2,205
Total temporarily impaired securities	$737,351	$5,409

6. Investments, continued:

The unrealized losses on the securities issued by the United States Government and agencies, the U.S. Government-Sponsored Enterprises and the mortgage-backed securities were caused by interest rate increases and were considered to be minor (approximately .1%, .1% and 1.6%, respectively). The unrealized losses on the securities issued by the United States Government and agencies relate to 8 securities which were purchased in 2006 and substantially all of which mature in 2007. The unrealized losses on the U.S. Government-Sponsored Enterprises relate to 10 securities which were purchased in 2006 and substantially all of which mature in 2007. The unrealized losses on the mortgage-backed securities (all of which are issued by U.S. Government agencies and U.S. Government-Sponsored Enterprises) relate to 52 securities substantially all of which were purchased in 2006. The unrealized losses related to the corporate bonds and marketable equity securities are not considered to be an other than temporary impairment. This determination is based on a number of factors including, but not limited to, the length of time and extent to which the fair value has been less than cost, the financial condition and near term prospects of the issuer, the reason for the decline in the fair value, changes in fair value subsequent to the balance sheet date, and other factors specific to the individual investment.

At December 31, 2006, the Company's investments which have been in a continuous unrealized loss position for 12 months or longer are comprised of 47 securities which had aggregate gross unrealized losses of approximately $2,600,000 and an aggregate fair value of approximately $134,100,000. These securities are primarily mortgage-backed securities (all of which are issued by U.S. Government agencies and U.S. Government-Sponsored Enterprises).

At December 31, 2006 and 2005, the aggregate carrying amount of the Company's investment in securities that are accounted for under the cost method totaled $182,600,000 and $151,600,000, respectively. Of this amount, $78,000,000 relates to the Company's investment in the Inmet common shares, which had a market value in excess of the carrying amount. The fair value of the remaining cost method securities was not estimated as there were no identified events or changes in circumstances that may have a significant adverse effect on the fair value and it was not practicable to estimate the fair value of these investments.

Securities with book values of $12,400,000 and $12,300,000 at December 31, 2006 and 2005, respectively, collateralized certain swap agreements, and securities with a book value of $11,100,000 at December 31, 2005 collateralized certain debt obligations and a related letter of credit.

7. Trade, Notes and Other Receivables, Net:

A summary of current trade, notes and other receivables, net at December 31, 2006 and 2005 is as follows (in thousands):

	2006	2005
Trade receivables	$25,745	$115,538
Receivable from AT&T (a)	--	198,500
Receivable from EagleRock	--	16,636
Instalment loan receivables	903	1,257
Receivables related to securities	24,962	39,387
Receivables relating to real estate activities	6,591	5,602
Other	13,242	15,393
	71,443	392,313
Allowance for doubtful accounts	(1,621)	(15,097)
Total current trade, notes and other receivables, net	$69,822	$377,216

(a) See Note 5 for more information.

8. Intangible Assets, Net and Goodwill:

A summary of these assets at December 31, 2006 and 2005 is as follows (in thousands):

	2006	2005
Intangibles:		
Customer relationships, net of accumulated amortization of $11,768 and $6,686	$46,967	$58,911
Trademarks and tradename, net of accumulated amortization of $227 and $268	1,642	4,140
Software, net of accumulated amortization of $701	--	4,399
Patents, net of accumulated amortization of $298 and $142	2,032	2,188
Other, net of accumulated amortization of $1,727 and $1,488	645	1,446
Goodwill	8,151	13,999
	$59,437	$85,083

During 2006, the Company recorded $4,400,000 of new intangible assets, principally customer relationships (which are being amortized on a straight-line basis over a weighted-average period of approximately five years), resulting from acquisitions by the plastics manufacturing segment and the other operations segment.

During 2005, in connection with the acquisitions of NSW and Idaho Timber, the Company recorded customer relationship intangible assets and other intangible assets which are amortized over their estimated useful lives, and goodwill which is not being amortized. In addition, during October 2005 Conwed Plastics acquired the manufacturing assets of a competitor for approximately $4,300,000, and allocated $3,200,000 of the purchase price to intangible assets, principally customer relationships. These intangible assets are being amortized on a straight-line basis over their estimated useful lives. Intangible assets, net at December 31, 2005 includes $16,500,000 related to ATX, which was sold in September 2006.

Amortization expense on intangible assets was $7,700,000 and $5,800,000 for the years ended December 31, 2006 and 2005, respectively. The estimated aggregate future amortization expense for the intangible assets for each of the next five years is as follows: 2007 - $7,100,000; 2008 - $6,600,000; 2009 - $6,100,000; 2010 - $5,800,000; and 2011 - $5,500,000.

At December 31, 2006 and 2005, goodwill included $8,200,000 at Conwed Plastics; at December 31, 2005, goodwill also included $5,800,000 related to ATX.

9. Other Assets:

A summary of non-current other assets at December 31, 2006 and 2005 is as follows (in thousands):

	2006	2005
Real Estate	$176,728	$166,188
Unamortized debt expense	16,216	17,993
Restricted cash	20,603	27,018
Prepaid mining interest	184,315	--
Other	3,827	29,402
	$401,689	$240,601

The Company's prepaid mining interest relates to its investment in Fortescue, which is more fully explained in Note 6.

10. Property, Equipment and Leasehold Improvements, Net:

A summary of property, equipment and leasehold improvements, net at December 31, 2006 and 2005 is as follows (in thousands):

	Depreciable Lives (in years)	2006	2005
Buildings and leasehold improvements	3-45	$131,122	$136,460
Machinery and equipment	3-25	101,104	93,740
Network equipment	5-15	30,587	14,524
Corporate aircraft	10	87,981	87,981
Computer equipment and software	2-5	3,921	9,520
General office furniture and fixtures	2-10	7,131	8,933
Construction in progress	N/A	3,291	4,978
Other	3-7	5,144	7,645
		370,281	363,781
Accumulated depreciation and amortization		(136,065)	(126,760)
		$234,216	$237,021

11. Trade Payables, Expense Accruals, Other Current Liabilities and Other Non-Current Liabilities:

A summary of trade payables and expense accruals at December 31, 2006 and 2005 is as follows (in thousands):

	2006	2005
Trade payables	$16,061	$26,080
Payables related to securities	15,883	24,268
Accrued compensation, severance and other employee benefits	42,320	80,515
Taxes other than income	1,684	7,228
Accrued interest payable	20,739	21,997
Due to Level 3	--	25,490
Other	31,052	45,058
	$127,739	$230,636

At December 31, 2005, other current liabilities includes $29,100,000 related to the defined benefit pension plans.

A summary of other non-current liabilities at December 31, 2006 and 2005 is as follows (in thousands):

	2006	2005
Postretirement and postemployment benefits	$6,078	$8,165
Pension liability	40,351	73,729
Liabilities related to real estate activities	4,015	4,334
Other	39,824	35,665
	$90,268	$121,893

12. Indebtedness:

The principal amount, stated interest rate and maturity date of outstanding debt at December 31, 2006 and 2005 are as follows (dollars in thousands):

	2006	2005
Parent Company Debt:		
Senior Notes:		
Bank credit facility	$--	$--
7 3/4% Senior Notes due 2013, less debt discount of $355 and $395	99,645	99,605
7% Senior Notes due 2013, net of debt premium of $904 and $1,009	375,904	376,009
Subordinated Notes:		
7 7/8% Senior Subordinated Notes due 2006, less debt discount of $9	--	21,667
3 3/4% Convertible Senior Subordinated Notes due 2014	350,000	350,000
8.65% Junior Subordinated Deferrable Interest Debentures due 2027	98,200	98,200
Subsidiary Debt:		
Repurchase agreements	181,763	92,094
Aircraft financing	41,335	43,448
Industrial Revenue Bonds (with variable interest)	--	9,815
Capital leases due 2007 through 2015 with a weighted average interest rate of 12.2%	9,418	10,101
Symphony credit agreement	--	27,108
Other due 2007 through 2011 with a weighted average interest rate of 11.7%	3,196	34,335
Total debt	1,159,461	1,162,382
Less: current maturities	(184,815)	(175,664)
Long-term debt	$974,646	$986,718

Parent Company Debt:

In June 2006, the Company entered into a new credit agreement with various bank lenders for a $100,000,000 unsecured credit facility that matures in five years and bears interest based on the Eurocurrency rate or the prime rate. The Company's existing credit agreement was terminated. At December 31, 2006, no amounts were outstanding under this bank credit facility.

