

C

1983 ANNUAL REPORT

LEHMAN

C O R P O R A T I O N

WILLIAMSON
MANAGEMENT
OCT 9 1983
WILLIAMSON

Board of Directors

Robert A. Arkison	Managing Director of Lehman Brothers Kuhn Loeb Incorporated; President and Director of Lehman Management Co., Inc.
Charles F. Barber	Chairman of the Finance Committee, formerly Chairman of the Board, of ASARCO Incorporated
Henry R. Breck	Chairman of the Board of the Corporation; Managing Director and Director of Lehman Brothers Kuhn Loeb Incorporated; Chairman of the Board and Director of Lehman Management Co., Inc.
Robert H. Buckles†	President of the Corporation
Fletcher L. Byrom†	Formerly Chairman of the Board of Koppers Company, Inc.
Edgar R. Fiedler††	Vice President-Economic Research, The Conference Board
Edwin A. Gee	Chairman of the Board of International Paper Company
George H. Heyman, Jr.	Advisory Director of Lehman Brothers Kuhn Loeb Incorporated
John M. Martin	Formerly Chairman of the Board of Hercules Incorporated
Adelaide M. Schlafly††	Vice President of W. C. McBride-Silurian Oil Co.
Gerald H. Trautman	Honorary Chairman of the Board of The Greyhound Corporation

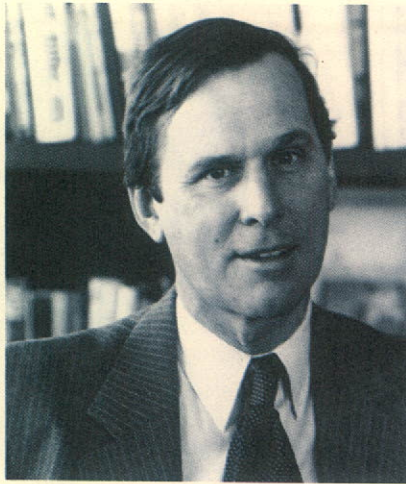
Honorary Directors

Alexander N. McFarlane	Honorary Chairman of the Board of CPC International Inc.
Alvin W. Pearson	Advisory Director of Lehman Brothers Kuhn Loeb Incorporated
John W. Reavis	Senior Partner of Jones, Day, Reavis & Pogue
E. Ritter Shumway	Honorary Director of Sybron Corporation
Frazar B. Wilde	Chairman Emeritus of Connecticut General Insurance Corporation

† Member Audit Committee

†† Member Nominating Committee

**To the
Shareholders**



Henry R. Breck

The Lehman Corporation

55 Water Street
New York, N.Y. 10041

February 8, 1984

Dear Shareholder:

We are pleased to report that The Lehman Corporation's net asset value per share increased 19.5% in 1983, after adjustment for the distribution from long and short-term capital gains of \$1.365 per share paid to shareholders on March 1, 1983. This compares with increases of 20.3% for the Dow Jones Industrial Average and 17.3% for the Standard & Poor's Index of 500 Stocks.

The Corporation's total return was 23.7% in 1983, compared to 22.6% for the Standard & Poor's Index and 26.1% for the Dow Jones Average. The Corporation's total return was, of course, far in excess of the 3.8% increase in the Consumer Price Index during the year.

On January 17, 1984 the Board of Directors declared the final dividend from net investment income earned during 1983 amounting to \$.095 per share. At the same meeting, the Board declared a distribution from net realized gain on the sale of investments during 1983 amounting to \$2.44 per share, including \$.38 per share from net short-term gains. This distribution was the highest in the Corporation's history. The amount of \$2.06 per share has been designated as a "capital gain dividend" under the Federal Internal Revenue Code. Both dividends are payable March 1, 1984 to shareholders of record January 31, 1984. Shareholders were given the option of receiving the distribution of \$2.535 per share in cash or in stock, valued at the lower of the net asset value per share or the average market price on February 14, 1984.

We are sorry to report that Peter G. Peterson resigned as a director of the Corporation on December 13, 1983 to pursue his other business interests. Mr. Peterson had served as a member of the Board of Directors since November 1973.

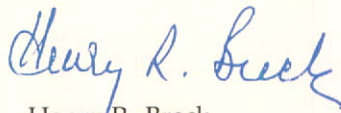
As you have been informed in earlier reports, the Corporation intends to repurchase shares of its own stock in the future when it is deemed advisable. We will continue to report all repurchases to shareholders in the quarterly reports of the Corporation. In recent months the Corporation's stock has been priced at a relatively narrow discount or at a premium and no shares have been repurchased since June 1981.

The Automatic Dividend Reinvestment and Cash Purchase Plan continues to be a popular service and many shareholders are using it to build their holdings in the Corporation. Under the terms of the Plan, you may arrange to reinvest your dividends automatically in additional full and fractional shares. The Plan also allows you to send in cash in any amount over \$25.00 at any time to purchase more shares of the Lehman Corporation. A booklet describing the Plan in detail will be furnished to shareholders upon request.

The Annual Meeting of Shareholders of The Lehman Corporation will be held on April 17, 1984 in the Auditorium of Lehman Brothers Kuhn Loeb Incorporated at 55 Water Street in New York City. We hope those of you to whom the time and place of the Meeting is convenient will attend.

To obtain the current net asset value of your shares or other information about the Corporation, please call (212) 558-3288 from New York State or (800) 221-5350 from other states.

On behalf of the Board of Directors we would like to take this opportunity to welcome our new shareholders and express our sincere appreciation to all of you for your continued interest and support.



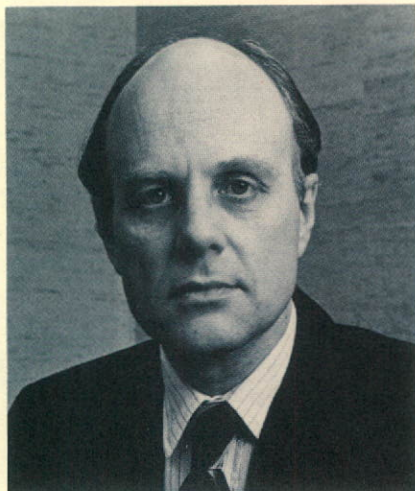
Henry R. Breck
Chairman of the Board

Cordially,



Robert H. Buckles
President

For information concerning your Lehman Corporation stock account please write The Bank of New York, Stock Transfer Department, 5th Floor, 90 Washington Street, New York, N. Y. 10015, or you may telephone collect (Area Code 212) 530-8055.



