Kosmos Energy Ltd.
Form 424B7
May 24, 2017

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Filed Pursuant to Rule 424(b)(7)
Registration No. 333-205144

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee(1)
Common Shares, par value $0.01 per share	40,000,000	$7.25	$290,000,000	$33,611.00

(1) This filing fee is calculated and being paid pursuant to Rule 457(r) of the Securities Act of 1933 and relates to the registration statement on Form S-3 (File No. 333-205144) filed by Kosmos Energy Ltd. on June 22, 2015.

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Prospectus Supplement
(To Prospectus dated June 22, 2015)

40,000,000 Common Shares

Kosmos Energy Ltd.

The selling shareholders identified in this prospectus supplement are offering 40,000,000 common shares, par value $0.01 per share. We will not receive any of the proceeds from the sale of the common shares.

Our common shares are listed on The New York Stock Exchange (the "NYSE") under the symbol "KOS." The last reported sale price of our common shares on the NYSE on May 23, 2017 was $7.17 per share.

Investing in our common shares involves a high degree of risk. See "Risk Factors" on page 6 of the accompanying prospectus. You should also consider the risk factors described in the documents incorporated by reference in this prospectus supplement and the accompanying prospectus.

	Price to Public	Underwriting Discounts and Commissions	Proceeds to the Selling Shareholders, Before Expenses
Per Common Share	$7.25	$0.10	$7.15
Total	$290,000,000	$4,000,000	$286,000,000

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

Pursuant to the Companies Act 1981 of Bermuda, there is no requirement to file this prospectus supplement with the Registrar of Companies in Bermuda. Neither the Bermuda Monetary Authority, the Registrar of Companies of Bermuda nor any other relevant Bermuda authority or government body accept any responsibility for the financial soundness of any proposal or for the correctness of any of the statements made or opinions expressed herein.

Delivery of the common shares will be made on or about May 26, 2017.

Barclays

The date of this prospectus supplement is May 22, 2017

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We and the selling shareholders have not, and the underwriter has not, authorized anyone to provide any information other than that contained in this prospectus supplement or the accompanying prospectus or incorporated by reference into this prospectus supplement or the accompanying prospectus or in any free writing prospectus prepared by or on behalf of us to which we have referred you. We, the selling shareholders and the underwriter take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We and the selling shareholders are not, and the underwriter is not, making an offer of these securities in any jurisdiction where the offer is not permitted. You should not assume that the information contained in this prospectus supplement or the accompanying prospectus or incorporated by reference into this prospectus supplement or the accompanying prospectus is accurate as of any date other than the date of such document. Our business, financial condition, results of operations and prospects may have changed since those dates. The terms "Kosmos," "we," "us," and "our" refer to Kosmos Energy Ltd. and our subsidiaries unless the context otherwise requires. The term "selling shareholders" refers, collectively, to the selling shareholders named in this prospectus supplement under the caption "Selling Shareholders."

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ABOUT THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS

This document consists of two parts. The first part is the prospectus supplement, which describes the specific terms of this offering of common shares and also adds to and updates the information contained or incorporated by reference in the accompanying prospectus. The second part is the accompanying prospectus, which describes more general information regarding our securities, some of which does not apply to this offering. You should read both this prospectus supplement and the accompanying prospectus, including the additional information described under the heading "Where You Can Find More Information and Incorporation of Information by Reference" in this prospectus supplement and under "Where You Can Find More Information" in the accompanying prospectus, in their entirety before making an investment decision.

If the information set forth in this prospectus supplement differs in any way from the information set forth in the accompanying prospectus or the information contained in any document incorporated by reference herein or therein, the information contained in the most recently dated document shall control.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus contain estimates and forward-looking statements. Our estimates and forward-looking statements are mainly based on our current expectations and estimates of future events and trends, which affect or may affect our businesses and operations. Although we believe that these estimates and forward-looking statements are based upon reasonable assumptions, they are subject to several risks and uncertainties and are made in light of information currently available to us. Many important factors, in addition to the factors described in this prospectus supplement, the accompanying prospectus and documents incorporated by reference into this prospectus supplement and the accompanying prospectus, may adversely affect our results as indicated in forward-looking statements. You should read this prospectus supplement, the accompanying prospectus and documents incorporated by reference into this prospectus supplement and the accompanying prospectus completely and with the understanding that our actual future results may be materially different from what we expect.

Our estimates and forward-looking statements may be influenced by the following factors, among others:

- our ability to find, acquire or gain access to other discoveries and prospects and to successfully develop and produce from our current discoveries and prospects;
- uncertainties inherent in making estimates of our oil and natural gas data;
- the successful implementation of our and our block partners' prospect discovery and development and drilling plans;
- projected and targeted capital expenditures and other costs, commitments and revenues;
- termination of or intervention in concessions, rights or authorizations granted by the governments of Ghana, Mauritania, Morocco (including Western Sahara), São Tomé and Príncipe, Senegal or Suriname (or their respective national oil companies) or any other federal, state or local governments or authorities, to us;
- our dependence on our key management personnel and our ability to attract and retain qualified technical personnel;
- the ability to obtain financing and to comply with the terms under which such financing may be available;

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the volatility of oil and natural gas prices;

the availability, cost, function and reliability of developing appropriate infrastructure around and transportation to our discoveries and prospects;

the availability and cost of drilling rigs, production equipment, supplies, personnel and oilfield services;

other competitive pressures;

potential liabilities inherent in oil and natural gas operations, including drilling and production risks and other operational and environmental risks and hazards;

current and future government regulation of the oil and gas industry or regulation of the investment in or ability to do business with certain countries or regimes;

cost of compliance with laws and regulations;

changes in environmental, health and safety or climate change or greenhouse gas laws and regulations or the implementation, or interpretation, of those laws and regulations;

adverse effects of sovereign boundary disputes in the jurisdictions in which we operate, including an ongoing maritime boundary demarcation dispute between Côte d'Ivoire and Ghana impacting our operations in the Deepwater Tano Block offshore Ghana;

our ability to farm out our interests in our discoveries and prospects;

environmental liabilities;

geological, geophysical and other technical and operations problems including drilling and oil and gas production and processing;

military operations, civil unrest, outbreaks of disease, terrorist acts, wars or embargoes;

the cost and availability of adequate insurance coverage and whether such coverage is enough to sufficiently mitigate potential losses and whether our insurers comply with their obligations under our coverage agreements;

our vulnerability to severe weather events;

our ability to meet our obligations under the agreements governing our indebtedness;

- the availability and cost of financing and refinancing our indebtedness;

- the amount of collateral required to be posted from time to time in our hedging transactions, letters of credit and other secured debt;

- the result of any legal proceedings, arbitrations, or investigations we may be subject to or involved in;

- our success in risk management activities, including the use of derivative financial instruments to hedge commodity and interest rate risks; and

- other risk factors discussed under Item 1A. "Risk Factors" in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 and our Annual Report on Form 10-K for the year ended December 31, 2016, in each case incorporated by reference herein.

The words "believe," "may," "will," "aim," "estimate," "continue," "anticipate," "intend," "expect," "plan" and similar words are intended to identify estimates and forward-looking statements. Estimates and forward-looking statements speak only as of the date they were made, and, except to the extent required by law, we undertake no obligation to update or to review any estimate and/or

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forward-looking statement because of new information, future events or other factors. Estimates and forward-looking statements involve risks and uncertainties and are not guarantees of future performance. As a result of the risks and uncertainties described above, the estimates and forward-looking statements discussed in this prospectus supplement, the accompanying prospectus and documents incorporated by reference into this prospectus supplement and the accompanying prospectus might not occur, and our future results and our performance may differ materially from those expressed in these forward-looking statements due to, including, but not limited to, the factors mentioned above. Because of these uncertainties, you should not place undue reliance on these forward-looking statements.