In April 2004, the Company sold $350,000,000 principal amount of its 3 3/4% Convertible Senior Subordinated Notes due 2014 in a private placement transaction. The notes are convertible into the Company's common shares at $22.97 per share at any time before their maturity, subject to certain restrictions contained in the notes, at a conversion rate of 43.5414 shares per each $1,000 principal amount of notes subject to adjustment (an aggregate of 15,239,490 shares).

Subsidiary Debt:

Debt due within one year includes $181,800,000 and $92,100,000 as of December 31, 2006 and 2005, respectively, relating to repurchase agreements. At December 31, 2006, these fixed rate repurchase agreements have a weighted average interest rate of approximately 5.3%, mature at various dates through June 2007 and are secured by non-current investments with a carrying value of $182,900,000.

12. Indebtedness, continued:

During 2001, a subsidiary of the Company borrowed $53,100,000 secured by certain of its corporate aircraft. This debt bears interest based on a floating rate, requires monthly payments of principal and interest and matures in ten years. The interest rate at December 31, 2006 was 9.3%. The subsidiary has entered into an interest rate swap agreement for this financing, which fixed the interest rate at approximately 5.7%. The subsidiary would have paid $300,000 and $700,000 at December 31, 2006 and 2005, respectively, if the swap were terminated. Changes in interest rates in the future will change the amounts to be received under the agreement, as well as interest to be paid under the related variable debt obligation. The Parent company has guaranteed this financing.

Capital leases primarily consist of a sale-leaseback transaction related to certain corporate aircraft; the lease term expires in 2015.

Symphony had a $50,000,000 revolving credit facility, of which $27,100,000 was outstanding at December 31, 2005. As discussed more fully in Note 5, Symphony's outstanding debt was satisfied as part of its sale in July 2006.

Other subsidiary debt at December 31, 2005 included a mortgage financing related to Square 711 that was repaid in connection with the sale of that property in February 2006. The mortgage balance was $32,000,000 at December 31, 2005.

The Company's debt instruments require maintenance of minimum Tangible Net Worth, limit distributions to shareholders and limit Indebtedness and Funded Debt, all as defined in the agreements. In addition, the debt instruments contain limitations on investments, liens, contingent obligations and certain other matters. As of December 31, 2006, cash dividends of approximately $885,300,000 would be eligible to be paid under the most restrictive covenants.

At December 31, 2006, $247,500,000 of other assets (primarily investments and property) are pledged for indebtedness aggregating $233,000,000.

Counterparties to interest rate and currency swap agreements are major financial institutions, that management believes are able to fulfill their obligations. Management believes any losses due to default by the counterparties are likely to be immaterial.

The aggregate annual mandatory redemptions of debt during the five year period ending December 31, 2011 are as follows: 2007 - $184,800,000; 2008 - $5,600,000; 2009 - $3,000,000; 2010 - $3,100,000; and 2011 - $33,900,000.

The weighted average interest rate on short-term borrowings (consisting of subsidiary revolving credit agreements at December 31, 2005 and repurchase agreements at December 31, 2006 and 2005) was 5.3% and 4.7% at December 31, 2006 and 2005, respectively.

13. Common Shares, Stock Options and Preferred Shares:

The Board of Directors from time to time has authorized acquisitions of the Company's common shares. In December 1999, the Company's Board of Directors increased to 6,000,000 the maximum number of shares that the Company is authorized to purchase. During the three year period ended December 31, 2006, the Company acquired 13,902 common shares at an average price of $25.45 per common share, all in connection with stock option exercises. At December 31, 2006, the Company is authorized to repurchase 1,452,393 common shares.

Effective January 1, 2006, the Company adopted SFAS 123R using the modified prospective method. As a result of the adoption of SFAS 123R, compensation cost increased by $15,200,000 for the year ended December 31, 2006 and net income decreased by $9,800,000 for the year ended December 31, 2006. Had the Company used the fair value based accounting method for 2005 and 2004, compensation cost would have been higher by $1,600,000 and $1,000,000, respectively, and primary and diluted earnings per share would not have changed materially. As of December 31, 2006, total unrecognized compensation cost related to nonvested share-based compensation plans was $31,900,000; this cost is expected to be recognized over a weighted-average period of 1.8 years.

13. Common Shares, Stock Options and Preferred Shares, continued:
As of December 31, 2006, the Company has two share-based plans: a fixed stock option plan and a senior executive warrant plan. The fixed stock option plan provides for grants of options or rights to non-employee directors and certain employees up to a maximum grant of 450,000 shares to any individual in a given taxable year. The maximum number of common shares that may be acquired through the exercise of options or rights under this plan cannot exceed 2,519,150. The plan provides for the issuance of stock options and stock appreciation rights at not less than the fair market value of the underlying stock at the date of grant. Options granted to employees under this plan are intended to qualify as incentive stock options to the extent permitted under the Internal Revenue Code and become exercisable in five equal annual instalments starting one year from date of grant. Options granted to non-employee directors become exercisable in four equal annual instalments starting one year from date of grant. No stock appreciation rights have been granted. As of December 31, 2006, 1,516,150 shares were available for grant under the plan.

The senior executive warrant plan provides for the issuance, subject to shareholder approval, of warrants to purchase up to 2,000,000 common shares to each of the Company's Chairman and President at an exercise price equal to 105% of the closing price per share of a common share on the date of grant. On March 6, 2006, the Company's Board of Directors approved, subject to shareholder approval, the grant of warrants to purchase 2,000,000 common shares to each of the Company's Chairman and President at an exercise price equal to $28.515 per share (105% of the closing price per share of a common share on that date). In May 2006, shareholder approval was received and the warrants were issued. The warrants expire in 2011 and vest in five equal tranches with 20% vesting on the date shareholder approval was received and an additional 20% vesting in each subsequent year. At December 31, 2006, 4,000,000 warrants were outstanding and 800,000 were exercisable but had no aggregate intrinsic value as the exercise price exceeded the market value. Both the outstanding and exercisable warrants had a weighted-average remaining contractual term of 4.2 years. No warrants were exercised or forfeited during 2006.

During the second quarter of 2000, pursuant to shareholder approval, warrants to purchase 1,200,000 common shares were issued to each of the Company's Chairman and President. The warrants were exercisable through May 15, 2005 at an exercise price of $7.99 per common share (105% of the closing price of a common share on the date of grant). In June 2004, Joseph S. Steinberg, President of the Company, sold all of his warrants to Jefferies based on the value of $16.67 per Leucadia share. In September 2004, Ian M. Cumming, Chairman of the Board of the Company, and others (principally family members) sold warrants to purchase 723,000 of the Company's common shares to Jefferies based on a value of $18.34 per Leucadia share. Jefferies exercised all of the warrants during 2004. Additionally, in September 2004, Mr. Cumming and others (principally family members) exercised warrants to purchase 477,000 shares at an exercise price of $7.99 per share. During 2004, the Company filed two registration statements covering the shares owned by Jefferies and each were effective for a thirty day period.

13. Common Shares, Stock Options and Preferred Shares, continued:

A summary of activity with respect to the Company's stock options for the three years ended December 31, 2006 is as follows:

	Common Shares Subject to Option	Weighted-Average Exercise Prices	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Balance at December 31, 2003	1,458,360	$9.18		
Granted	1,455,000	$21.68		
Exercised	(330,300)	$8.62		$2,900,000
Cancelled	(28,200)	$9.96		
Balance at December 31, 2004	2,554,860	$16.36		
Granted	12,000	$18.03		
Exercised	(431,600)	$8.55		$5,200,000
Cancelled	(180,000)	$21.75		
Balance at December 31, 2005	1,955,260	$17.60		
Granted	1,037,000	$27.42		
Exercised	(300,010)	$12.79		$4,400,000
Cancelled	(34,000)	$23.40		
Balance at December 31, 2006	2,658,250	$21.90	4.3 years	$16,800,000
Exercisable at December 31, 2006	526,350	$14.92	2.5 years	$7,000,000

The following summary presents the weighted-average assumptions used for grants made during each of the three years in the period ended December 31, 2006:

	2006		2005	2004
	Options	Warrants	Options	Options
Risk free interest rate	4.47%	4.95%	3.77%	3.29%
Expected volatility	22.85%	23.05%	23.58%	19.06%
Expected dividend yield	.90%	.41%	.69%	.38%
Expected life	4.0 years	4.3 years	4.3 years	3.7 years
Weighted-average fair value per grant	$6.25	$9.39	$4.29	$4.15

The expected life assumptions were based on historical behavior and incorporated post-vesting forfeitures for each type of award and population identified. The expected volatility was based on the historical behavior of the Company's stock price.