Robert H. Buckles

Last year in our annual review, we expressed the hope that we were in the midst of a major upward move in the stock market. We were naturally pleased then, when, for the second year in a row, the major indices continued to move to record highs. Nevertheless, since it would be unreasonable to expect the market to move up in a straight line, we feel that it is not at all unreasonable to expect some significant corrections in the market from time-to-time during the current year. In addition to the vicissitudes of the economy, the market will also

have to deal with the vagaries of an election year.

The budget deficit, and its impact on monetary policy and the level of interest rates, obviously remains one of the principal problems facing the nation and the financial markets. Whether the Administration and the Congress are able to come to grips with this issue and, equally important, how they go about dealing with such a politically contentious problem will have a significant bearing on the financial markets in the near to intermediate term.

Having said this, though, it seems fair to say that the underlying fundamentals of the domestic economy are in reasonably sound condition. Inflation is lower, unemployment is lower, and, while inflation adjusted interest rates still remain historically high, they have shown some measure of stability lately. At the same time, the growth in the domestic economy has broadened as we hoped a year ago, from the housing and auto areas to most other sectors of the economy. Finally, there are some indications of economic strength developing overseas—first in the Far East and, more recently, there appear to be a few tentative signs of improvement in Europe.

If the improvement in the domestic and overseas economies continues with interest rates and inflation not rising dramatically, we feel that the long-term outlook for the stock market is still encouraging after it has had a chance to digest the rapid advances of the prior two years.

The Corporation's investment policy is outlined on the following pages.

**Investment
Policy**

The Lehman Corporation's investment policy has been to concentrate a large portion of its investments in common stocks. Companies whose stocks are selected generally have strong positions in industries with the potential to grow faster than the economy as a whole. Investments are watched over carefully and are changed from time to time into areas we believe offer more favorable opportunities in the light of changing economic, social and political conditions. The common thread of the Corporation's policy has been to seek out and to hold common stocks of well-managed, favorably situated companies we expect will produce above-average earnings and dividend growth over a period. At the same time, we also look for opportunities in turnaround situations and in securities that appear to be priced substantially lower than their intrinsic value. While current income is not a primary consideration, we are mindful of the income needs of shareholders and income has increased over time.

For the core of our holdings, we look for companies able to increase earnings and dividends at an above-average rate and still retain enough cash to finance future growth in their businesses. The application of this policy is illustrated in the table below. It compares the compound annual rates of growth of earnings and dividends per share of stocks in the Corporation's portfolio at the end of 1983 with those for stocks comprising the Standard & Poor's 500 Index for the five and ten-year periods ended December 31, 1983.

COMPOUND ANNUAL GROWTH RATES

	Periods Ended December 31, 1983			
	5 Years		10 Years	
	Earnings Per Share	Dividends Per Share	Earnings Per Share	Dividends Per Share
Lehman Portfolio*	6.8%	9.1%	11.4%	11.6%
S&P 500	3.3	6.9	5.9	7.7

* Weighted average growth rate of companies in The Lehman Corporation's portfolio at December 31, 1983.

The experience of investors generally shows the great difficulty of consistently predicting turns in the stock market. There is often the risk that the investor will become too pessimistic about stocks when their prices are depressed and sell near the bottom or become overly optimistic when their prices are high and buy near the top. In our opinion this natural propensity often accounts for poor long-term investment results of many individuals and institutions. For this reason the Corporation has generally maintained a rather fully-invested position in equities rather than attempting to switch back and forth between equities and large reserves of cash, short-term instruments and bonds.

**Investment
Policy**
(continued)

From time to time, the Corporation may invest in public utility common stocks when it believes that their prices are particularly depressed and that the total return (price appreciation plus dividends) from such investments is likely to exceed the yield available from money market instruments enough to warrant the investments.

As a general rule, the Corporation invests for the longer term. We do not trade in and out of individual securities on the basis of intermediate price fluctuations, nor do we attempt to guess the direction of market cycles by continually shifting from a fully invested to a partially invested position. Even so, we reappraise our holdings, take profits or losses from time to time and raise cash to reinvest in newly emerging areas of interest, within the scope of investment policy.

The results of this policy over the years are illustrated in the table below. It compares the Corporation's investment results for each ten-year period since the beginning of 1959, assuming capital gain dividends were reinvested, with the results of the Dow Jones and Standard & Poor's industrial averages.

