

LOEWS CORP  
Form PRE 14A  
February 23, 2009

SCHEDULE 14A INFORMATION  
Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

(Amendment No. )

- Filed by the Registrant  |  
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Check the appropriate box:  
 | Preliminary Proxy Statement  
 | Confidential, for use of the Commission Only (as permitted by Rule 14a-6(e)(2))  
 | Definitive Proxy Statement  
 | Definitive Additional Materials  
 | Soliciting material under Rule 14a-12

Loews Corporation  
(Name of Registrant as Specified in Its Charter)

N/A  
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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(4) Date filed: N/A



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SUBJECT TO COMPLETION

667 Madison Avenue  
New York, New York 10065-8087

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
To Be Held on May 12, 2009

The Annual Meeting of Shareholders of Loews Corporation will be held at the Loews Regency Hotel, 540 Park Avenue, New York, New York, on Tuesday, May 12, 2009, at 11:00 A.M. New York City time, for the following purposes:

- To elect eleven directors;
- To ratify the appointment of our independent auditors for 2009;
- To approve a proposed amendment to simplify and update our charter;
- To consider and act upon one shareholder proposal; and
- To transact such other business as may properly come before the meeting or any adjournment thereof.

Shareholders of record at the close of business on March 16, 2009 are entitled to notice of and to vote at the meeting and any adjournment thereof.

By order of the Board of Directors,

GARY W. GARSON  
Secretary

Dated: March [ ], 2009

WE URGE YOU TO COMPLETE, DATE AND SIGN THE ENCLOSED  
PROXY AND MAIL IT PROMPTLY IN THE ACCOMPANYING  
ENVELOPE, WHICH REQUIRES NO POSTAGE IF  
MAILED IN THE UNITED STATES.

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LOEWS  
CORPORATION

PROXY STATEMENT

We are providing this Proxy Statement in connection with the solicitation by our Board of Directors of proxies to be voted at our Annual Meeting of Shareholders, which will be held on May 12, 2009. We expect to mail proxy materials to our shareholders on or about March [ ], 2009. Our mailing address is 667 Madison Avenue, New York, New York 10065-8087. Please note that throughout this Proxy Statement we refer to Loews Corporation as “we,” “us,” “our,” “Loews” or the “Company.”

Voting

As of March 16, 2009, the record date for determination of shareholders entitled to notice of and to vote at the meeting, there were [ ] shares of our Common Stock outstanding. Each outstanding share of our Common Stock is entitled to one vote on all matters that may come before the meeting. All properly executed proxies in the accompanying form received by us prior to the meeting will be voted at the meeting. You may revoke your proxy at any time before it is exercised by giving notice in writing to our Corporate Secretary, by granting a proxy bearing a later date or by voting in person. Shares with respect to which a broker indicates that it does not have authority to vote will be considered “broker non-votes” and will not be counted as present at the meeting.

**Majority Vote Standard for Election of Directors** Our by-laws provide that a nominee for director in an uncontested election such as this one will be elected to the Board if all votes cast for that nominee’s election exceed the votes cast against his or her election. Shares that are voted to abstain with respect to any one or more nominees and broker non-votes will not be counted and will have no effect on the outcome of the voting for directors. In the event that an incumbent nominee is not re-elected, the Board will require that director to tender his or her resignation and will establish a committee to consider whether to accept or reject that resignation. The Board will act on the committee’s recommendation and publicly disclose its decision.

**Votes Required to Adopt Other Proposals.** The affirmative vote of shares representing a majority of our Common Stock outstanding and entitled to vote is required to approve the proposal to amend our charter to be voted on at the meeting. The affirmative vote of shares representing a majority of the votes cast by the holders of shares present and entitled to vote is required to approve each of the other proposals to be voted on at the meeting. Shares that are voted to abstain on these matters will be considered present at the meeting, but since they are not affirmative votes for a proposal they will have the same effect as votes against the proposal. Broker non-votes have the same effect as a vote

against the proposal to amend our charter and will have no effect on the outcome of the voting for the other proposals.

Our Board of Directors has adopted a policy of confidentiality regarding the voting of shares. Under this policy, all proxies, ballots and voting tabulations that identify how an individual shareholder has voted at the meeting will be kept

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confidential from us, except where disclosure is required by applicable law, a shareholder expressly requests disclosure, or in the case of a contested proxy solicitation. Proxy tabulators and inspectors of election will be employees of our transfer agent or another third party and not our employees.