At December 31, 2006 and 2005, 4,174,400 and 2,474,410, respectively, of the Company's common shares were reserved for stock options and 15,239,490 of the Company's common shares were reserved for the 3 3/4% Convertible Senior Subordinated Notes. At December 31, 2006, 4,000,000 of the Company's common shares were reserved for warrants.

At December 31, 2006 and 2005, 6,000,000 of preferred shares (redeemable and non-redeemable), par value $1 per share, were authorized and not issued.

14. Net Securities Gains:

The following summarizes net securities gains for each of the three years in the period ended December 31, 2006 (in thousands):

	2006	2005	2004
Net realized gains on securities	$129,734	$222,258	$140,581
Write-down of investments (a)	(12,940)	(12,230)	(4,589)
Net unrealized gains (losses) on trading securities	365	(1,212)	572
	$117,159	$208,816	$136,564

(a) Consists of a provision to write down investments in certain available for sale securities in 2006, 2005 and 2004.

Proceeds from sales of investments classified as available for sale were $2,932,800,000, $1,979,300,000 and $1,435,900,000 during 2006, 2005 and 2004, respectively. Gross gains of $134,200,000, $204,600,000 and $135,900,000 and gross losses of $3,200,000, $2,400,000 and $1,600,000 were realized on these sales during 2006, 2005 and 2004, respectively.

15. Other Results of Operations Information:

Investment and other income for each of the three years in the period ended December 31, 2006 consists of the following (in thousands):

	2006	2005	2004
Interest on short-term investments	$10,909	$7,537	$1,693
Dividend income	12,019	6,817	9,279
Interest on fixed maturities	91,634	46,440	25,606
Interest on notes receivable	8,092	1,880	945
Other investment income	3,703	977	1,663
Gains on sale of real estate and other assets, net of costs	75,729	25,366	45,231
Gain on sale of associated companies	27,508	--	--
Recovery of bankruptcy claims	7,371	--	--
Banking and lending, including gains on sale of loan portfolios of $16,304 in 2004	154	293	26,341
Rental income	7,023	11,870	23,176
Winery revenues	20,822	18,868	13,840
Other	29,714	28,766	31,173
	$294,678	$148,814	$178,947

In January 2004, the Company exercised an option to sell two of its corporate aircraft for total proceeds of approximately $38,800,000. The option was received in connection with the purchase of two new corporate aircraft. The Company completed the sales in July 2004, and reported a pre-tax gain of $11,300,000.

In February 2006, 711 Developer, LLC ("Square 711"), a 90% owned subsidiary of the Company, completed the sale of 8 acres of unimproved land in Washington, D.C. for aggregate cash consideration of $121,900,000. The land was acquired by Square 711 in September 2003 for cash consideration of $53,800,000. After satisfaction of mortgage indebtedness on the property of $32,000,000 and other closing payments, the Company received net cash proceeds of $75,700,000, and recorded a pre-tax gain of $48,900,000.

15. Other Results of Operations Information, continued:
Taxes, other than income or payroll, amounted to $3,900,000, $3,200,000 and $3,000,000 for the years ended December 31, 2006, 2005 and 2004, respectively.

Advertising costs amounted to $900,000, $900,000 and $600,000 for the years ended December 31, 2006, 2005 and 2004, respectively.

Research and development costs charged to expense were $16,500,000 for the year ended December 31, 2006; such costs were not material for the years ended December 31, 2005 and 2004.

16. Income Taxes:
The principal components of deferred taxes at December 31, 2006 and 2005 are as follows (in thousands):

	2006	2005
Deferred Tax Asset:		
Securities valuation reserves	$46,550	$46,473
Property and equipment	28,741	31,547
Other assets	25,397	35,224
NOL carryover	1,899,654	1,870,100
Other liabilities	51,009	60,622
	2,051,351	2,043,966
Valuation allowance	(911,777)	(804,829)
	1,139,574	1,239,137
Deferred Tax Liability:		
Unrealized gains on investments	(65,507)	(21,947)
Depreciation	(22,131)	(30,241)
Other	(60,063)	(51,849)
	(147,701)	(104,037)
Net deferred tax asset	$991,873	$1,135,100

As of December 31, 2006, the Company had consolidated federal NOLs of $529,000,000, none of which expire prior to 2023, that may be used to offset the taxable income of any member of the Company's consolidated tax group. In addition, the Company has $4,690,000,000 of federal NOLs that are only available to offset the taxable income of certain subsidiaries. Except for $20,000,000 of NOLs that expire in 2011, none of the remaining NOLs expire prior to 2017. Capital loss carryforwards of $10,000,000, which expire in 2007, and foreign NOLs of $6,000,000 are not reflected in the table since the Company does not expect it will be able to use the carryforwards before they expire. The Company also has various state NOLs that expire at different times. Uncertainties that may affect the utilization of the Company's tax attributes include future operating results, tax law changes, rulings by taxing authorities regarding whether certain transactions are taxable or deductible and expiration of carryforward periods.

The increase in the valuation allowance during 2006 is principally due to the utilization of previously unrecognized capital losses in the Company's 2005 federal income tax return, which resulted in a larger NOL than previously estimated.

As of December 31, 2004, the Company carried a valuation allowance that fully reserved for its net deferred tax asset, because the Company could not demonstrate it would have the future taxable income necessary to realize that asset. During 2005, as a result of the consummation of certain transactions and ongoing operating profits, the Company prepared updated projections of future taxable income. The Company's revised projections of future taxable income enabled it to conclude that it is more likely than not that it will have future taxable income sufficient to realize a portion of the Company's net deferred tax asset; accordingly, $1,135,100,000 of the deferred tax valuation allowance was reversed as a credit to income tax expense during 2005. In future years the Company will record income tax provisions equal to its effective income tax rate, unless there is a further adjustment to the valuation allowance.

16. Income Taxes, continued:

The Company's conclusion that a portion of the deferred tax asset is more likely than not to be realized was strongly influenced by its historical ability to generate significant amounts of taxable income. The Company's estimate of future taxable income considered all available evidence, both positive and negative, about its current operations and investments, included an aggregation of individual projections for each material operation and investment and included all future years that the Company estimated it would have available NOLs. The Company believes that its estimate of future taxable income is reasonable but inherently uncertain, and if its current or future operations and investments generate taxable income greater than the projected amounts, further adjustments to reduce the valuation allowance are possible. Conversely, if the Company realizes unforeseen material losses in the future, or its ability to generate future taxable income necessary to realize a portion of the deferred tax asset is materially reduced, additions to the valuation allowance could be recorded.

The Company's total comprehensive income in 2004 enabled it to realize certain acquired deferred tax assets which had been fully reserved for at the acquisition of WilTel. The resulting reduction in the valuation allowance for deferred tax assets ($22,300,000 in 2004) was applied to reduce the recorded amount of identifiable intangible assets to zero.

Under certain circumstances, the ability to use the NOLs and future deductions could be substantially reduced if certain changes in ownership were to occur. In order to reduce this possibility, the Company's certificate of incorporation includes a charter restriction that prohibits transfers of the Company's common stock under certain circumstances.

The provision (benefit) for income taxes for each of the three years in the period ended December 31, 2006 was as follows, excluding amounts allocated to equity in associated companies and discontinued operations (in thousands):

	2006	2005	2004
State income taxes	$3,682	$3,848	$3,066
Resolution of state tax contingencies	(8,000)	--	--
Federal income taxes:			
Current	1,721	--	(31,143)
Deferred	44,203	--	7,242
Reversal of valuation allowance	--	(1,135,100)	--
Currently payable foreign income taxes	165	214	291
	$41,771	$(1,131,038)	$(20,544)

The table below reconciles the expected statutory federal income tax to the actual income tax provision (benefit) (in thousands):

	2006	2005	2004
Expected federal income tax	$46,837	$47,052	$37,388
State income taxes, net of federal income tax benefit	2,393	2,501	1,993
Reversal of valuation allowance	--	(1,135,100)	--
Resolution of tax contingencies	(8,000)	--	(27,300)
Permanent differences	434	--	(5,700)
Federal income tax carryback refund	--	--	(3,858)
Recognition of acquired WilTel federal tax benefits	--	(46,951)	(6,481)
Discontinued operations tax loss benefit	--	1,321	(18,161)
Other	107	139	1,575
Actual income tax provision (benefit)	$41,771	$(1,131,038)	$(20,544)

16. Income Taxes, continued:
Reflected above as resolution of tax contingencies are reductions to the Company's income tax provision for the favorable resolution of certain federal and state income tax contingencies. The Internal Revenue Service has completed its audit of the Company's consolidated federal income tax returns for the years 1996 through 1999, without any material payment required from the Company.