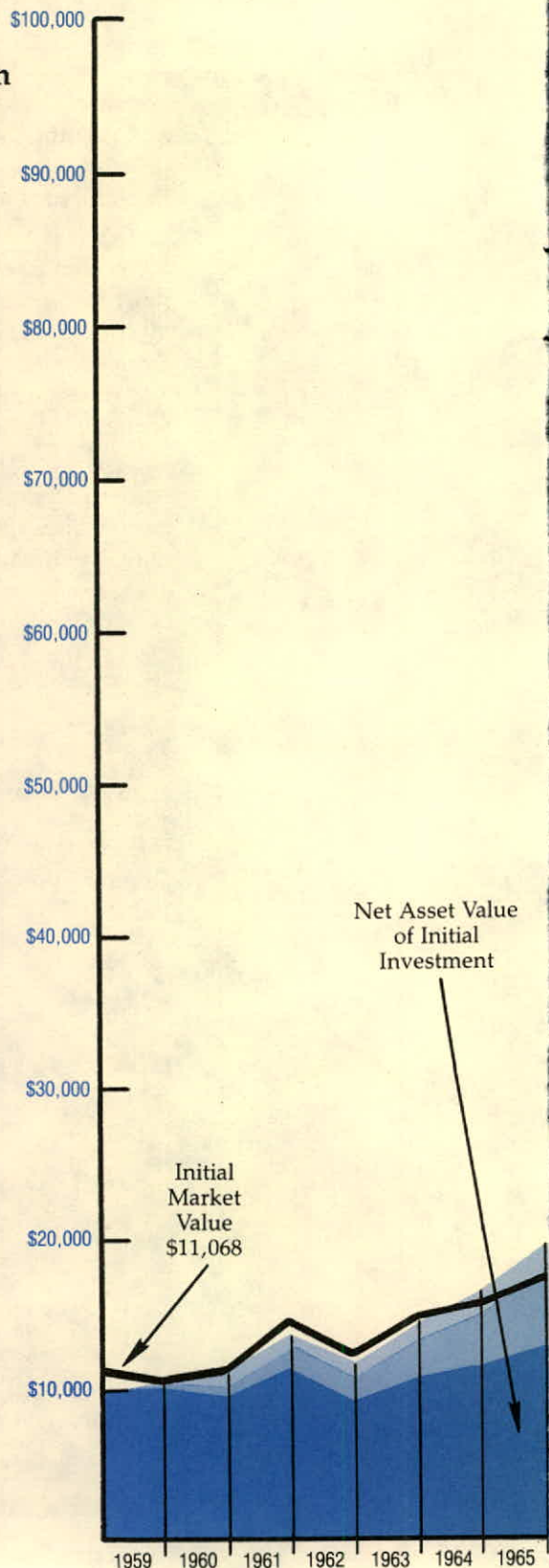
10-Year Periods	Percentage Gain or Loss (—)		
	S & P Industrials	Dow Jones Industrials	Lehman Corp. Asset Value*
1959-68	91.7%	61.7%	119.5%
1960-69	57.3	17.8	99.0
1961-70	64.1	36.2	80.2
1962-71	48.9	21.8	84.0
1963-72	99.8	56.4	166.4
1964-73	37.7	11.5	85.3
1965-74	- 14.7	- 29.5	12.5
1966-75	2.4	- 12.1	23.4
1967-76	40.1	27.9	48.0
1968-77	- .4	- 8.2	9.7
1969-78	- 5.1	- 14.7	14.0
1970-79	19.2	4.8	50.6
1971-80	53.1	14.9	104.9
1972-81	21.6	- 1.7	52.3
1973-82	19.5	2.6	53.8
1974-83	70.6	47.9	116.9
25-Year Period			
1959-83	215.8	115.6	435.1

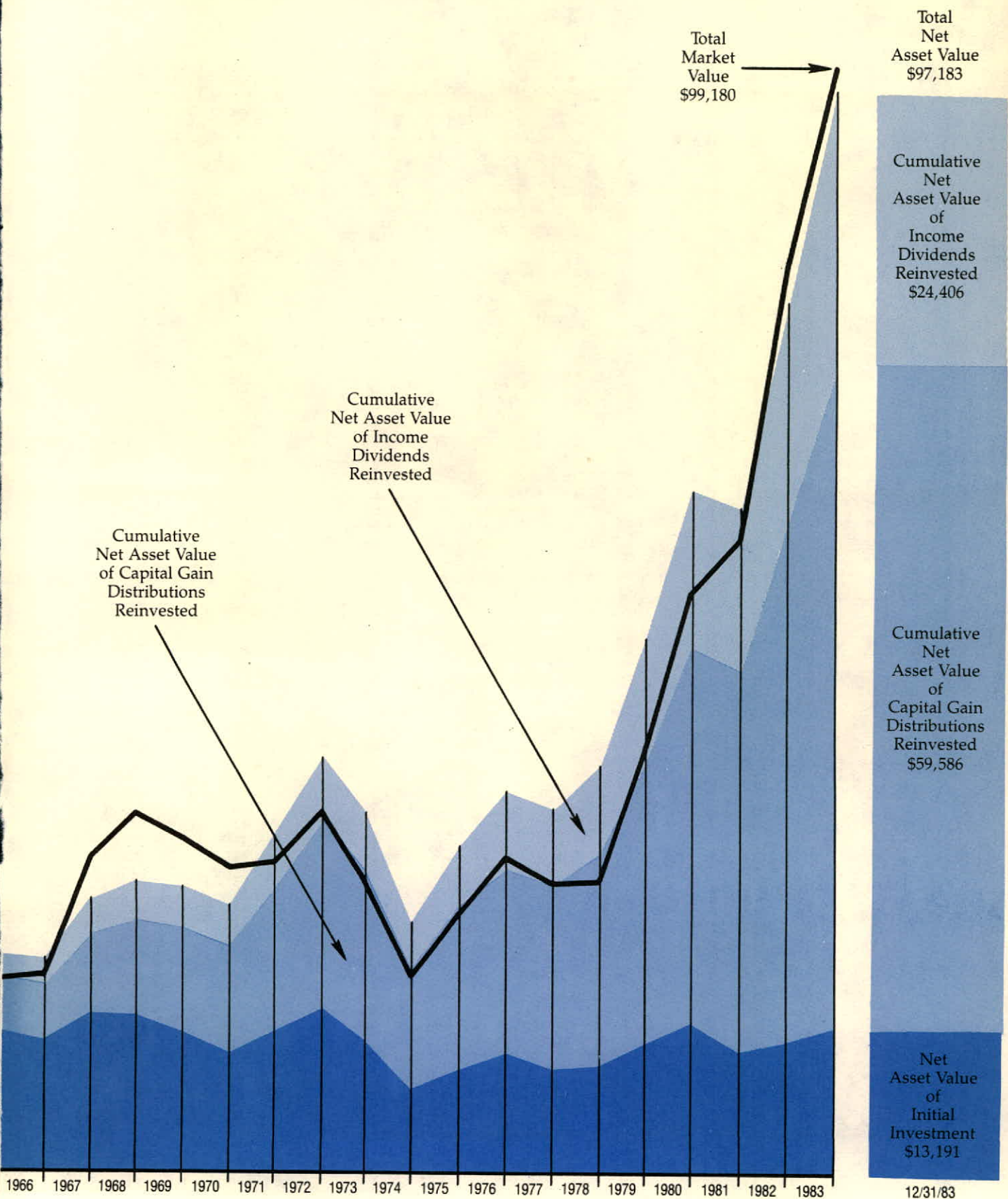
*During the period, the market price of the Corporation's stock was sometimes above net asset value and sometimes below; accordingly, the table should not be construed as an indication of the record of a shareholder's investment in the Corporation based on market prices of the stock. Nor should it be construed as a representation of future performance of the Corporation's net asset value. Nevertheless, it is a record of the performance of the Corporation's asset value over a long and statistically meaningful period of time.