SUMMARY

This summary highlights information contained elsewhere in this prospectus supplement or the accompanying prospectus, or incorporated by reference in this prospectus supplement or the accompanying prospectus. As a result, this summary does not contain all of the information that may be important to you or that you should consider before investing in our common shares. You should read carefully this entire prospectus supplement, the accompanying prospectus and any related free writing prospectus, together with all documents incorporated by reference herein and therein, which are described under "Where You Can Find More Information and Incorporation of Information by Reference" in this prospectus supplement and under "Where You Can Find More Information" in the accompanying prospectus.

Overview

We are a leading independent oil and gas exploration and production company focused on frontier and emerging areas along the Atlantic Margin. Our assets include existing production and other development projects offshore Ghana, large discoveries and significant further hydrocarbon exploration potential offshore Mauritania and Senegal, as well as exploration licenses with significant hydrocarbon potential offshore São Tomé and Príncipe, Suriname, Morocco and Western Sahara.

Corporate Governance Developments

Upon completion of this offering, one of the directors nominated by The Blackstone Group L.P. (the "Blackstone Group") is expected to resign from our board of directors, and pursuant to the shareholders agreement that we previously entered with the Blackstone Group and Warburg Pincus LLC ("Warburg Pincus" and, together with the Blackstone Group, our "financial sponsors"), the Blackstone Group will only have the right to nominate one designee to our board of directors.

Corporate Information

We were incorporated pursuant to the laws of Bermuda as Kosmos Energy Ltd. in January 2011 to become a holding company for Kosmos Energy Holdings. Kosmos Energy Holdings is a privately held Cayman Islands company that was formed in March 2004. Pursuant to the terms of a corporate reorganization that was completed simultaneously with the closing of our initial public offering, all of the membership interests in Kosmos Energy Holdings were exchanged for newly issued common shares of Kosmos Energy Ltd. and as a result, Kosmos Energy Holdings became a wholly-owned subsidiary of Kosmos Energy Ltd.

We maintain a registered office in Bermuda at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The telephone number of our registered office is (441) 295-5950. Our U.S. subsidiary maintains its headquarters at 8176 Park Lane, Suite 500, Dallas, Texas 75231 and its telephone number is (214) 445-9600. Our web site is www.kosmosenergy.com. The information on, or accessible through, our web site does not constitute part of this prospectus supplement or the accompanying prospectus.

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The Offering

Common shares offered by the selling shareholders	40,000,000 common shares, par value $0.01 per share.
Trading symbol for our common shares	Our common shares are listed on the NYSE under the symbol "KOS."
Use of Proceeds	We will not receive any of the proceeds from the sale of the common shares.
Dividend Policy	We do not anticipate paying any dividends on our common shares in the foreseeable future. However, we may change this policy in the future. See "Dividend Policy."
Risk Factors	An investment in our common shares involves certain risks. You should carefully consider the risks described in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 and our Annual Report on Form 10-K for the year ended December 31, 2016, as well as other information included in this prospectus supplement, the accompanying prospectus or any free writing prospectus prepared by or on behalf of us or incorporated by reference herein or therein, before making a decision to purchase the common shares offered hereby. Additional risks and uncertainties that we do not know about or that we currently believe are not material may also adversely affect our business, financial condition, results of operations and prospects.

All applicable share, per share and related information in this prospectus supplement speaks as of March 31, 2017, unless otherwise indicated.

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USE OF PROCEEDS

We will not receive any of the proceeds from the sale of the common shares. We will pay the expenses, other than underwriting discounts and commissions, associated with the sale of common shares by the selling shareholders.

PRICE RANGE OF OUR COMMON SHARES

Our common shares are traded on the NYSE under the symbol "KOS." On May 23, 2017, the last reported sale price for our common shares on the NYSE was $7.17 per share. As of March 31, 2017, we had approximately 107 shareholders of record. The following table sets forth, for the periods indicated, the reported high and low sale prices for our common shares.

	Price Range	
	High	**Low**
Year Ending December 31, 2017		
Second Quarter (through May 23, 2017)	$ 7.90	$ 5.63
First Quarter	$ 7.39	$ 5.53
Year Ended December 31, 2016		
Fourth Quarter	$ 7.14	$ 4.39
Third Quarter	6.63	5.16
Second Quarter	6.79	4.63
First Quarter	6.41	3.17
Year Ended December 31, 2015		
Fourth Quarter	$ 8.00	$ 4.62
Third Quarter	8.44	5.34
Second Quarter	10.03	7.94
First Quarter	9.32	7.58

DIVIDEND POLICY

At the present time, we intend to retain all of our future earnings, if any, generated by our operations for the development and growth of our business. Additionally, we are subject to Bermuda legal constraints that may affect our ability to pay dividends on our common shares and make other payments. Under the Bermuda Companies Act, we may not declare or pay a dividend if there are reasonable grounds for believing that we are, or would after the payment be, unable to pay our liabilities as they become due or that the realizable value of our assets would thereafter be less than the aggregate of our liabilities. Pursuant to the terms of certain of our debt agreements, we are restricted in our ability to pay dividends, and certain of our subsidiaries are restricted in their ability to pay dividends to us, unless certain conditions, financial and otherwise are met. Any decision to pay dividends in the future is at the discretion of our board of directors and depends on our financial condition, results of operations, capital requirements and other factors that our board of directors deems relevant.

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SELLING SHAREHOLDERS

The following table sets forth the number of common shares owned by the selling shareholders prior to this offering, the number of common shares to be offered for sale by the selling shareholders in this offering, the number of common shares to be owned by the selling shareholders after completion of this offering and the percentage of our issued and outstanding common shares owned by the selling shareholders prior to this offering and to be owned after the completion of this offering.

Beneficial ownership of shares is determined under the rules of the SEC and generally includes any shares over which a person exercises sole or shared voting or investment power. Percentage of beneficial ownership is based on 387,693,693 common shares issued and outstanding as of May 15, 2017.

Except as indicated in footnotes to this table, we believe that the shareholders named in this table have sole voting and investment power with respect to all common shares shown to be beneficially owned by them, based on information provided to us by such shareholders.

	Shares Beneficially Owned Before the Offering		Number of Shares Being	Shares Beneficially Owned After the Offering	
Name and Address of Beneficial Owner	Number	Percent	Offered	Number	Percent
Blackstone Funds(1)	83,052,512	21.42	30,000,000	53,052,512	13.68
Warburg Pincus Funds(2)	101,508,651	26.18	10,000,000	91,508,651	23.60

(1) The Blackstone Funds (as hereinafter defined) are comprised of the following entities: Blackstone Capital Partners (Cayman) IV L.P. ("BCP Cayman IV"), Blackstone Capital Partners (Cayman) IV-A L.P. ("BCP Cayman IV-A"), Blackstone Family Investment Partnership (Cayman) IV-A L.P. ("BFIP"), Blackstone Family Investment Partnership (Cayman) IV-A SMD L.P. ("BFIP SMD") and Blackstone Participation Partnership (Cayman) IV L.P. ("BPP", together with BCP Cayman IV, BCP Cayman IV-A, BFIP and BFIP SMD, the "Blackstone Funds"). The Blackstone Funds beneficially own (i) 77,781,209 shares, which are held by BCP Cayman IV, (ii) 1,268,459 shares, which are held by BCP Cayman IV-A, (iii) 2,060,103 shares, which are held by BFIP, (iv) 1,710,492 shares, which are held by BFIP SMD and (v) 232,249 shares, which are held by BPP. The general partner of BFIP SMD is Blackstone Family GP L.L.C., which is wholly owned by Blackstone's senior managing directors and controlled by Mr. Stephen A. Schwarzman, its founder. The general partner of BCP Cayman IV and BCP Cayman IV-A is Blackstone Management Associates (Cayman) IV L.P. ("BMA"). BCP IV GP L.L.C ("BCP IV") is the general partner of BMA, BFIP and BPP. Blackstone Holdings III L.P. is the sole member of BCP IV. The general partner of Blackstone Holdings III L.P. is Blackstone Holdings III GP L.P. The general partner of Blackstone Holdings III GP L.P. is Blackstone Holdings III GP Management L.L.C. The sole member of Blackstone Holdings III GP Management L.L.C. is The Blackstone Group L.P. The general partner of The Blackstone Group L.P. is Blackstone Group Management L.L.C. Blackstone Group Management L.L.C. is wholly owned by Blackstone's senior managing directors and controlled by its founder, Stephen A. Schwarzman. Each of such Blackstone entities and Mr. Schwarzman may be deemed to beneficially own the shares beneficially owned by the Blackstone Funds directly or indirectly controlled by it or him, but each disclaims beneficial ownership of such shares. Mr. Foley and Mr. Melwani are Senior Managing Directors of Blackstone Group Management L.L.C. and neither is deemed to beneficially own the shares beneficially owned by the Blackstone Funds. The address of each of the Blackstone Funds, Mr. Stephen A. Schwarzman and each of the other Blackstone entities listed in this footnote is c/o The Blackstone Group, L.P., 345 Park Avenue, New York, New York 10154. The number of common shares being offered includes (i) 28,025,108 common shares by BCP Cayman IV,

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(ii) 457,034 common shares by BCP Cayman IV-A, (iii) 781,182 common shares by BFIP, (iv) 88,066 common shares by BPP and (v) 648,610 common shares by BFIP SMD.