The statute of limitations with respect to the Company's federal income returns have expired for all years through 2001. Prior to May 2001, WilTel was included in the consolidated federal income tax return of its former parent, The Williams Companies Inc. ("Williams"). Pursuant to a tax settlement agreement between WilTel and Williams, the Company has no liability for any audit adjustments made to Williams' consolidated tax returns; however, adjustments to Williams' prior years tax returns could affect certain of the Company's tax attributes that impact the calculation of alternative minimum taxable income.

17. Pension Plans and Postretirement Benefits:
In September 2006, the FASB issued Statement of Financial Accounting Standards No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans - an amendment of FASB Statements No. 87, 88, 106, and 132(R)" ("SFAS 158"), which requires companies to recognize on their balance sheet a net liability or asset for the funded status of their defined benefit pension and other postretirement plans, recognize changes in funded status through comprehensive income and provide additional footnote disclosures. SFAS 158 is effective for publicly traded calendar year-end companies as of December 31, 2006. In addition, SFAS 158 requires companies to measure the funded status of their plans as of the date of its fiscal year-end, with limited exceptions, effective for fiscal years ending after December 15, 2008. The incremental effect on the Company's consolidated balance sheet as a result of the adoption of SFAS 158 was to decrease total liabilities by $1,200,000, decrease deferred tax assets by $400,000 and increase accumulated other comprehensive income by $800,000.

The information presented below for defined benefit pension plans is presented separately for the Company's plans and the plans formerly administered by WilTel. Pursuant to the WilTel sale agreement the responsibility for WilTel's defined benefit pension plans was retained by the Company. The Company presents the information separately since the WilTel plan's investment strategies, assumptions and results are significantly different than those of the Company.

The Company:

Prior to 1999, the Company maintained defined benefit pension plans covering employees of certain units who also met age and service requirements. Effective December 31, 1998, the Company froze its defined benefit pension plans. A summary of activity with respect to the Company's defined benefit pension plan for 2006 and 2005 is as follows (in thousands):

17. Pension Plans and Postretirement Benefits, continued:

	2006	2005
Projected Benefit Obligation:		
Projected benefit obligation at January 1,	$58,123	$58,286
Interest cost (a)	2,668	2,951
Actuarial (gain) loss	(1,200)	2,314
Benefits paid	(4,715)	(5,428)
Projected benefit obligation at December 31,	$54,876	$58,123
Change in Plan Assets:		
Fair value of plan assets at January 1,	$43,476	$47,643
Actual return on plan assets	2,022	1,375
Employer contributions	7,000	--
Benefits paid	(4,715)	(5,428)
Administrative expenses	(130)	(114)
Fair value of plan assets at December 31,	$47,653	$43,476
Funded Status at end of year	$(7,223)	$(14,647)

(a) Includes charges to expense of $800,000 and $900,000 for 2006 and 2005, respectively, relating to discontinued operations obligations.

As of December 31, 2006 and 2005, $19,100,000 and $21,800,000, respectively, of the net amount recognized in the consolidated balance sheet was reflected as a charge to accumulated other comprehensive income and $7,200,000 and $14,600,000, respectively, was reflected as accrued pension cost. The Company is currently evaluating whether to make any contributions to the Company's defined benefit pension plan in 2007.

Pension expense related to the defined benefit pension plan charged to operations included the following components (in thousands):

	2006	2005	2004
Interest cost	$1,916	$2,045	$2,191
Expected return on plan assets	(1,052)	(905)	(1,019)
Actuarial loss	905	848	652
Amortization of prior service cost	3	3	3
Net pension expense	$1,772	$1,991	$1,827

At December 31, 2006, the plan's assets consisted of U.S. government and agencies bonds (32%), investment grade bonds (60%), cash equivalents (7%) and other (1%). At December 31, 2005, the plan's assets consisted of U.S. government and agencies bonds (43%), investment grade bonds (24%), cash equivalents (32%) and other (1%).

The defined benefit pension plan assets are invested in short-term investment grade fixed income investments in order to maximize the value of its invested assets by minimizing exposure to changes in market interest rates. This investment strategy provides the Company with more flexibility in managing the plan should interest rates rise and result in a decrease in the discounted value of benefit obligations. The current investment strategy substantially requires investments in investment grade securities, and a final average maturity target for the portfolio of one and one-half years and a one year maximum duration.

17. Pension Plans and Postretirement Benefits, continued:

To develop the assumption for the expected long-term rate of return on plan assets, the Company considered the following underlying assumptions: 2.5% current expected inflation, 1.25% real rate of return for risk-free investments (primarily U.S. government and agency bonds) for the target duration and .25% default risk premium for the portion of the portfolio invested in non-U.S. government and agency bonds. The combination of these underlying assumptions resulted in the selection of the 4% expected long-term rate of return assumption for 2006. Because pension expense includes the cost of expected plan administrative expenses, the 4% assumption is not reduced for such expenses.

Several subsidiaries provide certain health care and other benefits to certain retired employees under plans which are currently unfunded. The Company pays the cost of postretirement benefits as they are incurred. Amounts charged to expense were not material in each of the three years ended December 31, 2006.

A summary of activity with respect to the Company's postretirement plans for 2006 and 2005 is as follows (in thousands):

	2006	2005
Accumulated postretirement benefit obligation at January 1,	$4,773	$4,715
Interest cost	229	247
Contributions by plan participants	145	167
Actuarial (gain) loss	(321)	224
Benefits paid	(545)	(580)
Accumulated postretirement benefit obligation at December 31,	$4,281	$4,773

The Company expects to spend $400,000 on postretirement benefits during 2007. At December 31, 2006, the assumed health care cost trend rate for 2007 used in measuring the accumulated postretirement benefit obligation is 9.5% and, at December 31, 2005, such rate for 2006 was 9%. At December 31, 2006 and 2005, the assumed health care cost trend rates were assumed to decline to an ultimate rate of 5% by 2014. If the health care cost trend rates were increased or decreased by 1%, the accumulated postretirement obligation as of December 31, 2006 would have increased or decreased by $300,000. The effect of these changes on interest cost for 2006 would be immaterial.

At December 31, 2006, the amounts in accumulated other comprehensive income relating to the Company's defined benefit pension plan and other benefits plans that have not yet been recognized in net periodic benefit cost are as follows (in thousands):

	Pension Plan	Other Benefits Plans
Net loss (gain)	$19,008	$(903)
Prior service cost (credit)	45	(323)
	$19,053	$(1,226)

The estimated net loss for the defined benefit pension plan that will be amortized from accumulated other comprehensive income into net periodic benefit cost in 2007 is $1,100,000; such amount for the prior service cost is not material. The estimated net gain and prior service credit for the other benefits plans that will be amortized from accumulated other comprehensive income into net periodic benefit cost in 2007 are $100,000 and $100,000, respectively.

At December 31, 2005, the defined benefit pension plan's unrecognized net losses were $21,800,000 and the unrecognized prior service cost was not material.

17. Pension Plans and Postretirement Benefits, continued:

The Company uses a December 31 measurement date for its plans. The assumptions used relating to the defined benefit plan and postretirement plans are as follows:

	Pension Benefits		Other Benefits	
	2006	2005	2006	2005
Discount rate used to determine benefit obligation at December 31,	4.90%	4.87%	5.75%	5.25%
Weighted-average assumptions used to determine net cost for years ended December 31,:				
Discount rate	4.87%	5.25%	5.25%	5.25%
Expected long-term return on plan assets	4.00%	3.25%	N/A	N/A

The discount rate for pension benefits was selected to result in an estimated projected benefit obligation on a plan termination basis, using current rates for annuity settlements and lump sum payments weighted for the assumed elections of participants. The discount rate for other benefits was based on the expected future benefit payments in conjunction with the Citigroup Pension Discount Curve.

The following benefit payments are expected to be paid (in thousands):

	Pension Benefits	Other Benefits
2007	$4,199	$405
2008	4,282	408
2009	4,712	413
2010	3,891	401
2011	3,970	394
2012 - 2016	20,593	1,696

WilTel:

Effective on the date of sale, the Company froze WilTel's defined benefit pension plans. A summary of activity with respect to the plans for 2006 and 2005 is as follows (in thousands):

	2006	2005
Projected Benefit Obligation:		
Projected benefit obligation at beginning of period	$186,054	$147,888
Interest cost	9,856	9,410
Service cost	--	4,612
Actuarial (gain) loss	(11,502)	29,758
Curtailment gain	--	(2,334)
Benefits paid	(7,684)	(3,280)
Projected benefit obligation at December 31,	$176,724	$186,054
Change in Plan Assets:		
Fair value of plan assets at beginning of period	$97,905	$74,601
Actual return on plan assets	11,976	4,815
Employer contributions	43,052	21,769
Benefits paid	(7,684)	(3,280)
Administrative expenses	(1,659)	--
Fair value of plan assets at December 31,	$143,590	$97,905
Funded Status at end of year	$(33,134)	$(88,149)

17. Pension Plans and Postretirement Benefits, continued:
As of December 31, 2006 and 2005, $24,300,000 and $40,700,000, respectively, of the net amount recognized in the consolidated balance sheet was reflected as a charge to accumulated other comprehensive income and $33,100,000 and $88,100,000, respectively, was reflected as accrued pension cost.