25-Year Record of an Investment in The Lehman Corporation

This chart shows the 25-year record of a \$10,000 investment in stock of The Lehman Corporation at net asset value at the beginning of 1959 assuming all income dividends and capital gain distributions were reinvested at net asset value. During the period, the market price of the stock was sometimes above net asset value and sometimes below; accordingly, the chart should not be construed as an indication of the record of a shareholder's investment in the Corporation based on market prices. Nor should it be construed as a representation of the future performance of the Corporation's net asset value.

End of Year	Net Asset Value of Initial Investment	Cumulative Net Asset Value of		Total Net Asset Value	Total Market Value
		Capital Gain Distributions Reinvested	Income Dividends Reinvested		
1959	\$10,145	\$ 495	\$ 197	\$10,837	\$10,713
1960	9,780	942	400	11,122	11,251
1961	11,417	1,654	682	13,753	14,475
1962	9,209	1,814	776	11,799	12,329
1963	10,781	2,707	1,159	14,647	14,791
1964	11,568	3,543	1,539	16,650	15,669
1965	13,061	4,704	2,076	19,841	17,568
1966	11,955	5,116	2,263	19,334	17,607
1967	14,434	7,174	3,153	24,761	28,674
1968	14,232	8,620	3,562	26,414	32,363
1969	12,736	9,583	3,645	25,964	30,023
1970	10,864	9,736	3,573	24,173	27,542
1971	12,917	12,898	4,750	30,565	28,007
1972	14,796	16,995	5,978	37,769	32,750
1973	11,926	15,312	5,329	32,567	26,153
1974	7,785	10,870	3,998	22,653	17,615
1975	9,505	14,730	5,435	29,670	23,691
1976	10,900	16,892	6,754	34,546	28,349
1977	9,483	16,981	6,508	32,972	26,387
1978	9,982	19,200	7,792	36,974	26,439
1979	11,868	25,810	10,652	48,330	38,632
1980	13,647	33,921	14,306	61,874	52,435
1981	11,247	34,466	14,312	60,025	57,383
1982	12,027	47,239	19,175	78,441	81,906
1983	13,191	59,586	24,406	97,183	99,180





Total Net Asset Value \$97,183

Cumulative Net Asset Value of Income Dividends Reinvested \$24,406

Cumulative Net Asset Value of Capital Gain Distributions Reinvested \$59,586

Net Asset Value of Initial Investment \$13,191

Cumulative Net Asset Value of Income Dividends Reinvested

Cumulative Net Asset Value of Capital Gain Distributions Reinvested

1966 1967 1968 1969 1970 1971 1972 1973 1974 1975 1976 1977 1978 1979 1980 1981 1982 1983

12/31/83

**Record of
a Share
of Stock**

Year	Distributions Declared from		Net Asset Value End of Year	Capital Gain Distributions (Cumulative)	Net Asset Value plus Capital Gain Distributions
	Income	Capital Gain			
1929			\$ 3.81		\$ 3.81
1930	\$.094		3.08		3.08
1931	.119		2.36		2.36
1932	.10		2.43		2.43
1933	.10		3.35		3.35
1934	.10		3.68		3.68
1935	.117		4.64		4.64
1936	.125	\$.146	5.72	\$.146	5.866
1937	.125	.396	3.66	.542	4.202
1938	.106		4.25	.542	4.792
1939	.10		4.09	.542	4.632
1940	.106		3.70	.542	4.242
1941	.15		3.34	.542	3.882
1942	.156		3.69	.542	4.232
1943	.156		4.71	.542	5.252
1944	.181		5.54	.542	6.082
1945	.174	.301	7.21	.843	8.053
1946	.169	.625	6.55	1.468	8.018
1947	.192	.376	6.13	1.844	7.974
1948	.245	.192	5.82	2.036	7.856
1949	.279	.202	6.60	2.238	8.838
1950	.335	.402	7.21	2.640	9.850
1951	.276	.36	8.67	3.000	11.670
1952	.21	.254	9.15	3.254	12.404
1953	.245	.26	8.59	3.514	12.104
1954	.25	.312	11.31	3.826	15.136
1955	.285	.517	12.56	4.343	16.903
1956	.31	.712	12.63	5.055	17.685
1957	.275	.65	10.38	5.705	16.085
1958	.265	.545	13.84	6.250	20.090
1959	.27	.67	14.04	6.920	20.960
1960	.265	.59	13.53	7.510	21.040
1961	.252	.665	15.80	8.175	23.975
1962	.255	.54	12.74	8.715	21.455
1963	.255	.605	14.91	9.320	24.230
1964	.30	.645	16.01	9.965	25.975
1965	.312	.665	18.07	10.630	28.700
1966	.337	.735	16.54	11.365	27.905
1967	.355	.84	19.97	12.205	32.175
1968	.365	1.25	19.69	13.455	33.145
1969	.35	1.35	17.62	14.805	32.425
1970	.305	1.02	15.03	15.825	30.855
1971	.305	.81	17.87	16.635	34.505
1972	.305	1.27	20.47	17.905	38.375
1973	.295	.84	16.50	18.745	35.245
1974	.305	.42	10.77	19.165	29.935
1975	.27	.67	13.15	19.835	32.985
1976	.225†	†	15.08	19.835	34.915
1977	.245	1.01	13.12	20.845	33.965
1978	.34	.45	13.81	21.295	35.105
1979	.42	.91	16.42	22.205	38.625
1980	.55	1.18	18.88	23.385	42.265
1981	.72	2.04	15.56	25.425	40.985
1982	.71	2.01	16.64	27.435	44.075
1983	.625	1.365	18.25	28.800	47.050
Total	<u>\$14.281</u>	<u>\$28.80</u>			

†Capital gain dividend of \$1.01 per share and an income dividend of \$.02 per share for 1976 were declared in January 1977 (Note 5, page 18).

Largest Investments

THE TEN LARGEST INVESTMENTS in the Corporation's portfolio at December 31, 1983 are listed below. The total market value of these high quality securities represented 22% of the Corporation's net assets at that date and the same percentage of the aggregate net asset value of each stockholder's Lehman shares. For example, an investment in 1,000 shares of Lehman stock at December 31, 1983 had an aggregate net asset value of \$18,250 of which 22%, or \$4,015, was invested in these ten securities.