(2)

The Warburg Pincus Funds are comprised of the following entities: Warburg Pincus International Partners, L.P., a Delaware limited partnership ("WPIP"), and two affiliated funds who collectively hold 50,754,331 shares, and Warburg Pincus Private Equity VIII, L.P., a Delaware limited partnership ("WP VIII"), and two affiliated funds who collectively hold 50,754,320 shares. The total number of shares reported by WPIP includes 2,030,177 shares that are owned by its affiliated fund Warburg Pincus Netherlands International Partners I C.V., a company incorporated under the laws of the Netherlands ("WPIP Netherlands"), and 75,112 shares that are owned by its affiliated fund WP-WPIP Investors L.P., a Delaware limited partnership ("WPIP Investors"). WPIP expressly disclaims beneficial ownership with respect to any common shares other than the common shares owned of record by WPIP. The total number of shares reported by WP VIII includes 1,426,152 shares that are owned by its affiliated fund Warburg Pincus Netherlands Private Equity VIII C.V. I, a company incorporated under the laws of the Netherlands ("WP VIII Netherlands"), and 142,183 shares that are owned by its affiliated fund WP-WPVIII Investors, L.P., a Delaware limited partnership ("WP VIII Investors"). WP VIII expressly disclaims beneficial ownership with respect to any shares other than the shares owned of record by WP VIII. WP-WPVIII Investors GP L.P., a Delaware limited partnership ("WP VIII Investors GP"), is the general partner of WP VIII Investors. WP-WPIP Investors GP L.P., a Delaware limited partnership ("WPIP Investors GP"), is the general partner of WPIP Investors. WPP GP LLC, a Delaware limited liability company ("WPP GP"), is the general partner of each of WP VIII Investors GP and WPIP Investors GP. Warburg Pincus Partners, L.P., a Delaware limited partnership ("WP Partners"), is (i) the managing member of WPP GP, and (ii) the general partner of WP VIII, WP VIII Netherlands, WPIP and WPIP Netherlands. Warburg Pincus Partners GP LLC, a Delaware limited liability company ("WP Partners GP"), is the general partner of WP Partners. Warburg Pincus & Co., a New York general partnership, is the managing member of WP Partners GP. The Warburg Pincus Funds are managed by Warburg Pincus LLC, a New York limited liability company ("WP LLC"). Mr. Landy and Mr. Krieger are Directors of Kosmos. Mr. Landy is a Managing General Partner of WP and a Managing Member and Co-Chief Executive Officer of WP LLC. Mr. Krieger is a Partner of WP and a Managing Director and Member of WP LLC. All shares indicated as owned by Messrs. Landy and Krieger are included because of their affiliation with the Warburg Pincus entities. Charles R. Kaye is also a Managing General Partner of WP and a Managing Member and Co-Chief Executive Officer of WP LLC and, together with Mr. Landy, may be deemed to control the Warburg Pincus entities. Messrs. Kaye, Landy and Krieger disclaim beneficial ownership of all shares held by the Warburg Pincus entities. The address of the Warburg Pincus entities, Mr. Kaye and Mr. Landy is 450 Lexington Avenue, New York, New York 10017. The number of common shares being offered includes (i) 5,000,000 common shares by WPIP and (ii) 5,000,000 common shares by WP VIII.

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CERTAIN TAX CONSIDERATIONS

Bermuda Tax Considerations

At the present time, there is no Bermuda income or profits tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable by us or by our shareholders in respect of our shares. We have obtained an assurance from the Bermuda Minister of Finance under the Exempted Undertakings Tax Protection Act 1966 that, in the event that any legislation is enacted in Bermuda imposing any tax computed on profits or income, or computed on any capital asset, gain or appreciation or any tax in the nature of estate duty or inheritance tax, such tax shall not, until March 31, 2035, be applicable to us or to any of our operations or to our shares, debentures or other obligations except insofar as such tax applies to persons ordinarily resident in Bermuda or is payable by us in respect of real property owned or leased by us in Bermuda.

U.S. Federal Income Tax Considerations

The following is a summary of certain U.S. federal income tax consequences to a U.S. Holder (as defined below) of owning and disposing of our common shares, but it does not purport to be a comprehensive description of all tax considerations that may be relevant to a particular person's decision to acquire our common shares. This summary does not discuss any state, local or foreign tax considerations. This discussion applies only to a U.S. Holder that acquires our common shares pursuant to this offering and holds them as capital assets for tax purposes. In addition, it does not describe all of the tax consequences that may be relevant in light of the U.S. Holder's particular circumstances, including alternative minimum tax consequences, Medicare contribution tax consequences and tax consequences applicable to U.S. Holders subject to special rules, such as:

- certain financial institutions;
- dealers or traders in securities who use a mark-to-market method of tax accounting;
- persons holding our common shares as part of a hedging transaction, straddle, wash sale, conversion transaction or integrated transaction or persons entering into a constructive sale with respect to our common shares;
- persons whose functional currency for U.S. federal income tax purposes is not the U.S. dollar;
- entities classified as partnerships for U.S. federal income tax purposes;
- tax-exempt entities, including "individual retirement accounts"; or
- persons that own or are deemed to own ten percent or more of our voting shares.

If an entity that is classified as a partnership for U.S. federal income tax purposes holds our common shares, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Partnerships holding our common shares and partners in such partnerships should consult their tax advisers as to the particular U.S. federal income tax consequences of holding and disposing of our common shares.

This discussion is based on the Internal Revenue Code of 1986, as amended (the "Code"), administrative pronouncements, judicial decisions, and final, temporary and proposed Treasury regulations, all as of the date of this prospectus supplement, any of which is subject to change, possibly with retroactive effect. U.S. Holders should consult their tax advisers concerning the U.S. federal, state, local and foreign tax consequences of owning and disposing of our common shares in their particular circumstances.

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A "U.S. Holder" is a holder who, for U.S. federal income tax purposes, is a beneficial owner of our common shares and is:

- a citizen or individual resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

This discussion assumes that we are not, and will not become, a passive foreign investment company, as described below.

Taxation of Distributions

As discussed above under "Dividend Policy," we do not currently intend to pay dividends. In the event that we do pay dividends, distributions paid on our common shares, other than certain *pro rata* distributions of common shares, will be treated as dividends to the extent paid out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). The amount of the dividend will be treated as foreign-source dividend income to U.S. Holders and will not be eligible for the dividends-received deduction generally available to U.S. corporations under the Code. Subject to certain holding period and other requirements, dividends on our common shares that are paid to non-corporate U.S. Holders will be eligible for reduced tax rates so long as our common shares continue to trade on the NYSE.

Sale or Other Disposition of Common Shares

For U.S. federal income tax purposes, gain or loss realized on the sale or other disposition of our common shares will be capital gain or loss, and generally will be long-term capital gain or loss if the U.S. Holder held our common shares for more than one year. The amount of the gain or loss will equal the difference between the U.S. Holder's tax basis in the common shares disposed of and the amount realized on the disposition, in each case as determined in U.S. dollars. This gain or loss will generally be U.S.-source gain or loss for foreign tax credit purposes. Non-corporate U.S. Holders are generally eligible for reduced tax rates on long-term capital gains. The deductibility of capital losses is subject to limitation.