The Company is currently evaluating whether to make any contributions to the WilTel plan in 2007.

Pension expense for the WilTel plans charged to results of continuing operations in 2006 and to results of discontinued operations in 2005 and 2004 included the following components (in thousands):

	2006	2005	2004
Interest cost	$9,856	$9,410	$7,829
Service cost	--	4,612	3,980
Expected return on plan assets	(6,954)	(6,509)	(5,391)
Actuarial loss	1,579	2,953	46
Net pension expense	$4,481	$10,466	$6,464

At December 31, 2006, the plans' assets consisted of equity securities (57%), debt securities (21%) and cash equivalents (22%). At December 31, 2005, the plans' assets consisted of equity securities (70%), debt securities (28%) and cash equivalents (2%).

The investment objectives of the plans emphasize long-term capital appreciation as a primary source of return and current income as a supplementary source.

In connection with having frozen the plan, the Company is reviewing the target allocation, which currently is as follows:

	Target
Equity securities:	
Large cap stocks	40%
Small cap stocks	10%
International stocks	20%
Total equity securities	70%
Fixed income/bonds	30%
Total	100%

Investment performance objectives are based upon a benchmark index or mix of indices over a market cycle. The investment strategy designates certain investment restrictions for domestic equities, international equities and fixed income securities. These restrictions include the following:

- For domestic equities, there will generally be no more than 5% of any manager's portfolio at market in any one company and no more than 150% of any one sector of the appropriate index for any manager's portfolio. Restrictions are also designated on outstanding market value of any one company at 5% for large to medium equities and 8% for small to medium equities.

- For international equities, there will be no more than 8% in any one company in a manager's portfolio, no fewer than three countries in a manager's portfolio, no more than 10% of the portfolio in countries not represented in the EAFE index, no more than 150% of any one sector of the appropriate index and no currency hedging is permitted.

17. Pension Plans and Postretirement Benefits, continued:

- o Fixed income securities will all be rated BBB- or better at the time of purchase, there will be no more than 8% at market in any one security (U.S. government and agency positions excluded), no more than a 30-year maturity in any one security and investments in standard collateralized mortgage obligations are limited to securities that are currently paying interest, receiving principal, do not contain leverage and are limited to 10% of the market value of the portfolio.

To develop the assumption for the expected long-term rate of return on plan assets, the Company considered the following underlying assumptions: 2.5% current expected inflation, 2% real rate of return for risk-free investments, .3% inflation risk premium (considering the long-term nature of plan investments), .9% default risk premium for the portion of the portfolio invested in corporate bonds, and 2.25% to 2.6% in equity risk premium (depending on asset class) in excess of corporate bond returns. The Company then weighted these assumptions by the long-term target allocations, reduced the result by .2% to reflect net investment expenses after considering expected returns in excess of benchmarks, which resulted in the selection of the 7.5% expected long-term rate of return assumption for 2006. Because the actuarial assumptions for pension cost include an explicit allowance for non-investment administrative expenses, the 7.5% assumption is not reduced for such expenses.

At December 31, 2006 and 2005, the accumulated other comprehensive income relating to WilTel's plans that has not yet been recognized in net periodic benefit cost consists of cumulative losses of $24,300,000 and $40,700,000, respectively.

The estimated net loss for the defined benefit pension plan that will be amortized from accumulated other comprehensive income into net periodic benefit cost in 2007 is $800,000.

The measurement date for WilTel's plans is December 31. The assumptions used for 2006 and 2005 are as follows:

	Pension Benefits	
	2006	2005
Weighted-average assumptions used to determine benefit obligation at December 31,:		
Discount rate	5.70%	5.40%
Rate of compensation increase	N/A	3.50%
Weighted-average assumptions used to determine net cost for the period ended December 31,:		
Discount rate	5.40%	5.75%
Expected long-term return on plan assets	7.50%	7.00%
Rate of compensation increase	N/A	3.50%

The timing of expected future benefit payments was used in conjunction with the Citigroup Pension Discount Curve to develop a discount rate that is representative of the high quality corporate bond market, adjusted for current rates which might be available for annuity settlements.

The following pension benefit payments are expected to be paid (in thousands):

2007	$2,810
2008	2,517
2009	3,161
2010	3,706
2011	4,000
2012 - 2016	38,473

17. Pension Plans and Postretirement Benefits, continued:

The Company and its consolidated subsidiaries have defined contribution pension plans covering certain employees. Contributions and costs are a percent of each covered employee's salary. Amounts charged to expense related to such plans were $2,000,000, $1,700,000 and $1,400,000 for the years ended December 31, 2006, 2005 and 2004, respectively.

18. Commitments:

The Company and its subsidiaries rent office space and office equipment under noncancellable operating leases with terms varying principally from one to twenty years. Rental expense (net of sublease rental income) was $5,700,000 in 2006, $4,400,000 in 2005 and $4,900,000 in 2004. Future minimum annual rentals (exclusive of month-to-month leases, real estate taxes, maintenance and certain other charges) under these leases at December 31, 2006 are as follows (in thousands):

2007	$5,842
2008	4,051
2009	3,094
2010	1,811
2011	1,851
Thereafter	6,489
	23,138
Less: sublease income	(3,656)
	$19,482

In connection with the sale of certain subsidiaries and certain non-recourse financings, the Company has made or guaranteed the accuracy of certain representations. No material loss is expected in connection with such matters.

Pursuant to an agreement that was entered into before the Company sold CDS to HomeFed in 2002, the Company agreed to provide project improvement bonds for the San Elijo Hills project. These bonds, which are for the benefit of the City of San Marcos, California and other government agencies, are required prior to the commencement of any development at the project. CDS is responsible for paying all third party fees related to obtaining the bonds. Should the City or others draw on the bonds for any reason, CDS and one of its subsidiaries would be obligated to reimburse the Company for the amount drawn. At December 31, 2006, $18,300,000 was outstanding under these bonds, $16,100,000 of which expires in 2007 and the remainder thereafter.

As more fully discussed in Note 4, CLC has entered into an agreement with third party lenders consisting of a ten year senior secured credit facility of up to $240,000,000 and a senior secured bridge credit facility of up to (euro)69,000,000. The Company has guaranteed 30% of the obligations outstanding under both facilities until completion of the project as defined in the project financing agreement. At December 31, 2006, $74,200,000 was outstanding under the senior secured credit facility and (euro)21,000,000 was outstanding under the senior secured bridge credit facility; as a result, the Company's outstanding guaranty at that date was $22,300,000 and (euro)6,300,000, respectively. The Company has also committed to provide financing to CLC which is currently estimated to be (euro)156,000,000 ($205,000,000 at exchange rates in effect on February 15, 2007), of which the Company's share will be 30% ($26,100,000 of which has been loaned as of December 31, 2006).

19. Litigation:

The Company and its subsidiaries are parties to legal proceedings that are considered to be either ordinary, routine litigation incidental to their business or not material to the Company's consolidated financial position. The Company does not believe that any of the foregoing actions will have a material adverse effect on its consolidated financial position or liquidity, but any amounts paid could be material to results of operations for the period.

19. Litigation, continued:
The Company is a defendant in Special Situations Fund III, L.P., et al v. Leucadia National Corporation, et al, a consolidated action involving a petition for appraisal and a class action pending in the Delaware Chancery Court related to the Company's 2005 acquisition of the minority interest in MK Resources. The pending appraisal petition seeks a judicial determination of the fair value of approximately 3,979,400 shares of common stock of MK Resources as of August 19, 2005, the date of the merger of one of the Company's subsidiaries into MK Resources. The class action complaint seeks compensatory damages in an unspecified amount, costs, disbursements and any further relief that the court may deem just and proper, and in the alternative, seeks rescissory damages, in each case taking into account the $1.27 per share consideration paid to the minority stockholders in the merger. Based on discovery to date, the plaintiffs have claimed that the fair value of each share of MK Resources at the date of the merger ranged from $4.75 to $10.16 per share (with respect to a total of approximately 10,500,000 shares of MK Resources), while the Company believes that the fair value of each share of MK Resources at that date was $0.57 per share.