	Shares	Market Value
International Business Machines	410,000	\$ 50,020,000
<i>The largest manufacturer of information processing systems.</i>		
NCR	165,000	21,120,000
<i>A leading manufacturer of business information processing systems.</i>		
General Electric	280,000	16,415,000
<i>A leading producer of diversified electrical products and electronic equipment.</i>		
K mart	400,000	13,300,000
<i>The nation's leading discount retailer.</i>		
Superior Oil	350,000	12,862,500
<i>The largest independent domestic oil company.</i>		
Security Pacific	252,000	12,852,000
<i>One of the nation's principal banks.</i>		
Philip Morris	150,000	10,762,500
<i>The leading tobacco manufacturer.</i>		
Anheuser-Busch Companies	170,000	10,625,000
<i>The nation's largest brewer.</i>		
Ryder System	180,000	10,485,000
<i>One of the world's largest truck leasing and rental operations.</i>		
Westinghouse Electric	175,000	9,581,250
<i>The second largest national manufacturer of electrical equipment.</i>		
Total		<u>\$168,023,250</u>

**Major
Portfolio
Changes**

Listed below are the Corporation's major portfolio changes during the three months ended December 31, 1983. Included in the list are certain securities purchased in prior quarters which were carried as "Other Stocks" in previous reports. Securities in process of accumulation, which are carried as "Other Stocks" on page 14, are not shown. Excluded from the list are changes resulting entirely from stock dividends and stock splits.

ADDITIONS

	Shares Increased	Shares Held Dec. 31, 1983
AMR	200,000	200,000
Ahmanson (H.E)	55,800	205,800
Alcan Aluminium	50,000	220,000
Amdahl	210,000	310,000
Brunswick	320,000	320,000
Dayton-Hudson	50,000	300,000
Eckerd (Jack)	100,000	100,000
Ericsson (L.M.) Telephone	20,000	120,000
GenRad	140,000	200,000
Harris Corporation	100,000	100,000
Hewlett-Packard	110,000	160,000
Hospital Corporation of America	66,667	200,000
Johnson & Johnson	55,000	150,000
MCI Communications	100,000	400,000
May Department Stores	40,700	40,700
Morse Shoe	90,000	250,000
National Intergroup	120,000	150,000
PepsiCo	100,000	100,000
Perkin-Elmer	100,000	100,000
Revlon	60,000	150,000
Ryan Homes	50,000	150,000
Superior Oil	150,000	350,000
Tektronix	75,000	75,000
Texas Commerce Bancshares	50,000	200,000
Tymshare	250,000	300,000
U.S. Home	125,000	350,000
Westinghouse Electric	175,000	175,000
Williams Companies	73,900	200,000
Woolworth (F.W.)	50,000	150,000

REDUCTIONS

	Shares Decreased	Shares Held Dec. 31, 1983
Atlantic Richfield	40,000	150,000
Becton, Dickinson	45,000	—
Bell Canada Enterprises	200,000	—
Big Three Industries	80,000	100,000
Digital Equipment	105,000	—
Eastman Kodak	30,000	100,000
Exxon	90,000	—
Firestone Tire & Rubber	200,000	—
Lilly (Eli)	10,000	160,000
Lockheed	210,000	—
Merck	20,000	100,000
Mesa Offshore Trust	80,000	—
Northern Telecom	120,000	170,000
Pioneer Corporation	270,000	—
Procter & Gamble	30,000	120,000
Ryder System	30,100	180,000
Southwest Airlines	56,000	75,000
Standard Oil (Indiana)	30,000	150,000
Stauffer Chemical	130,000	—
Super Valu Stores	25,000	175,000
Union Pacific	47,300	115,000
Uniroyal	220,700	130,000
Unocal	25,000	180,000

**Portfolio of
Investments**

December 31, 1983

COMMON STOCKS

92.8% of NET ASSETS

Shares		Cost	Value(a)
Automotive 0.6%			
59,000	Stanadyne	\$ 1,765,938	\$ 2,330,500
130,000	Uniroyal (e)	1,389,814	2,210,000
		<u>3,155,752</u>	<u>4,540,500</u>
Basic Industries 10.0%			
220,000	Alcan Aluminium	7,511,788	8,745,000
280,000	General Electric	6,400,013	16,415,000
150,000	James River Corp. of Virginia .	3,586,127	5,306,250
50,000	Masco	1,411,125	1,687,500
150,000	Moore McCormack Resources .	3,454,185	3,487,500
150,000	National Intergroup	4,387,493	5,250,000
150,000	PPG Industries	4,226,490	5,231,250
150,000	Reichhold Chemicals	2,893,472	4,987,500
100,000	TRW	4,936,141	7,962,500
175,000	Westinghouse Electric	8,484,675	9,581,250
200,000	Williams Companies	5,020,077	5,525,000
122,500	Worthington Industries	2,154,382	3,475,938
		<u>54,465,968</u>	<u>77,654,688</u>
Building & Construction 1.6%			
110,000	Georgia-Pacific	2,784,162	2,722,500
150,000	Ryan Homes	5,259,925	5,250,000
350,000	U.S. Home	4,424,278	4,025,000
		<u>12,468,365</u>	<u>11,997,500</u>
Communications 2.9%			
120,000	Ericsson (L.M.) Telephone	5,918,458	6,000,000
100,000	Harris Corporation	3,770,122	4,012,500
400,000	MCI Communications (e)	6,434,195	5,750,000
170,000	Northern Telecom	2,149,682	6,630,000
		<u>18,272,457</u>	<u>22,392,500</u>
Consumer Products & Services 7.5%			
320,000	Brunswick	7,722,877	9,240,000
200,000	Chesebrough-Pond's	4,623,727	7,425,000
100,000	Eastman Kodak	6,138,100	7,612,500
60,000	Kimberly-Clark	4,296,973	5,520,000

For explanation of notes (a) through (f), see page 15.