Passive Foreign Investment Company Rules

Based on management estimates and projections of future operations and revenue, we do not believe we will be a passive foreign investment company (a "PFIC") for U.S. federal income tax purposes for our current taxable year and we do not expect to become one in the foreseeable future. In general, a non-U.S. corporation is a PFIC for any taxable year in which (i) 75% or more of its gross income consists of passive income (such as dividends, interest, rents and royalties) or (ii) 50% or more of the average quarterly value of its assets consists of assets that produce, or are held for the production of, passive income. Because our PFIC status is a factual determination that is made annually and depends on the composition of our income and the composition and value of our assets from time to time, there can be no assurance that we will not be a PFIC for any taxable year.

If we were a PFIC for any taxable year during which a U.S. Holder held our common shares, gain recognized by a U.S. Holder on a sale or other disposition (including certain pledges) of our common shares would be allocated ratably over the U.S. Holder's holding period for the common shares. The amounts allocated to the taxable year of the sale or other disposition and to any year before we became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, for

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that taxable year, and an interest charge would be imposed on the tax on such amount allocated to that taxable year. In addition, similar rules would apply to the extent that any distribution received by a U.S. Holder on its common shares exceeds 125% of the average of the annual distributions on the common shares received during the preceding three years or the U.S. Holder's holding period, whichever is shorter. Certain elections may be available that would result in alternative treatments (such as mark-to-market treatment) of the common shares. U.S. Holders should consult their tax advisers to determine whether any of these elections would be available and, if so, what the consequences of the alternative treatments would be in their particular circumstances. If we were a PFIC for any year during which a U.S. Holder held our common shares, we generally would continue to be treated as a PFIC with respect to that holder for all succeeding years during which the U.S. Holder held our common shares, even if we subsequently ceased to meet the requirements for PFIC status. U.S. Holders should consult their tax advisers regarding the potential availability of a "deemed sale" election that would allow them to eliminate the continuation of PFIC status under these circumstances.

Dividends on our common shares that we pay to non-corporate U.S. Holders will not be eligible for the reduced tax rates described above if we are a PFIC in the taxable year in which the dividends are paid or the prior taxable year. In addition, if a U.S. Holder owns our common shares during any year in which we are a PFIC, the holder generally must file annual reports containing such information as the U.S. Treasury may require on Internal Revenue Service ("IRS") Form 8621 (or any successor form) with respect to us, generally with the holder's federal income tax return for that year.

U.S. Holders should consult their tax advisers regarding whether we are or may become a PFIC and the potential application of the PFIC rules.

Information Reporting and Backup Withholding

Payments of dividends and sales proceeds that are made within the United States or through certain U.S.-related financial intermediaries generally are subject to information reporting, and may be subject to backup withholding, unless (i) the U.S. Holder is a corporation or other exempt recipient or (ii) in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the holder's U.S. federal income tax liability and may entitle it to a refund, provided that the required information is timely furnished to the IRS.

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CERTAIN ERISA CONSIDERATIONS

Each purchaser represents and warrants that either (i) no portion of the assets used to acquire the common shares constitutes the assets of a "benefit plan investor" within the meaning of Section 3(42) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or (ii) the purchase of the common shares will not result in a non-exempt prohibited transaction under Title I of ERISA or Section 4975 of the Code.

UNDERWRITING

We and the selling shareholders have entered into an underwriting agreement with Barclays Capital Inc., as underwriter of this offering. Under the terms and subject to the conditions contained in the underwriting agreement, the selling shareholders have agreed to sell to the underwriter 40,000,000 common shares.

The underwriting agreement provides that the underwriter is obligated to purchase all of the common shares in the offering if any are purchased.

The underwriter proposes to offer the common shares directly to the public at the public offering price set forth on the cover page of this prospectus supplement and to certain dealers at a price less a concession not in excess of $0.05 per share. After the initial public offering of the shares, the offering price and other selling terms may be changed by the underwriter. The offering of the shares by the underwriter is subject to receipt and acceptance and subject to the underwriter's right to reject any order in whole or in part.

The underwriting fee is equal to the public offering price per common share less the amount paid by the underwriter to the selling shareholders per common share. The following table shows the per share and total underwriting discounts and commissions to be paid to the underwriter by the selling shareholders.

	Per Common Share	**Total**
Underwriting discounts and commissions paid by the selling shareholders	$ 0.10	$ 4,000,000

Sales of common shares outside the United States may be made by affiliates of the underwriter. The underwriter has informed us that it does not intend to confirm sales to discretionary accounts that exceed 5% of the total number of common shares offered by it.

We estimate that the total expenses for this offering, excluding underwriting discounts and commissions, will be approximately $400,000, and will be paid by us.

We have agreed that we will not, for a period of 30 days after the date of the underwriting agreement (i) offer, sell, issue, contract to sell, pledge or otherwise dispose of our common shares or securities convertible into or exchangeable or exercisable for our common shares, (ii) offer, sell, issue, contract to sell, contract to purchase or grant any option, right or warrant to purchase our common shares or securities convertible into or exchangeable or exercisable for our common shares, (iii) enter into any swap, hedge or any other agreement that transfers, in whole or in part, the economic consequences of ownership of our common shares or securities convertible into or exchangeable or exercisable for our common shares, (iv) establish or increase a put equivalent position or liquidate or decrease a call equivalent position in our common shares or securities convertible into or exchangeable or exercisable for our common shares within the meaning of Section 16 of the Exchange Act, or (v) file with the SEC a registration statement under the Securities Act of 1933, as amended (the "Securities Act"), relating to our common shares or securities convertible into or exchangeable or exercisable for our common shares, or publicly disclose the intention to take any such action, without the prior written consent of the underwriter. The restrictions described in this paragraph do not apply to:

- grants of restricted shares, restricted stock units, share options other than equity grants in accordance with the terms of an incentive plan described in the documents incorporated by reference into this prospectus supplement and the accompanying prospectus as in existence as of the date hereof;

- the issuance of common shares upon the exercise of an option or warrant or the conversion of a security granted under an incentive plan described in the documents incorporated by reference

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into this prospectus supplement and the accompanying prospectus as existing on or otherwise outstanding as of the date hereof;

the filing of a registration statement on Form S-8 relating to the offering of securities in accordance with the terms of an incentive plan described in the documents incorporated by reference into this prospectus supplement and the accompanying prospectus as in effect on the date hereof; or

the registration of common shares pursuant to the terms of the registration rights agreement described in the documents incorporated by reference into this prospectus supplement and the accompanying prospectus as in existence as of the date hereof.

Certain of our officers and directors and the selling shareholders have agreed that they will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any of our common shares or securities convertible into or exchangeable or exercisable for our common shares, enter into a transaction that would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of our common shares or securities convertible into or exchangeable or exercisable for our common shares, whether any of these transactions are to be settled by delivery of our common shares, securities convertible into or exchangeable or exercisable for our common shares, or such other securities, in cash or otherwise, or publicly disclose the intention to make any such offer, sale, pledge or disposition, or to enter into any such transaction, swap, hedge or other arrangement or make any demand for or exercise any right with respect to the registration of any of our common shares or securities convertible into or exchangeable for our common shares, without, in each case, the prior written consent of the underwriter for a period of 30 days after the date of the underwriting agreement. The restrictions described in this paragraph do not apply to:

the sale of the common shares by the selling shareholders to the underwriter in connection with this offering;

transfers or distributions of common shares or any security convertible into common shares (i) as a bona fide gift or gifts, (ii) to any trust for the direct or indirect benefit of the transferee or an immediate family member, (iii) by testate or intestate succession, (iv) to general or limited partners, members, or shareholders of the transferor, or to any corporation, partnership, limited liability company or other person or entity that is a direct or indirect affiliate of the transferor or (v) to any corporation, partnership, limited liability company or other business entity with whom the transferor shares in common an investment manager or advisor, in each case who has investment discretionary authority with respect to the transferor's and such other entity's investments pursuant to an investment management, investment advisory or similar agreement, *provided* that in each case of (i) through (v), each donee, distributee or transferee agrees to be bound in writing by the terms of the lock-up agreement prior to such transfer and no filing by any party (donor, donee, transferor or transferee) under the Exchange Act shall be required or shall be voluntarily made in connection with such transfer;

transactions relating to common shares or other securities convertible into or exchangeable or exercisable for any common shares acquired in the open market or any directed share program;

transfers of common shares that are used for the primary purpose of satisfying any tax or other governmental withholding obligation, with respect to any award of equity-based compensation granted pursuant to equity incentive plans;

the establishment of a trading plan pursuant to Rule 10b5-1 under the Exchange Act for the transfer of common shares or any securities convertible into or exchangeable or exercisable for any common shares, *provided* that such plan does not permit such transfers during the lock-up period; and

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transactions relating to common shares or any security convertible into or exchangeable or exercisable for any common shares executed under a trading plan pursuant to Rule 10b-1 under the Exchange Act as existing on the date of the underwriting agreement providing for the transfer of common shares or any security convertible into or exchangeable or exercisable for any common shares.