The trial in this case is currently scheduled for March 12-16, 2007. The Company believes that the material allegations of the complaints are without merit and intends to defend these actions vigorously. While the Company does not believe it is probable that a loss will be incurred, if the Company is unsuccessful in this matter, an adverse determination could be material.

20. Earnings (Loss) Per Common Share:
For the year ended December 31, 2006, the numerators for basic and diluted per share computations for income from continuing operations were $129,800,000 and $138,600,000, respectively. For the year ended December 31, 2005, the numerators for basic and diluted per share computations for income from continuing operations were $1,220,300,000 and $1,234,500,000, respectively. For the year ended December 31, 2004, the numerators for basic and diluted per share computations for income from continuing operations were $203,800,000 and $210,100,000, respectively. The calculations for diluted earnings (loss) per share assumes the 3 3/4% Convertible Notes had been converted into common shares for the periods they were outstanding and earnings increased for the interest on such notes, net of the income tax effect, unless the effect is antidilutive.

The denominators for basic per share computations were 216,233,000, 215,531,000 and 213,384,000 for 2006, 2005 and 2004, respectively. The denominators for diluted per share computations reflect the dilutive effect of 412,000, 504,000 and 1,558,000 options and warrants for 2006, 2005 and 2004, respectively (the treasury stock method was used for these calculations), and 15,239,000, 15,239,000 and 10,550,000 shares related to the 3 3/4% Convertible Notes for 2006, 2005 and 2004, respectively.

21. Fair Value of Financial Instruments:
The following table presents fair value information about certain financial instruments, whether or not recognized on the balance sheet. Fair values are determined as described below. These techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. The fair value amounts presented do not purport to represent and should not be considered representative of the underlying "market" or franchise value of the Company. The methods and assumptions used to estimate the fair values of each class of the financial instruments described below are as follows:

(a) Investments: The fair values of marketable equity securities, fixed maturity securities and investments held for trading purposes (which include securities sold not owned) are substantially based on quoted market prices, as disclosed in Note 6. The fair value of the Company's investment in the Inmet common shares, all of which are restricted as discussed in Note 6, is based on quoted market prices. The fair values of the Company's other securities that are accounted for under the cost method (aggregating $104,600,000 and $73,600,000 at December 31, 2006 and 2005, respectively) were not practicable to estimate; the fair values were assumed to be the carrying amount.

(b) Cash and cash equivalents: For cash equivalents, the carrying amount approximates fair value.

(c) Notes receivables: The fair values of variable rate notes receivable are estimated to be the carrying amount.

21. Fair Value of Financial Instruments, continued:
(d) Loan receivables of banking and lending subsidiaries: The carrying amount approximates fair value.

(e) Long-term and other indebtedness: The fair values of non-variable rate debt are estimated using quoted market prices and estimated rates that would be available to the Company for debt with similar terms. The fair value of variable rate debt is estimated to be the carrying amount.

(f) Derivative instruments: The fair values of the interest rate swap and currency rate swap agreements are based on rates currently available for similar agreements.

The carrying amounts and estimated fair values of the Company's financial instruments at December 31, 2006 and 2005 are as follows (in thousands):

	2006		2005	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets:				
Investments:				
Current	$903,973	$903,973	$1,323,562	$1,323,562
Non-current	1,465,849	1,687,611	977,327	1,041,446
Cash and cash equivalents	287,199	287,199	386,957	386,957
Notes receivable:				
Current	6,633	6,633	6,413	6,413
Non-current	2,244	2,244	3,787	3,787
Loan receivables of banking and lending subsidiary, net of allowance:				
Current	749	749	1,056	1,056
Non-current	1,146	1,146	1,376	1,376
Financial Liabilities:				
Debt:				
Current	184,815	185,867	175,664	176,052
Non-current	974,646	1,135,117	986,718	1,038,252
Securities sold not owned	5,697	5,697	24,268	24,268
Derivative Instruments:				
Interest rate swaps	(268)	(268)	(677)	(677)
Foreign currency swaps	(2,430)	(2,430)	(2,546)	(2,546)

22. Segment Information:
The Company's reportable segments consist of its operating units, which offer different products and services and are managed separately. Idaho Timber primarily remanufactures, manufactures and/or distributes wood products. Conwed Plastics manufactures and markets lightweight plastic netting used for a variety of purposes. The Company's domestic real estate operations consist of a variety of commercial properties, residential land development projects and other unimproved land, all in various stages of development and all available for sale. The Company's medical product development segment is conducted through Sangart, which became a majority-owned subsidiary in November 2005. Other operations primarily consist of the Company's wineries, Caribbean-based telecommunications services and residual banking and lending activities that are in run-off.

22. Segment Information, continued:

Associated companies include equity interests in entities that the Company accounts for on the equity method of accounting. Investments in associated companies include Premier, HomeFed, Goober, CLC, JPOF II, EagleRock, Wintergreen and Safe Harbor. JPOF II, EagleRock, Wintergreen and Safe Harbor are entities engaged in investing and/or securities transactions activities.

Corporate assets primarily consist of investments and cash and cash equivalents and corporate revenues primarily consist of investment income and securities gains and losses. Corporate assets include the Company's investment in Fortescue. Corporate assets, revenues, overhead expenses and interest expense are not allocated to the operating units.

Conwed Plastics has a manufacturing facility located in Belgium, which is the only foreign operation with non-U.S. revenue or assets that the Company consolidates, and it is not material. Unconsolidated non-U.S. based investments include 38% of Light and Power Holdings Ltd., the parent company of the principal electric utility in Barbados, the 30% ownership interest in CLC and the investment in Fortescue. From time to time the Company invests in the securities of non-U.S. entities or in investment partnerships that invest in non-U.S. securities.

Certain information concerning the Company's segments for 2006, 2005 and 2004 is presented in the following table. Consolidated subsidiaries are reflected as of the date of acquisition, which was May 2005 for Idaho Timber and November 2005 for Sangart. Associated Companies are only reflected in the table below under identifiable assets employed.

22. Segment Information, continued:

	2006	2005	2004
		(In millions)	
Revenues and other income (a):			
Manufacturing:			
Idaho Timber	$345.7	$239.0	$--
Conwed Plastics	106.4	93.6	64.4
Domestic Real Estate	86.7	29.9	63.5
Medical Product Development	.7	.1	--
Other Operations	42.8	59.0	70.8
Corporate (b)	280.4	268.3	180.9
Total consolidated revenues and other income	$862.7	$689.9	$379.6
Income from continuing operations before income taxes and equity in income (losses) of associated companies:			
Manufacturing:			
Idaho Timber	$12.0	$8.2	$--
Conwed Plastics	17.9	14.2	7.9
Domestic Real Estate	44.0	4.1	20.7
Medical Product Development	(21.1)	(1.4)	--
Other Operations	(14.4)	7.5	18.6
Corporate (b)	95.4	101.8	59.6
Total consolidated income from continuing operations before income taxes and equity in income (losses) of associated companies	$133.8	$134.4	$106.8
Identifiable assets employed:			
Manufacturing:			
Idaho Timber	$132.3	$162.7	$--
Conwed Plastics	83.6	81.9	50.4
Domestic Real Estate	198.1	182.7	253.2
Medical Product Development	12.2	7.0	--
Other Operations	257.8	245.0	403.7
Investments in Associated Companies	773.0	375.5	460.8
Corporate	3,846.8	4,062.0	2,070.1
Assets of discontinued operations	--	144.1	1,562.2
Total consolidated assets	$5,303.8	$5,260.9	$4,800.4

(a) Revenues and other income for each segment include amounts for services rendered and products sold, as well as segment reported amounts classified as investment and other income and net securities gains on the Company's consolidated statements of operations.

(b) Net securities gains for Corporate aggregated $116,600,000, $199,500,000 and $123,100,000 during 2006, 2005 and 2004, respectively, which primarily resulted from the sale of publicly traded debt and equity securities that had been classified as available for sale securities. Security gains include a gain from the sale of Level 3 of $37,400,000 in 2006 and a gain from the sale of WMIG of $146,000,000 in 2005. For 2006, 2005 and 2004, security gains include provisions of $12,900,000, $12,200,000 and $4,600,000, respectively, to write down investments in certain available for sale securities. The write-downs of the available for sale securities resulted from declines in market value determined to be other than temporary.