**COMMON
STOCKS**

Shares		Cost	Value(a)
Consumer Products & Services (Cont.)			
150,000	Philip Morris	\$ 8,924,556	\$ 10,762,500
120,000	Procter & Gamble	4,536,252	6,825,000
75,000	RCA	2,039,072	2,606,250
150,000	Revlon	5,127,250	4,950,000
75,500	White Consolidated Industries	<u>2,627,089</u>	<u>3,605,125</u>
		46,035,896	58,546,375
Defense Electronics & Aerospace 4.3%			
100,000	E-Systems	1,256,309	3,150,000
120,000	General Dynamics	4,226,620	6,975,000
160,000	Hazeltine	1,312,580	4,320,000
100,000	Loral	2,207,532	2,475,000
200,000	Raytheon	8,280,291	8,625,000
50,000	Sanders Associates	1,508,611	2,512,500
65,000	Watkins-Johnson	<u>1,533,982</u>	<u>5,395,000</u>
		20,325,925	33,452,500
Electronics 6.0%			
130,000	Avnet	2,728,779	5,980,000
160,000	General Instrument	5,791,492	5,200,000
200,000	GenRad	6,829,277	7,400,000
160,000	Hewlett-Packard	5,088,064	6,780,000
100,000	Perkin-Elmer	2,844,102	2,937,500
75,000	Tektronix	5,536,967	5,587,500
40,000	Texas Instruments	4,504,190	5,545,000
125,000	Varian Associates	<u>1,675,955</u>	<u>6,875,000</u>
		34,998,826	46,305,000
Energy 8.7%			
200,000	Amerada Hess	4,919,447	5,800,000
150,000	Atlantic Richfield	4,890,731	6,487,500
150,000	Diamond Shamrock	3,690,500	2,981,250
400	Gas Properties (100% owned) .	40,000	1,164,000(b)
150,000	Kerr-McGee	3,090,055	4,593,750
500,000	Magma Power (e) (f)	1,571,375	3,937,500
100,000	Mesa Petroleum	680,024	1,337,500
150,000	Standard Oil (Indiana)	6,521,945	7,612,500
350,000	Superior Oil	12,410,804	12,862,500
120,000	Texas Oil & Gas	2,986,304	5,730,000

**COMMON
STOCKS**

Shares		Cost	Value(a)
	Energy (Cont.)		
170,000	Transco Energy	\$ 5,290,016	\$ 6,417,500
180,000	Unocal	5,885,141	5,692,500
	Oil Royalty Interests	—	2,829,000(b)
		<u>51,976,342</u>	<u>67,445,500</u>
	Energy Servicing 2.5%		
100,000	Big Three Industries	1,664,745	2,150,000
225,000	Halliburton	9,130,851	9,084,375
170,000	Schlumberger	4,867,443	8,500,000
		<u>15,663,039</u>	<u>19,734,375</u>
	Financial Services 7.0%		
205,800	Ahmanson (H.F)	5,934,206	6,328,350
160,000	Beneficial Corporation	2,799,635	5,400,000
130,000	Farmers Group	2,537,529	5,427,500
40,000	General Re	2,416,246	2,740,000
75,000	Lomas & Nettleton Mtge. Inv. .	1,399,614	2,184,375
550,000	Philadelphia Saving Fund Society (e)	6,222,500	6,187,500
252,000	Security Pacific	6,193,533	12,852,000
200,000	Texas Commerce Bancshares ..	5,414,862	8,275,000
200,000	Valley National Corp. of Arizona	4,878,600	4,975,000
		<u>37,796,725</u>	<u>54,369,725</u>
	Food & Beverage 2.3%		
170,000	Anheuser-Busch Companies ...	6,661,649	10,625,000
110,000	Heileman (G.) Brewing	2,134,088	3,272,500
100,000	PepsiCo	3,703,620	3,825,000
		<u>12,499,357</u>	<u>17,722,500</u>
	Health Care 8.6%		
150,000	American Hospital Supply	3,750,041	5,943,750
200,000	Baxter Travenol Laboratories ...	1,337,018	4,650,000
200,000	Bristol-Myers	688,462	8,450,000
200,000	Hospital Corporation of America	3,655,739	7,900,000
150,000	Johnson & Johnson	5,184,258	6,131,250
160,000	Lilly (Eli)	9,431,361	9,260,000
100,000	Merck	6,116,394	9,037,500
200,000	Schering-Plough	6,932,954	7,450,000
184,400	Searle (G. D.)	8,064,716	8,090,550
		<u>45,160,943</u>	<u>66,913,050</u>

**COMMON
STOCKS**

Shares		Cost	Value(a)
Merchandising 11.3%			
300,000	Dayton-Hudson	\$ 4,213,108	\$ 9,337,500
216,400	Denny's	6,892,799	7,898,600
100,000	Eckerd (Jack)	2,711,415	2,775,000
400,000	K mart	11,119,424	13,300,000
40,700	May Department Stores	2,115,712	2,187,625
130,000	McDonald's	2,590,242	9,165,000
250,000	Morse Shoe	8,061,214	8,187,500
112,500	SCOA Industries	2,272,309	2,925,000
300,000	Service Merchandise	2,277,912	4,837,500
175,000	Super Valu Stores	4,421,717	5,118,750
75,000	Walgreen	974,457	2,868,750
170,000	Wal-Mart Stores	334,931	6,630,000
150,000	Woolworth (F.W.)	5,291,260	5,268,750
170,000	Zayre	2,624,664	7,352,500
		<u>55,901,164</u>	<u>87,852,475</u>
Office Equipment 12.9%			
310,000	Amdahl	5,558,852	5,696,250
160,000	Automatic Data Processing ...	3,250,769	5,680,000
90,000	Bell & Howell	897,865	2,160,000
410,000	International Business Machines	9,404,072	50,020,000
165,000	NCR	5,940,981	21,120,000
140,000	Tandem Computers (e)	3,787,878	4,917,500
300,000	Tymshare (e)	7,178,233	6,412,500
125,000	Wang Laboratories "B"	2,159,268	4,453,125
		<u>38,177,918</u>	<u>100,459,375</u>
Transportation 5.4%			
200,000	AMR (e)	7,439,030	7,225,000
188,100	Alaska Airlines	2,331,818	2,656,912
230,000	Ozark Air Lines	2,600,120	2,357,500
94,700	Purolator	2,512,257	5,871,400
180,000	Ryder System	4,258,445	10,485,000
75,000	Southwest Airlines	2,274,731	2,550,000
115,000	Union Pacific	5,729,142	5,836,250
145,000	U S Air	2,528,071	4,603,750
		<u>29,673,614</u>	<u>41,585,812</u>
Miscellaneous 1.2%			
110,000	Minnesota Mining & Mfg.	6,345,218	9,075,000
	Other Stocks	71,016	75,075
		<u>6,416,234</u>	<u>9,150,075</u>
	Total Common Stocks	<u><u>\$482,988,525(d)</u></u>	<u><u>\$720,121,950</u></u>