Certain of our officers, directors and employees have established trading plans pursuant to Rule 10b5-1 and may sell, pledge or otherwise dispose, directly or indirectly, common shares (or securities convertible into or exchangeable for any common shares) during the lock-up period.

We and the selling shareholders have agreed to indemnify the underwriter against certain liabilities under the Securities Act, or contribute to payments that the underwriter may be required to make in that respect.

Price Stabilization and Short Positions

In connection with the offering, the underwriter may engage in stabilizing transactions, over-allotment transactions and covering transactions in accordance with Regulation M under the Exchange Act.

- Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.

- Over-allotment involves sales by the underwriter of shares in excess of the shares the underwriter is obligated to purchase, which creates a naked short position. In a naked short position, the underwriter may close out such position by purchasing shares in the open market.

- Covering transactions involve purchases of the common shares in the open market after the distribution has been completed in order to cover short positions. A naked short position can only be closed out by buying shares in the open market.

These stabilizing transactions and covering transactions, as well as purchases by the underwriter for its own accounts, may have the effect of raising or maintaining the market price of our common shares or preventing or retarding a decline in the market price of the common shares. As a result the price of our common shares may be higher than the price that might otherwise exist in the open market. These transactions may be effected on the NYSE and, if commenced, may be discontinued at any time.

Affiliations

The underwriter and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. The underwriter and its affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for us, our affiliates and the selling shareholders, for which they received or will receive customary fees and expenses. For instance, affiliates of the underwriter are lenders under our commercial debt facility. In the ordinary course of their various business activities, the underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own accounts and for the accounts of their customers, and such investment and securities activities may involve our securities and/or our instruments. The underwriter and its affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

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Selling Restrictions

The shares are offered for sale in those jurisdictions in the United States, Europe, Asia and the Middle East and elsewhere where it is lawful to make such offers. The underwriter has represented and agreed that it has not offered, sold or delivered and will not offer, sell or deliver any of the shares directly or indirectly, or distribute this prospectus supplement and the accompanying prospectus or any other offering material relating to the shares, in or from any jurisdiction except under circumstances that will result in compliance with the applicable laws and regulations thereof and that will not impose any obligations on us except as set forth in the underwriting agreement.

Average pre-tax margin of 18.1%

Source: Jefferies.

(1) Adjusted to exclude debt extinguishment gains, amortization of debt discounts and certain historical acquisition items. See pages 36 39 for further detail.

Jefferies Profitability and Trading Income Much More Stable Than Peers

Source: Public filings.

(1) Calculated as standard deviation of net earnings to common over the past 11 quarters (Q1 2010 to Q3 2012), divided by average net earnings to common over the same time period.
(2) For Citi, Bank of America Merrill Lynch and JP Morgan, net earnings to common include investment banking and sales & trading divisions only.
(3) Calculated as standard deviation of net sales & trading revenue (excluding DVA) over the past 11 quarters (Q1 2010 to Q3 2012), divided by average net sales & trading revenue (excluding DVA) over the same time period.

Consistent Common Equity Growth

Jefferies has grown common equity by $1.6 billion, or 95%, since the financial crisis began in Q1 2008

Jefferies   proactive equity capital raises have helped the firm navigate the global financial crisis and capitalize on growth opportunities

Source: Jefferies.

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Leucadia National

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Leucadia Overview

Key Points **From Leucadia s 2011 Annual Report:**

Publicly Listed: LUK (NYSE)

Market Cap: $5.3 billion (11/09/12)

Total Assets: $9,068 MM [1]

Total Common Equity: $6,534 MM[1]

Book Value per Share: 18.5% CAGR since 1979 [2]

Leucadia National Scorecard

(Dollars in thousands, except per share amounts)

	Book Value Per Share	Book Value % Change	% Change in S&P 500 with Dividends Included	Market Price Per Share	Market Price % Change	Shareholders Equity	Net Income (Loss)	Return on Average Share-holders Equity
1978	($ 0.04)	NA	NA	$ 0.01	NA	($ 7,657)	($ 2,225)	NA
1979	0.11	NM	18.2%	0.07	600.0%	22,945	19,058	249.3%
1980	0.12	9.1%	32.3%	0.05	(28.6%)	24,917	1,879	7.9%
1981	0.14	16.7%	(5.0%)	0.11	120.0%	23,997	7,519	30.7%
1982	0.36	157.1%	21.4%	0.19	72.7%	61,178	36,866	86.6%
1983	0.43	19.4%	22.4%	0.28	47.4%	73,498	18,009	26.7%
1984	0.74	72.1%	6.1%	0.46	64.3%	126,097	60,891	61.0%
1985	0.83	12.2%	31.6%	0.56	21.7%	151,033	23,503	17.0%
1986	1.27	53.0%	18.6%	0.82	46.4%	214,587	78,151	42.7%
1987	1.12	(11.8%)	5.1%	0.47	(42.7%)	180,408	(18,144)	(9.2%)
1988	1.28	14.3%	16.6%	0.70	48.9%	206,912	21,333	11.0%
1989	1.64	28.1%	31.7%	1.04	48.6%	257,735	64,311	27.7%
1990	1.97	20.1%	(3.1%)	1.10	5.8%	268,567	47,340	18.0%
1991	2.65	34.5%	30.5%	1.79	62.7%	365,495	94,830	29.9%
1992	3.69	39.2%	7.6%	3.83	114.0%	618,161	130,607	26.6%
1993	5.43	47.2%	10.1%	3.97	3.7%	907,856	245,454	32.2%
1994	5.24	(3.5%)	1.3%	4.31	8.6%	881,815	70,836	7.9%
1995	6.16	17.6%	37.6%	4.84	12.3%	1,111,491	107,503	10.8%
1996	6.17	0.2%	23.0%	5.18	7.0%	1,118,107	48,677	4.4%
1997	9.73	57.7%	33.4%	6.68	29.0%	1,863,531	661,815	44.4%
1998	9.97	2.5%	28.6%	6.10	(8.7%)	1,853,159	54,343	2.9%
1999	6.59[b]	(33.9%)	21.0%	7.71	26.4%	1,121,988[b]	215,042	14.5%
2000	7.26	10.2%	(9.1%)	11.81	53.2%	1,204,241	116,008	10.0%
2001	7.21	(0.7%)	(11.9%)	9.62	(18.5%)	1,195,453	(7,508)	(0.6%)
2002	8.58	19.0%	(22.1%)	12.44	29.3%	1,534,525	161,623	11.8%
2003	10.05	17.1%	28.7%	15.37	23.6%	2,134,161	97,054	5.3%
2004	10.50	4.5%	10.9%	23.16	50.7%	2,258,653	145,500	6.6%
2005	16.95[c]	61.4%	4.9%	23.73	2.5%	3,661,914[c]	1,636,041	55.3%
2006	18.00	6.2%	15.8%	28.20	18.8%	3,893,275	189,399	5.0%
2007	25.03[d]	39.1%	5.5%	47.10	67.0%	5,570,492[d]	484,294	10.2%
2008	11.22[e]	(55.2%)	(37.0%)	19.80	(58.0%)	2,676,797[e]	(2,535,425)	(61.5%)
2009	17.93	59.8%	26.5%	23.79	20.2%	4,361,647	550,280	15.6%
2010	28.53[f]	59.1%	15.1%	29.18	22.7%	6,956,758[f]	1,939,312	34.3%
2011	25.24	(11.5%)	2.1%	22.74	(22.1%)	6,174,396	25,231	0.4%
CAGR (1978-2011)[a]			11.1%	26.4%				
CAGR (1979-2011)[a]	18.5%		10.9%	19.8%		19.1%		

(a) A negative number cannot be compounded; therefore, we have used 1979.
(b) Reflects a reduction resulting from dividend payments in 1999 totaling $811.9 million or $4.53 per share.
Leucadia s CAGRs do not reflect the benefit of annual dividends or the special 1999 dividend.