22. Segment Information, continued:

(c) For the years ended December 31, 2006, 2005 and 2004, income from continuing operations has been reduced by depreciation and amortization expenses of $39,500,000, $32,600,000 and $28,700,000, respectively; such amounts are primarily comprised of Corporate ($11,600,000, $10,700,000 and $11,400,000, respectively), manufacturing ($17,500,000, $14,200,000 and $5,200,000, respectively) and other operations ($6,400,000, $5,700,000 and $8,200,000, respectively). Depreciation and amortization expenses for other segments are not material.

(d) For the years ended December 31, 2006, 2005 and 2004, income from continuing operations has been reduced by interest expense of $79,400,000, $65,500,000 and $60,600,000, respectively; such amounts are primarily comprised of Corporate ($70,900,000, $63,200,000 and $55,300,000, respectively) and other operations ($8,000,000, $1,200,000 and $3,300,000, respectively). In 2006, interest expense for other operations was comprised of Premier during the period it was a consolidated subsidiary. Interest expense for other segments is not material.

23. Selected Quarterly Financial Data (Unaudited):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(In thousands, except per share amounts)			
2006:				
Revenues and other income	$291,608	$224,426	$170,243	$176,395
Income from continuing operations	$82,589	$36,375	$3,740	$7,065
Income (loss) from discontinued operations, net of taxes	$(1,433)	$280	$(2,717)	$(90)
Gain (loss) on disposal of discontinued operations, net of taxes	$(463)	$365	$59,454	$4,234
Net income	$80,693	$37,020	$60,477	$11,209
Basic earnings (loss) per common share:				
Income from continuing operations	$.38	$.17	$.02	$.03
Income (loss) from discontinued operations	(.01)	--	(.01)	--
Gain (loss) on disposal of discontinued operations	--	--	.27	.02
Net income	$.37	$.17	$.28	$.05
Number of shares used in calculation	216,112	216,201	216,291	216,334
Diluted earnings (loss) per common share:				
Income from continuing operations	$.37	$.17	$.02	$.03
Income (loss) from discontinued operations	(.01)	--	(.01)	--
Gain (loss) on disposal of discontinued operations	-	--	.26	.02
Net income	$.36	$.17	$.27	$.05
Number of shares used in calculation	231,765	231,777	231,906	216,707
2005:				
Revenues and other income	$53,417	$166,930	$248,275	$221,261
Income (loss) from continuing operations	$(8,049)	$1,204,734	$45,214	$(21,559)
Income from discontinued operations, net of taxes	$10,662	$11,799	$58,770	$34,098
Gain on disposal of discontinued operations, net of taxes	$--	$54,578	$130	$245,664
Net income	$2,613	$1,271,111	$104,114	$258,203
Basic earnings (loss) per common share:				
Income (loss) from continuing operations	$(.04)	$5.60	$.21	$(.10)
Income from discontinued operations	.05	.05	.27	.16
Gain on disposal of discontinued operations	--	.25	--	1.14
Net income	$.01	$5.90	$.48	$1.20
Number of shares used in calculation	215,218	215,303	215,595	215,966
Diluted earnings (loss) per common share:				
Income (loss) from continuing operations	$(.04)	$5.23	$.21	$(.10)
Income from discontinued operations	.05	.05	.26	.16
Gain on disposal of discontinued operations	--	.24	--	1.14
Net income	$.01	$5.52	$.47	$1.20
Number of shares used in calculation	215,218	231,026	231,328	215,966

Income from continuing operations includes credits to income tax expense of $1,100,000,000 and $25,100,000 for the second and third quarters of 2005, respectively, resulting from reversals of the deferred income tax valuation allowance.

In 2006 and 2005, the totals of quarterly per share amounts do not equal annual per share amounts because of changes in outstanding shares during the year.

24. Subsequent Event:

In January 2007, the Company entered into an agreement to acquire a 75% interest in the telecommunications business of Telco Group, Inc. ("Telco") for $120,000,000 in cash, subject to working capital adjustments. Consummation of the transaction, which is subject to customary closing conditions including receipt of regulatory approvals, is expected to occur during the first half of 2007. Telco, which operates under the brand name STi Prepaid and variations thereof, is a provider of international prepaid phone cards, prepaid wireless and other telecommunications services in the

U.S.

Schedule II - Valuation and Qualifying Accounts
LEUCADIA NATIONAL CORPORATION AND SUBSIDIARIES
For the years ended December 31, 2006, 2005 and 2004 (In thousands)

		Additions			Deductions			
Description	Balance at Beginning of Period	Charged to Costs and Expenses	Recoveries	Other	Write Offs	Sale of Receivables	Other	Balance at End of Period
2006								
Loan receivables of banking and lending subsidiaries	$536	$(166)	$66	$--	$130	$--	$--	$306
Trade, notes and other receivables	14,896	1,255	128	--	6,395	8,417	--	1,467
Total allowance for doubtful accounts	$15,432	$1,089	$194	$--	$6,525	$8,417	$--	$1,773
Deferred tax asset valuation allowance	$804,829	$--	$--	$106,948(a)	$--	$--	$--	$911,777
2005								
Loan receivables of banking and lending subsidiaries	$946	$(323)	$90	$--	$177	$--	$--	$536
Trade, notes and other receivables	7,488	7,995	144	5,215	5,701	245	--	14,896
Total allowance for doubtful accounts	$8,434	$7,672	$234	$5,215	$5,878	$245	$--	$15,432
Deferred tax asset valuation allowance	$2,185,275	$--	$--	$--	$--	$--	$1,380,446(b)	$804,829
2004								
Loan receivables of banking and lending subsidiaries	$24,236	$(8,301)	$11,215	$--	$11,331	$14,873	$--	$946
Trade, notes and other receivables	2,268	4,967	4,860	--	4,607	--	--	7,488
Total allowance for doubtful accounts	$26,504	$(3,334)	$16,075	$--	$15,938	$14,873	$--	$8,434
Deferred tax asset valuation allowance	$2,237,753	$--	$--	$--	$--	$--	$52,478(c)	$2,185,275

(a) The increase in the valuation allowance is principally due to the utilization of previously unrecognized capital losses in the Company's 2005 federal income tax return, which resulted in a larger NOL than previously estimated.

(b) During 2005, as a result of the consummation of certain transactions and ongoing operating profits, the Company prepared updated projections of future taxable income. The Company's revised projections of future taxable income enabled it to conclude that it is more likely than not that it will have future taxable income sufficient to realize a portion of the Company's net deferred tax asset; accordingly, $1,135,100,000 of the deferred tax valuation allowance was reversed as a credit to income tax expense.

(c) Principally results from the recognition of acquired tax benefits, of which $22,300,000 was applied to reduce the carrying amount of acquired non-current intangible assets to zero, $3,900,000 resulted from a carryback refund claim and $6,500,000 resulted from the use of acquired tax attributes to offset the federal income tax provision that would have otherwise been recorded during 2004.

(d) Amounts in the schedule include activity related to discontinued operations.

LEUCADIA NATIONAL CORPORATION
Subsidiaries as of December 31, 2006

Exhibit 21

Name	State/Country of Incorporation
Baldwin Enterprises, Inc.	Colorado
NSAC, Inc.	Colorado
RRP, Inc.	Colorado
12103 Hickman Road LLC	Delaware
A3D Automotive, LLC	Delaware
AIC Financial Corporation	Delaware
American Investment Company	Delaware
Antilles Crossing International, LP	Delaware
Antilles Crossing, LP	Delaware
Baldwin Aircraft Leasing, LLC	Delaware
Baldwin Carib, LP	Delaware
Baldwin Carter Corp.	Delaware
Baldwin-CIS L.L.C.	Delaware
Baldwin Energy, Inc.	Delaware
Baldwin Indiana Energy, Inc.	Delaware
BEI LNG Development Corp.	Delaware
BELLPET, Inc.	Delaware
BHR Holdings, Inc.	Delaware
BIA Investments, LLC	Delaware
Burlington Equipment, LLC	Delaware
Burnham Developer, LLC	Delaware
Chicago Clean Energy, LLC	Delaware
Cloudrock Land Company, LLC	Delaware
Conwed Corporation	Delaware
Conwed Plastics, LLC	Delaware
Conwed Plastics Acquisition Company, LLC	Delaware
CP Two Louisiana, LLC	Delaware
CP Two Louisiana Member, LLC	Delaware
CPTL Acquisition, LLC	Delaware
CX Aviation, LLC	Delaware
CXL Aviation, LLC	Delaware
Double Canyon Vineyards, LLC	Delaware
Garcadia Auto, LLC	Delaware
Glen Cove TND, LLC	Delaware
GL Dodge City, LLC	Delaware
GL Iowa, LLC	Delaware
GL Southtown, LLC	Delaware
Goober Drilling, LLC	Delaware
Idaho Holding Corp.	Delaware
IH Communications, LLC	Delaware
Indiana Gasification, LLC	Delaware
Jefferson Way LLC	Delaware
Jericho One Corp.	Delaware
Lake Charles Corp.	Delaware
Lake Charles Cogeneration LLC	Delaware
LCH Opportunities, LLC	Delaware
Leucadia Aviation, Inc.	Delaware
Leucadia Cellars, Ltd.	Delaware
Leucadia Cellars and Estates, LLC	Delaware
Leucadia-Eagle Corporation	Delaware
Leucadia LLC	Delaware
Leucadia Property Holdings, Ltd.	Delaware
Leucadia Symphony, Ltd.	Delaware
LNC Investments, LLC	Delaware
LNG Development Company, LLC	Delaware