**CONVERTIBLE
PREFERRED
STOCKS 0.3%**

Shares		Cost	Value(a)
90,000	Bell & Howell Conv. Pfd. A ...	\$ 866,752(d)	\$ 2,148,750

**CORPORATE
SHORT-TERM
NOTES 6.3%**

Principal Amount (thousands)			
\$ 9,550	American Express Credit due 1/5/84-1/12/84		\$ 9,532,578(c)
4,000	Amoco Credit due 1/4/84		3,995,944(c)
6,150	General Electric Credit due 1/16/84-1/20/84		6,119,520(c)
13,900	General Motors Acceptance due 1/3/84-1/25/84 ..		13,866,929(c)
6,300	New York Telephone due 1/23/84		6,261,763(c)
9,050	Sears Roebuck Acceptance due 1/4/84-1/13/84 ...		9,028,801(c)
	Total Corporate Short-Term Notes		\$ 48,805,535

Notes:

- (a) Unless otherwise indicated, market values are based on the last reported sales on December 31, 1983, or, if no sale was reported and in the case of over-the-counter quotations, on the bid price at the close of business on that day.
- (b) Fair value in the opinion of directors—not currently quoted.
- (c) Cost plus discount earned, which approximates market value. The annualized "yield to maturity" as of dates of purchase of these securities ranged from 9¹/₈% to 9.90%.
- (d) Average cost of investments. Identified cost for Federal income tax purposes was \$481,980,190 for common stocks and \$873,517 for convertible preferred stocks.
- (e) Non-income producing security.
- (f) The Corporation owns more than 5% but less than 10% of the outstanding voting securities of this company.

**Statements of
Operations**

Investment Income

	Year 1983	Year 1982
Income:		
Dividends (Note 2)	\$ 17,950,174	\$ 17,031,428
Interest	8,414,530	10,042,945
Oil Royalties & Other Income	709,185	661,144
	<u>27,073,889</u>	<u>27,735,517</u>
Expenses:		
Management Fee (Note 6)	2,694,183	2,204,079
Shareholder Services	247,303	204,636
Shareholder Meeting & Reports	158,177	151,825
Directors' Fees (Note 7)	63,513	59,880
Legal & Auditing Fees	54,333	63,353
Custody of Securities	51,455	43,359
Stock Certificates & Listing Fees	34,932	35,547
Miscellaneous	38,898	34,330
	<u>3,342,794</u>	<u>2,797,009</u>
Net Investment Income (Note 4)	<u>23,731,095</u>	<u>24,938,508</u>
 Realized Gain on Investments:		
Proceeds from Securities Sold (Note 8) ..	284,339,692	269,221,680
Cost of Securities Sold	<u>179,116,721</u>	<u>220,745,875</u>
Net Realized Gain on Investments	<u>105,222,971</u>	<u>48,475,805</u>
 Net Unrealized Appreciation of Investments:		
Beginning of Year	215,690,062	132,039,170
End of Year	<u>238,415,423</u>	<u>215,690,062</u>
Increase in Net Unrealized Appreciation .	<u>22,725,361</u>	<u>83,650,892</u>
Net Realized Gain and Increase in Net Unrealized Appreciation (Notes 3 & 4)	<u>127,948,332</u>	<u>132,126,697</u>
Net Increase in Net Assets Resulting from Operations	<u>\$151,679,427</u>	<u>\$157,065,205</u>

See Notes to Financial Statements on pages 18 and 19.

**Statement of
Assets and
Liabilities**

	December 31,	
	1983	1982
Assets		
Investments in Stocks (average cost 1983— \$483,855,277; 1982—\$321,964,438) (Note 2)	\$722,270,700	\$536,623,250
U.S. Government Obligation	—	5,812,500
Corporate Short-Term Notes (Note 2)	48,805,535	131,672,200
Cash	1,599,156	366,509
Receivable for Securities Sold	5,445,249	425,866
Dividends and Interest Receivable	1,466,000	1,204,305
Total Assets	<u>779,586,640</u>	<u>676,104,630</u>
Liabilities		
Payable for Securities Purchased	2,782,432	2,758,917
Management Fee Payable	682,541	610,549
Accrued Expenses	68,700	57,185
Total Liabilities	<u>3,533,673</u>	<u>3,426,651</u>
Net Assets	<u>\$776,052,967</u>	<u>\$672,677,979</u>
Shares of Capital Stock \$1.00 par value, Authorized 50,000,000; Outstanding ..	42,527,653	40,433,959
Net Asset Value Per Share	\$18.25	\$16.64

**Statement of
Changes in
Net Assets**

	Year 1983	Year 1982
Increase in Net Assets		
Operations:		
Net Investment Income	\$ 23,731,095	\$ 24,938,508
Net Realized Gain on Investments	105,222,971	48,475,805
Increase in Net Unrealized Appreciation	22,725,361	83,650,892
Net Increase in Net Assets Resulting from Operations	<u>151,679,427</u>	<u>157,065,205</u>
Dividends to Shareholders From:		
Net Investment Income	[26,213,387]	[27,779,538]
Net Realized Gain from Investment Transactions	<u>[55,192,354]</u>	<u>[74,093,673]</u>
	<u>[81,405,741]</u>	<u>[101,873,211]</u>
Capital Share Transactions:		
Value of Shares Issued in Payment of Dividends	33,101,302	43,750,079
Total Increase in Net Assets ...	103,374,988	98,942,073
Net Assets at Beginning of Year	672,677,979	573,735,906
Net Assets at End of Year	<u>\$776,052,967</u>	<u>\$672,677,979</u>

See Notes to Financial Statements on pages 18 and 19.

**Notes to
Financial
Statements**

(1) The Corporation is registered under the Investment Company Act of 1940, as amended, as a diversified closed-end investment company of the management type.

(2) Investments are carried at market or fair value and corporate short-term notes are carried at cost plus discount earned (see notes, page 15). Security transactions are recorded on the trade date. Dividend income and dividends payable are recorded on the "ex-dividend" date. A total of \$128,000 was received in 1983 on stocks of companies more than 5% of whose outstanding voting securities were owned by the Corporation.