(c) Reflects the recognition of $1,135.1 million of the deferred tax asset or $5.26 per share.
(d) Reflects the recognition of $542.7 million of the deferred tax asset or $2.44 per share.
(e) Reflects the write-off of $1,672.1 million of the deferred tax asset or $7.01 per share.
(f) Reflects the recognition of $1,157.1 million of the deferred tax asset or $4.75 per share.
Source: Leucadia.

(1) Adjusted for October 2012 completed redemption / sale of Fortescue note and Keen Energy. See pages 32 and 34 for further detail.
(2) As of 12/31/11.

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Leucadia Subsidiaries and Investments

National Beef

- 4th largest beef processor in the US, with significant operations in hide tanning, direct-to-consumer beef sales, retail package preparation and logistics
- Major exporter to foreign markets, including Asia and the Middle East

Inmet Mining

- Publicly listed TSX: IMN
- Global exploration, development and mining of base and precious metals. Copper mine development currently underway in Panama

Premier Entertainment (Hard Rock Hotel & Casino Biloxi)

- 325 room hotel with 50,000 square feet of gaming
- Currently constructing a 154-room tower addition to hotel

Berkadia

- One of the largest non-bank owned commercial mortgage servicing and origination platforms
- 50/50 joint venture with Berkshire Hathaway

Garcadia

- Acquires and operates auto dealerships, with current operations in lowa, Texas and California
- Joint venture with Garff Enterprises

Source: Leucadia.

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Leucadia Subsidiaries and Investments

Conwed

Market leader in lightweight oriented and extruded plastic netting

Partners with customers to customize core technology into innovative solutions

Linkem

Start-up wireless broadband services provider in Italy

Idaho Timber

Wood product manufacture and distribution

Operations in primary milling, clear boards and dimensional lumber remanufacturing

HomeFed

Developer of residential real estate projects

Source: Leucadia.

Leucadia Recent Liquidity Events

Leucadia recently completed three major realizations, generating an aggregate of over $1.2 billion of incremental cash

- Fortescue Royalty Note:
  - On October 18, 2012, Fortescue redeemed Leucadia s 2006 Royalty Note for $715 MM in cash, or a pre-tax gain of $526 MM, and all litigation has been settled
- Mueller Industries:
  - On September 26, 2012, Leucadia sold its entire 27.3% stake in Mueller back to Mueller for net cash consideration to Leucadia of $426 MM
- Keen Energy:
  - On October 17, 2012, Leucadia sold Keen Energy
  - Sale price consists of:
    - Cash: $100 MM + ~$40 MM in retained working capital
    - Seller Note: $40 MM (valued at $37.5 MM)

Source: Leucadia.

Leucadia Post-Merger Balance Sheet Parameters

Post-merger, Leucadia will target specific concentration, leverage and liquidity principles

Concentration: Leucadia s single largest equity investment (excluding Jefferies) will be no greater than 20% of book value (currently, National Beef), with no other individual investment greater than 10% of book value at time of investment

Leverage: Leucadia will target a maximum parent debt / equity ratio <0.5x in a stressed scenario

Stressed scenario assumes total impairment of Leucadia s two largest investments (excluding Jefferies)

($ Millions)	**Adjusted 09/30/12**
Adjusted Book Value (excl. Jefferies) [(1)]	5,201.6
Less: National Beef	(878.4)
Less: Inmet Mining	(524.6)
Stressed Book Value (excl. Jefferies)	$ 3,798.6
Less: Adjusted Deferred Tax Asset [(2)]	(1,386.4)
Stressed Book Value (excl. DTA)	$ 2,412.3
Parent Company Debt	959.5
Parent Company Debt / Book Value (excl. Jefferies)	0.18x
Parent Company Debt / Stressed Book Value	0.25x
Parent Company Debt / Stressed Book Value (excl. DTA)	0.40x

Liquidity: Leucadia will target (i) a minimum liquid assets / parent debt ratio >1.0x (current ratio of 3.0x) and (ii) minimum cash and cash equivalents equal to 10% of book value (excluding Jefferies)

Source: Leucadia.

(1) See page 32 for further detail.
(2) See page 33 for further detail.

Appendix

Reconciliations

Adjusted Jefferies Book Value Reconciliation

Adjusted Jefferies Book Value Reconciliation

($ Millions)	**09/30/12**
LUK Share Price (11/09/12)	$ 21.80
Less: Crimson Wine spin-out Value per Share	($ 0.81)
Adjusted LUK Share Price (11/09/12)	$ 20.99
Exchange Ratio	0.81x
Implied Jefferies Value per Share	$ 17.01
Jefferies Adjusted Shares Outstanding (1)	222.4
Adjusted Jefferies Equity Value	$ 3,782.1
Plus: Leucadia Interest in Jefferies High Yield Holdings (2)	341.3
Adjusted Jefferies Book Value	**$ 4,123.4**

Source: Leucadia and Jefferies.

(1) Based on adjusted shares outstanding, which includes restricted stock units, of 225 million per Jefferies 10-Q at August 31, 2012, plus restricted stock units issuable under Jefferies Deferred Compensation Plan of 1.8 million, plus restricted stock units of 5.1 million awarded under Jefferies Incentive Compensation Plan subsequent to August 31, 2012, less restricted stock and restricted stock units outstanding of 9.5 million at October 31, 2012 that require future service as a condition to vesting.

(2) Per Leucadia 10-Q as of 09/30/12.

Adjusted Combined Book Value and Book Value per Share Reconciliation

Adjusted Combined Book Value and Book Value per Share Reconciliation

($ Millions)	**09/30/12**
Leucadia Book Value (1)	6,191.9
Plus: After-tax Gain on Fortescue Note redemption (2)	342.0
Adjusted Leucadia Book Value	$ 6,534.0
Less: Crimson Wine spin-out	(197.0)
Adjusted Leucadia Book Value (post Crimson Wine spin-out)	$ 6,337.0
Less: Leucadia Interest in Jefferies and JHYH (1)	(1,135.4)
Adjusted Leucadia Book Value (excl. Jefferies)	$ 5,201.6
Adjusted Jefferies Equity Value (3)	3,782.1
Leucadia Interest in Jefferies High Yield Holdings (1)	341.3
Adjusted Combined Book Value	**$ 9,325.0**
Jefferies Adjusted Shares Outstanding (4)	222.4
Less: Jefferies Shares Owned by Leucadia	(58.0)
Jefferies Adjusted Shares Outstanding (excl. Leucadia owned shares)	164.4
Exchange Ratio	0.81x
New LUK Shares Issued (incl. with respect to vested RSUs)	133.2
Plus: Leucadia Shares Outstanding (1)	244.6

Leucadia Shares Outstanding, Adjusted for Merger		377.7
Book Value per Share, Adjusted for Merger	**$**	**24.69**

Source: Leucadia and Jefferies.