LEUCADIA NATIONAL CORPORATION
Subsidiaries as of December 31, 2006, continued

Exhibit 21

Name	State/Country of Incorporation
LP Valley Bio-Power, LLC	Delaware
L-Credit, LLC	Delaware
LR Credit, LLC	Delaware
LR Credit 1, LLC	Delaware
LR Credit 2, LLC	Delaware
LR Credit 3, LLC	Delaware
LUK-A3D, LLC	Delaware
LUK-Acquisition III, LLC	Delaware
LUK-Asia LLC	Delaware
LUK Broadcasting, LLC	Delaware
LUK-Burlington Holdings, LLC	Delaware
LUK-Carib, LLC	Delaware
LUK Clec LLC	Delaware
LUK-Fortescue, LLC	Delaware
LUK-Goober, LLC	Delaware
LUK-HY Fund, LLC	Delaware
LUK-MB Corp.	Delaware
LUK-MB1, LLC	Delaware
LUK-MB2, LLC	Delaware
LUK-MB3, LLC	Delaware
LUK-MB4, LLC	Delaware
LUK-MB5, LLC	Delaware
LUK-MB1 Holdings, LLC	Delaware
LUK-Myrtle Beach, LLC	Delaware
LUK-PCI, LLC	Delaware
LUK-PCI Energy Venture, LLC	Delaware
LUK-Ranch Entertainment, LLC	Delaware
LUK-Saffran, LLC	Delaware
LUK-Shop, LLC	Delaware
LUK-Symphony, LLC	Delaware
LUK-Symphony Management, LLC	Delaware
LUK-TTP, LLC	Delaware
LUK-Visible, LLC	Delaware
LUK-WL Corp.	Delaware
Lympus, LLC	Delaware
Maine Isles, Inc.	Delaware
Maine Seaboard Realty, LLC	Delaware
MK Resources LLC	Delaware
Mundano, LLC	Delaware
Nead Corporation	Delaware
Neward Corporation	Delaware
North East Point Land Co., LLC	Delaware
One Technology Center, LLC	Delaware
Pine Ridge Winery, LLC	Delaware
Rastin Investing Corp.	Delaware
Stillwater Holdings, LLC	Delaware
Symphony Health Services, Inc.	Delaware
Terra Thermal Power, LLC	Delaware
TX Energy, LLC	Delaware
Draper Lake, LLC	Florida
LUK-Draper, Inc.	Florida
Rosemary Beach Cottage Rental Company	Florida
Rosemary Beach Land Company	Florida
Rosemary Beach Realty, Inc.	Florida
Alumni Forest Products, LLC	Georgia
Idaho Timber, LLC	Idaho

LEUCADIA NATIONAL CORPORATION
Subsidiaries as of December 31, 2006, continued

Exhibit 21

Name	State/Country of Incorporation
Idaho Timber of Boise, LLC	Idaho
Idaho Timber of Texas, LLC	Idaho
Idaho Timber of Kansas, LLC	Idaho
Idaho Timber of North Carolina, LLC	Idaho
Idaho Timber of Albuquerque, LLC	Idaho
Idaho Timber of Montana, LLC	Idaho
Idaho Timber of Idaho, LLC	Idaho
Idaho Timber of Mountain Home, LLC	Idaho
Idaho Timber of Cartage, LLC	Idaho
Idaho Cedar Sales, LLC	Idaho
College Life Development Corporation	Indiana
Professional Data Management, LLC	Indiana
Polynet, Inc.	Massachusetts
TTP Corporation	Nevada
Empire Insurance Company	New York
HWB Ventures, Inc.	New York
Leucadia Investors, Inc.	New York
LR Credit 4, LLC	New York
LR Credit 5, LLC	New York
LR Credit 6, LLC	New York
LR Credit 7, LLC	New York
LR Credit 8, LLC	New York
LR Credit 9, LLC	New York
LR Credit 10, LLC	New York
LR Credit 11, LLC	New York
LR Credit 12, LLC	New York
LUK-REN, Inc.	New York
New Suffolk Land Co. LLC	New York
New Suffolk Land Co. I LLC	New York
New Suffolk Land Co. II LLC	New York
New Suffolk Land Co. III LLC	New York
New Suffolk Land Co. IV LLC	New York
PLRC, Inc.	New York
Phlcorp, Inc.	Pennsylvania
American Investment Holdings, LLC	Utah
Aviation Leasing Company, LLC	Utah
Baxter Investment Company, LLC	Utah
Leucadia Financial Corporation	Utah
Leucadia International Corporation	Utah
Leucadia Properties, Inc.	Utah
Silver Mountain Industries, Inc.	Utah
Telluride Properties Acquisition, Inc.	Utah
Terracor II	Utah
WMAC Investment Corporation	Wisconsin
Canadian International Power Company Limited	Wyoming
AC (Barbados) IBC, Inc.	Barbados
Tele (Barbados) Inc.	Barbados
Conwed Plastics NV	Belgium
Iguazu Ventures, Ltd.	British Virgin Islands
LUK-Japan Ltd.	British Virgin Islands
LUK Jersey (Holding) Limited	Jersey
LUK (Jersey) Limited	Jersey
Antilles Crossing Holding Company (St. Lucia) Limited	St. Lucia
Antilles Crossing (St. Lucia) Limited	St. Lucia
Antilles Crossing - St. Croix, Inc.	U.S. Virgin Islands

Subsidiaries not included on this list, considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary as of December 31, 2006.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-51494) of Leucadia National Corporation of our report dated February 27, 2007 relating to the financial statements, financial statement schedule, management's assessment of the effectiveness of internal control over financial reporting and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

New York, New York
February 27, 2007

Exhibit 31.1

CERTIFICATIONS

I, Ian M. Cumming, certify that:

1. I have reviewed this annual report on Form 10-K of Leucadia National Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter of 2006 that has materially affected, or is reasonably likely to materially affect the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2007

By: /s/ Ian M. Cumming

Ian M. Cumming
Chairman of the Board and
Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Joseph S. Steinberg, certify that:

1. I have reviewed this annual report on Form 10-K of Leucadia National Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter of 2006 that has materially affected, or is reasonably likely to materially affect the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2007

By: /s/ Joseph S. Steinberg

Joseph S. Steinberg
President

Exhibit 31.3

CERTIFICATIONS

I, Joseph A. Orlando, certify that:

1. I have reviewed this annual report on Form 10-K of Leucadia National Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter of 2006 that has materially affected, or is reasonably likely to materially affect the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2007

By: /s/ Joseph A. Orlando

Joseph A. Orlando
Chief Financial Officer

Exhibit 32.1

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Ian M. Cumming, as Chairman of the Board and Chief Executive Officer of Leucadia National Corporation (the "Company") certify, pursuant to 18 U.S.C. ss. 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) the accompanying Form 10-K report for the fiscal year ended December 31, 2006 as filed with the U.S. Securities and Exchange Commission (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 28, 2007

By: /s/ Ian M. Cumming

Ian M. Cumming
Chairman of the Board and
Chief Executive Officer

Exhibit 32.2

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Joseph S. Steinberg, as President of Leucadia National Corporation (the "Company") certify, pursuant to 18 U.S.C. ss. 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) the accompanying Form 10-K report for the fiscal year ended December 31, 2006 as filed with the U.S. Securities and Exchange Commission (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 28, 2007

By: /s/ Joseph S. Steinberg

Joseph S. Steinberg
President

Exhibit 32.3

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Joseph A. Orlando, as Chief Financial Officer of Leucadia National Corporation (the "Company") certify, pursuant to 18 U.S.C. ss. 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) the accompanying Form 10-K report for the fiscal year ended December 31, 2006 as filed with the U.S. Securities and Exchange Commission (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 28, 2007

By:/s/ Joseph A. Orlando

Joseph A. Orlando
Chief Financial Officer