(3) For accounting purposes, gains or losses on sales of securities are based on average cost. For Federal income tax purposes gains or losses are determined by identifying the cost of securities sold. On this identified cost basis the net realized gain for the year ended December 31, 1983 amounted to \$103,627,433 (equivalent to \$2.44 per share). As of December 31, 1983, the total unrealized appreciation and depreciation, based on cost for Federal income tax purposes, amounted to \$243,809,890 and \$4,392,897, respectively, resulting in net unrealized appreciation of \$239,416,993.

(4) No allowance has been made for Federal income taxes on net investment income, net realized gain or unrealized appreciation since it is the policy of the Corporation to comply with the sections of the Internal Revenue Code applicable to regulated investment companies and to make distributions from income and capital gain sufficient to relieve it from substantially all Federal income taxes.

(5) Commencing in 1976, the Board of Directors adopted the policy of considering the declaration of income dividends after the close of each calendar quarter and distributions from realized gain after the close of the year. On January 17, 1984 the Board of Directors declared for the year 1983 an income dividend of \$.09¹/₂ per share and a distribution from net realized gain of \$2.44 per share, which includes \$.38 per share from net short-term gains.

(6) The management agreement between the Corporation and Lehman Management Co., Inc., a wholly-owned subsidiary of Lehman Brothers Kuhn Loeb Incorporated, provides that, subject to the supervision of the Board of Directors of the Corporation, Lehman Management Co., Inc. shall manage the investment operations of the Corporation, furnish the Corporation with office space and pay the compensation of its officers and employees. The management fee for these services is payable quarterly and is based on the following annual percentages of the Corporation's average daily net assets: first \$25 million—none; next \$325 million—.50%; next \$150 million—.30%; next \$250 million—.25%; excess over \$750 million—.20%. The management fee payable at December 31, 1983 amounted to \$682,541.

(7) During the year 1983, directors, other than those who were officers of Lehman Brothers Kuhn Loeb Incorporated or employees of the Corporation or Lehman Management Co., Inc., were paid fees of \$63,513 for attendance at Directors', Audit and Nominating Committee meetings.

**Supplementary
Information**

(8) The cost of securities purchased and proceeds from stocks sold during the year 1983, other than corporate short-term notes, aggregated \$336,316,310 and \$278,613,129, respectively. The proceeds from the U.S. Government Obligation sold during the year amounted to \$5,726,563.

(9) Capital share transactions included shares issued in payment of dividends and distributions of 2,093,694 for the year ended December 31, 1983 and 3,571,435 for the year ended December 31, 1982.

Selected data per share of capital stock outstanding throughout each period:

	1983	1982	1981	1980	1979
Investment Income	\$.64	\$.69	\$.78	\$.74	\$.58
Expenses	[.08]	[.07]	[.08]	[.07]	[.07]
Net Investment Income56	.62	.70	.67	.51
Dividends from Investment Income	[.625]	[.71]	[.72]	[.55]	[.42]
Net Realized Gain, Change in Net Unrealized Appreciation & Capital Share Transactions .	3.04	3.18	[1.26]	3.52	3.43
Distributions from Realized Gain*	[1.365]	[2.01]	[2.04]	[1.18]	[.91]
Net Asset Value Beginning of Year	16.64	15.56	18.88	16.42	13.81
Net Asset Value End of Year ...	<u>\$18.25</u>	<u>\$16.64</u>	<u>\$15.56</u>	<u>\$18.88</u>	<u>\$16.42</u>
Shares Outstanding End of Year (thousands)	42,528	40,434	36,863	34,141	33,249
Ratio of Expenses to Average Net Assets45%	.51%	.47%	.43%	.47%
Portfolio Turnover Rate	42%	36%	35%	21%	20%

*Includes net short-term capital gain of \$.045 per share in 1983, \$.04 per share in 1981, \$.07 per share in 1980 and \$.10 per share in 1979.

Summary of quarterly results of operations for the past two years:

	Amounts in Thousands and Per Share							
	Three Months Ended							
	March 31, 1982		June 30, 1982		September 30, 1982		December 31, 1982	
Net Investment Income	\$ 6,358	\$.16	\$ 6,313	\$.15	\$ 5,954	\$.15	\$ 6,314	\$.16
Net Realized Gain & Change in Net Unrealized Appreciation ...	\$(38,763)	\$ [.96]	\$ 1,383	\$.04	\$ 69,202	\$ 1.71	\$100,305	\$ 2.48
	March 31, 1983**		June 30, 1983**		September 30, 1983**		December 31, 1983**	
Net Investment Income	\$ 5,926	\$.14	\$ 6,178	\$.15	\$ 5,907	\$.14	\$ 5,720	\$.13
Net Realized Gain & Change in Net Unrealized Appreciation ...	\$ 62,658	\$ 1.47	\$ 83,696	\$ 1.97	\$ [5,425]	\$ [1.13]	\$ [12,981]	\$ [1.30]

**Unaudited.

**Report of
Independent
Accountants**

*To the Board of Directors and Stockholders of
The Lehman Corporation:*

In our opinion, the accompanying Statement of Assets and Liabilities (including the Portfolio of Investments at December 31, 1983), and the related Statements of Operations and of Changes in Net Assets and the Supplementary Information present fairly the financial position of The Lehman Corporation at December 31, 1983 and 1982, the results of its operations and the changes in its net assets for the years then ended and the supplementary information for each of the five years in the period ended December 31, 1983, all in conformity with generally accepted accounting principles consistently applied. Our examinations of these statements and the supplementary information were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances, including confirmation of securities owned at December 31, 1983 and 1982 by correspondence with the custodian and brokers.

PRICE WATERHOUSE

153 East 53rd Street
New York, N.Y.
January 17, 1984

Officers

Henry R. Breck	Chairman of the Board
Robert H. Buckles	President
C. Charles Hetzel	Vice President
Martin L. Roberts	Vice President
W. L. Williams	Vice President & Treasurer
Boniface A. Zaino	Investment Vice President
Anthony Forlano	Secretary & Assistant Treasurer
Barnett Teich	Assistant Secretary & Assistant Treasurer

Lehman Management Co., Inc. Investment Adviser
New York, N.Y.

Sullivan & Cromwell Legal Counsel
New York, N.Y.

Price Waterhouse Independent Accountants
New York, N.Y.

The Bank of New York Custodian, Transfer and Dividend Paying Agent
New York, N.Y.

**The
Lehman
Corporation**

55 Water Street
New York, N. Y. 10041