(1) Per Leucadia 10-Q as of 09/30/2012.
(2) Estimated adjustment for October 2012 redemption.
(3) Adjusted to fair value based on announced exchange ratio.
(4) Based on adjusted shares outstanding, which includes restricted stock units, of 225 million per Jefferies 10-Q at August 31, 2012, plus restricted stock units issuable under Jefferies Deferred Compensation Plan of 1.8 million, plus restricted stock units of 5.1 million awarded under Jefferies Incentive Compensation Plan subsequent to August 31, 2012, less restricted stock and restricted stock units outstanding of 9.5 million at October 31, 2012 that require future service as a condition to vesting.

Reconciliations

Leucadia Cash & Public Securities Reconciliation

Leucadia Cash & Public Securities Reconciliation	
($ Millions)	**09/30/12**
Leucadia Available Liquidity [1]	1,992.2
Less: Inmet Mining [1]	(524.6)
Plus: Fortescue Metals Group Ltd. Note [2]	715.0
Plus: Keen Energy Services [3]	120.1
Plus: Pershing Square [4]	49.7
Adjusted Leucadia Cash & Public Securities	**$ 2,352.4**

Source: Leucadia.

(1) Per Leucadia 10-Q as of 09/30/2012.
(2) Reflects cash consideration for October 2012 redemption.
(3) Reflects cash consideration for October 2012 sale.
(4) Reflects cash due for 09/30/2012 redemption.

Deferred Tax Asset Reconciliation

Deferred Tax Asset Reconciliation	
($ Millions)	**09/30/12**
Current Deferred Tax Asset [1]	77.9
Non-current Deferred Tax Asset [1]	1,492.7
Less: Adjustment for Gain on Fortescue Note [2]	(184.2)
Adjusted Deferred Tax Asset	**$ 1,386.4**

Source: Leucadia.

(1) Per Leucadia 10-Q as of 09/30/12.
(2) Estimated adjustment for October 2012 redemption.

Reconciliations

Subsidiaries & Investments Capital Reconciliation

Subsidiaries & Investments Capital Reconciliation	
($ Millions)	**09/30/12**
Leucadia Book Value [1]	6,191.9
Plus: After-tax gain on Fortescue Note redemption [2]	342.0
Less: Crimson Wine Spin-Out	(197.0)
Adjusted Leucadia Book Value (post Crimson Wine spin-out)	$ 6,337.0
Less: Leucadia Interest in Jefferies [1]	(794.1)
Less: Leucadia Interest in Jefferies High Yield Holdings [1]	(341.3)
Adjusted Leucadia Book Value (excl. Jefferies)	$ 5,201.6
Less: Adjusted Deferred Tax Asset	(1,386.4)
Less: Adjusted Cash & Public Securities	(2,352.4)
Plus: Parent Company Debt	959.5
Adjusted Subsidiaries & Investments Capital	**$ 2,422.4**

Source: Leucadia.

(1) Per Leucadia 10-Q as of 09/30/12.
(2) Estimated adjustment for October 2012 redemption.

Combined Assets Reconciliation

Combined Assets Reconciliation	
($ Millions)	**09/30/12**
Leucadia Consolidated Assets [1]	8,740.2
Estimated Change in Assets due to Fortescue Note Redemption and Keen Energy Sale [2]	328.2
Adjusted Leucadia Consolidated Assets	$ 9,068.4
Less: Crimson Wine spin-out	(197.0)
Adjusted Leucadia Consolidated Assets (post Crimson Wine spin-out)	$ 8,871.4
Less: Leucadia Interest in Jefferies [1]	(794.1)
Less: Leucadia Interest in Jefferies High Yield Holdings [1]	(341.3)
Adjusted Leucadia Consolidated Assets (excl. Jefferies)	$ 7,736.0
Jefferies Assets [3]	34,407.4
Adjusted Combined Total Assets	**$ 42,143.4**

Source: Leucadia and Jefferies.

(1) Per Leucadia 10-Q as of 09/30/2012.
(2) Estimated adjustment for October 2012 redemption / sale.
(3) Per Jefferies 10-Q as of 08/31/2012.

Reconciliations

Leucadia Parent Company Debt Reconciliation

Leucadia Parent Company Debt Reconciliation

($ Millions)	**09/30/12**
Debt Due Within 1 Year [1]	445.4
Long-term Debt [1]	911.8
Consolidated Long-term Debt, including Current Portion	**$ 1,357.2**
Parent Company Debt, including Current Portion	959.5
Long-term Debt of Consolidated Subsidiaries, including Current Portion	397.7
Consolidated Long-term Debt, including Current Portion	**$ 1,357.2**

Source: Leucadia.

(1) Per Leucadia 10-Q as of 09/30/12.

Jefferies Reconciliation of GAAP to non-GAAP Financial Measures

Three and Nine Months Ended August 31, 2012

(Amounts in Thousands)

	Three Months Ended August 31, 2012	Amortization of Debt Discount and Certain Acquisition Items	Three Months Ended August 31, 2012 (Excluding Amortization of Debt Discount and Certain Acquisition Items)	Nine Months Ended August 31, 2012	Debt Accounting Gain and Amortization of Debt Discount, Impairment Charge and Certain Acquisition Items	Nine Months Ended August 31, 2012 (Excluding Debt Accounting Gain and Amortization of Debt Discount, Impairment Charge and Certain Acquisition Items)
Net revenues	$ 738,938	$ (1,223)(1)	$ 740,161	$ 2,229,935	$ 9,661(5)	$ 2,220,274
Compensation and benefits	440,391	2,615(2)	$ 437,776	1,310,394	22,179(6)	1,288,215
Noncompensation expenses	167,874	714(3)	$ 167,160	507,117	4,996(7)	502,121
Total non-interest expenses	608,265	3,329	604,936	1,817,511	27,175	1,790,336
Earnings before income taxes	122,369	(4,552)	126,921	377,820	(17,514)	395,334
Income tax expense (benefit)	44,048	(1,755)(4)	45,803	134,403	(7,236)(4)	141,639
Net earnings	78,321	(2,797)	81,118	243,417	(10,278)	253,695
Net earnings to common shareholders	$ 70,171	$ (2,797)	$ 72,968	$ 210,805	$ (10,278)	$ 221,083

Source: Jefferies 8-K filed September 20, 2012.

(1) Net revenues in the third quarter of 2012 includes additional interest expense of $1.2 million from the amortization of discounts on long-term debt reissued in November and December 2011 in connection with trading activities in our debt.

(2) Compensation expense for the three months ended August 31, 2012 includes expense related to the amortization of retention and stock replacement awards granted in connection with the acquisition of the Bache entities and Hoare Govett.

(3) Reflects amortization of intangible assets recognized in connection with the acquisitions of Hoare Govett and the Bache entities.

(4) For the three months ended August 31, 2012, reflects the tax benefit on the additional interest expense, Hoare Govett and Bache related expense items at a domestic and foreign marginal tax rate of 41.5% and 24.3%, respectively. The domestic and foreign marginal tax rate for the nine months ended August 31, 2012, on the additional interest expense, Hoare Govett and Bache related expense items and the impairment charge is 41.5% and 24.3%, respectively.

(5) Includes a gain on debt extinguishment of $9.9 million relating to trading activities in our own debt and a bargain purchase gain of $3.4 million resulting from the acquisition of Hoare Govett recorded in Other revenues, partially offset by additional interest expense of $3.6 million from subsequent amortization of debt discounts upon reissuance of our long-term debt.

(6) Includes compensation expense related to the amortization of retention and stock replacement awards granted in connection with the acquisition of the Bache entities and Hoare Govett and bonus costs for employees as a result of the completion of the Hoare Govett acquisition.

(7) Reflects an impairment charge of $2.9 million on indefinite-lived intangible assets and amortization of intangible assets recognized in connection with the acquisitions of Hoare Govett and the Bache entities.

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Jefferies Reconciliation of GAAP to non-GAAP Financial Measures

Three Months Ended February 29, 2012 and Three Months Ended May 31, 2012

(Amounts in Thousands)

	Three Months Ended Feb 29, 2012	Debt Accounting Gain and Certain Acquisition Items	Three Months Ended (Excluding Debt Accounting Gain and Certain Acquisition Items) Feb 29, 2012	Three Months Ended May 31, 2012	Amortization of Debt Discount, Impairment Charge and Certain Acquisition Items	Three Months Ended May 31, 2012 (Excluding Amortization of Debt Discount, Impairment Charge and Certain Acquisition Items)
Net revenues	$ 779,966	$ 12,085 (1)	$ 767,881	$ 711,031	$ (1,201) (5)	$ 712,232
Compensation and benefits	446,462	5,821 (2)	$ 440,641	423,541	9,214 (6)	$ 414,327
Noncompensation expenses	162,791	701(3)	$ 162,090	176,452	3,581 (7)	$ 172,871
Total non-interest expenses	609,253	6,522	602,731	599,993	12,795	587,198
Earnings before income taxes	148,869	5,563	143,306	106,582	(13,996)	120,578
Income tax expense (benefit)	52,152	2,041 (4)	50,111	38,203	(5,650) (4)	43,853
Net earnings	96,717	3,522	93,195	68,379	(8,346)	76,725
Net earnings to common shareholders	$ 77,136	$ 3,522	$ 73,614	$ 63,498	$ (8,346)	$ 71,844

Source: Jefferies 8-K filed March 20, 2012 and 8-K filed June 19, 2012.

(1) Within Total revenues in the first quarter of 2012, we recognized Other revenues of $13.2 million comprised primarily of a gain on debt extinguishment of $9.9 million relating to trading activities in our own debt and a bargain purchase gain of $3.4 million resulting from the acquisition of Hoare Govett. This is offset within Net Revenues by additional interest expense of $1.2 million from subsequent amortization of debt discounts upon reissuance of our long-term debt.

(2) The three months ended February 29, 2012 is comprised of compensation expense related to the amortization of retention and stock replacement awards granted in connection with the acquisition of the Bache entities, amortization of retention awards granted in connection with the acquisition of Hoare Govett and bonus costs for employees as a result of the completion of the Hoare Govett acquisition.

(3) Reflects the amortization of intangible assets recognized in connection with the acquisition of Hoare Govett and the Bache entities for the three months ended February 29, 2012.

(4) Reflects the net tax expense on the debt accounting gain, Hoare Govett bargain purchase gain and Hoare Govett and Bache related expense items taxed at a domestic and foreign marginal tax rate of 41.4% and 25.3%, respectively.

(5) Net revenues in the second quarter of 2012 include additional interest expense of $1.2 million from the amortization of discounts on long-term debt reissued in November and December 2011 in connection with trading activities in our debt.

(6) Compensation expense for the three months ended May 31, 2012 includes expense related to the amortization of retention and stock replacement awards granted in connection with the acquisition of the Bache entities and Hoare Govett.

(7) Reflects an impairment charge of $2.9 million on indefinite-lived intangible assets and amortization of intangible assets recognized in connection with the acquisitions of Hoare Govett and the Bache entities.

Jefferies Reconciliation of GAAP to non-GAAP Financial Measures

Three and Twelve Months Ended November 30, 2011

(Amounts in Thousands)

	Three Months Ended Nov 30, 2011	Debt Accounting Gain and Certain Acquisition Items	Three Months Ended (Excluding Debt Accounting Gain and Certain Acquisition Items) Nov 30, 2011	Twelve Months Ended Nov 30, 2011	Debt Accounting Gain and Certain Acquisition Items	Twelve Months Ended (Excluding Debt Accounting Gain and Certain Acquisition Items) Nov 30, 2011
Net revenues	$ 553,983	$ 20,175 (1)	$ 533,808	$ 2,548,813	$ 72,684 (5)	$ 2,476,129
Compensation and benefits	308,137	2,721 (2)	305,416	1,482,604	11,785 (6)	1,470,819
Noncompensation expenses	177,727	704 (3)	177,023	643,253	7,826 (7)	635,427
Total non-interest expenses	485,864	3,425	482,439	2,125,857	19,611	2,106,246
Earnings before income taxes	70,680	16,750	53,930	419,334	53,073	366,261
Income tax expense	25,066	6,985 (4)	18,081	132,966	235 (4)	132,731
Net earnings	45,614	9,765	35,849	286,368	52,838	233,530
Net earnings to common shareholders	$ 48,386	$ 9,765	$ 38,621	$ 284,618	$ 52,838	$ 231,780

Source: Jefferies 8-K filed December 20, 2011.

(1) In accordance with Debt Extinguishment Accounting under ASC 405 and 470, we recorded a gain on debt extinguishment of $20.2 million in Other revenues relating to trading activities in our own long term debt, specifically our 5.125% Senior Notes due 2018 and our 3.875% Convertible Senior Debentures due 2029.

(2) The three months ended November 30, 2011 is comprised of amortization of retention and stock replacement awards granted in connection with the acquisition of the Bache entities.

(3) Reflects the amortization of intangible assets recognized in connection with the acquisition of the Bache entities for the three months ended November 30, 2011.

(4) Reflects the net tax expense on the debt accounting gain and Bache related expense items taxed at the total domestic marginal tax rate of 41.7%. The bargain purchase gain of $52.5 million on the acquisition of the Global Commodities Group recognized in the three months ended August 31, 2011, is not a taxable item.

(5) Includes a gain on debt extinguishment of $20.2 million in the fourth quarter of 2011 and a bargain purchase gain of $52.5 million resulting from the acquisition of the Global Commodities Group from Prudential recorded in Other revenues in the third quarter of 2011.

(6) Includes compensation expense recognized in connection with the acquisition of the Global Commodities Group related to 1) severance costs for certain employees of the acquired Bache entities that were terminated subsequent to the acquisition, 2) the amortization of stock awards granted to former Bache employees as replacement awards for previous Prudential stock awards that were forfeited in the acquisition, 3) bonus costs for employees as a result of the completion of the acquisition and 4) the amortization of retention awards.

(7) Includes the amortization of intangible assets of $0.7 million recognized during the three months ended November 30, 2011 in connection with the acquisition of the Bache entities as well as expenses (primarily professional fees) totaling $7.1 million related to the acquisition and/or integration of the Bache entities within the Jefferies Group, Inc. recorded during the nine months ended August 31, 2011.

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Jefferies Reconciliation of GAAP to non-GAAP Financial Measures

Three Months Ended August 31, 2011

(Amounts in Thousands)

	Three Months Ended August 31, 2011	Certain Bache Acquisition Items	Three Months Ended August 31, 2011 (Excluding Certain Bache Acquisition Items)
Net revenues	$ 509,282	$ 52,509 (1)	$ 456,773
Compensation and benefits	299,640	9,064 (2)	$ 290,576
Noncompensation expenses	169,075	2,333 (3)	$ 166,742
Total non-interest expenses	468,715	11,397	457,318
Earnings before income taxes	55,238	41,112	14,126
Income tax expense (benefit)	1,228	(4,268) (4)	5,496
Net earnings	54,010	45,380	8,630
Net earnings to common shareholders	$ 68,275	$ 45,380	$ 22,895

Source: Jefferies 8-K filed September 20, 2011.

(1) Net revenues in the third quarter of 2011 include $52.5 million recorded in Other revenues resulting from the acquisition of the Bache entities from Prudential, as the fair value of the assets acquired and liabilities assumed exceeded the purchase price.

(2) In connection with the acquisition of the Bache entities, compensation expense of $9.1 million was recognized for the three month period ended August 31, 2011 related to 1) severance costs for certain employees of the acquired Bache entities that were terminated subsequent to the acquisition, 2) the amortization of stock awards granted to former Bache employees as replacement awards for previous Prudential stock awards that were forfeited in the acquisition and 3) bonus costs for employees as a result of the completion of the acquisition.

(3) In connection with the acquisition of the Bache entities, expenses (primarily professional fees) were recognized during the three months ended August 31, 2011 directly related to the acquisition and/or integration of the acquired entities within Jefferies Group, Inc.

(4) Reflects the tax benefit associated with deducting total non-interest expenses during the three months ended August 31, 2011 attributed to the acquisition of the Bache entities at an effective tax rate of 37%, which reflects our estimate of our full year tax rate. The bargain purchase gain is not a taxable item.