#### Principal Shareholders

The following table shows certain information, at February [ ], 2009 unless otherwise indicated, as to all persons who, to our knowledge, were the beneficial owners of 5% or more of our Common Stock. All shares reported were owned beneficially by the persons indicated unless otherwise indicated below.

Name and Address	Amount Beneficially Owned	Percent of Class
Davis Selected Advisers, L.P. (1) 2949 Elvira Road, Suite 101 Tucson, AZ 85706	46,906,457	10.8%
Joan H. Tisch (2)(3) c/o Barry L. Bloom 655 Madison Avenue New York, NY 10065	41,341,744	9.5
Wilma S. Tisch (3)(4) c/o Barry L. Bloom 655 Madison Avenue New York, NY 10065	29,308,031	6.7

(1) This information is as of December 31, 2008 and is based on a Schedule 13G report filed by Davis Selected Advisers, L.P. According to the report, Davis Selected Advisers, L.P. has sole voting power with respect to only 43,756,185 shares.

(2) This information is as of December 31, 2008 and is based on a Schedule 13G report filed by Mrs. J.H. Tisch. According to the report, the amount beneficially owned includes 945,673 shares owned beneficially by Mrs. J.H. Tisch directly and 40,396,071 shares held by her as trustee of various trusts.

(3) Joan H. Tisch was the wife of the late Preston R. Tisch, former Co-Chairman of the Board of the Company. Wilma S. Tisch was the wife of the late Laurence A. Tisch, former Co-Chairman of the Board of the Company. James S. Tisch, President and Chief Executive Officer and a director of the Company, and Andrew H. Tisch, Co-Chairman of the Board and Chairman of the Executive Committee of the Company, are sons of Mrs. W.S. Tisch. Jonathan M. Tisch, Co-Chairman of the Board of the Company and Chairman and Chief Executive Officer of Loews Hotels, is the son of Mrs. J.H. Tisch. Each of Messrs. J.S. Tisch, A.H. Tisch and J.M. Tisch are members of the Company's Office of the President.

(4) This information is as of December 31, 2008 and is based on a Schedule 13G report filed by Mrs. W.S. Tisch. According to the report, the amount beneficially owned includes 2,513,162 shares owned beneficially by Mrs. W.S. Tisch directly and 26,794,869 shares held by her as trustee of various trusts.

#### Director and Officer Holdings

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The following table shows certain information, at February [ ], 2009, as to the shares of our Common Stock beneficially owned by each director and nominee, each executive officer named in the Summary Compensation Table below and all of our executive officers and directors as a group, based on data furnished by them.

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Name	Amount Beneficially Owned (1)	Percent of Class
Ann E. Berman	31,200 (2)	*
Joseph L. Bower	40,500 (3)	*
Charles M. Diker	35,100 (4)	*
David B. Edelson	112,499 (5)	*
Paul J. Fribourg	44,100 (3)	*
Walter L. Harris	30,000 (6)	*
Peter W. Keegan	247,500 (3)	*
Philip A. Laskawy	40,500 (7)	*
Ken Miller	15,000 (8)	*
Gloria R. Scott	16,500 (3)	*
Andrew H. Tisch	14,736,816 (9)	3.4%
James S. Tisch	15,223,913 (10)	3.5%
Jonathan M. Tisch	8,341,929 (11)	1.9%
All executive officers and directors as a group (16 persons including those listed above)	39,452,836 (12)	9.0%

\* Represents less than 1% of the outstanding shares.

(1) Except as otherwise indicated, the persons listed as beneficial owners of the shares have sole voting and investment power with respect to those shares.

(2) Includes 18,000 shares issuable upon the exercise of awards granted under the Loews Corporation 2000 Stock Option Plan (our “Stock Option Plan”) that are currently exercisable, and 300 shares held by a charitable foundation as to which Ms. Berman has shared voting and investment power.

(3) Represents shares issuable upon the exercise of awards granted under our Stock Option Plan that are currently exercisable.

(4) Includes 32,100 shares issuable upon the exercise of awards granted under our Stock Option Plan that are currently exercisable.

(5) Represents shares issuable upon the exercise of awards granted under our Stock Option Plan that are currently exercisable. In addition, Mr. Edelson owns beneficially 6,000 common units of Boardwalk Pipeline Partners, LP, a 74% owned subsidiary of the Company (“Boardwalk Pipeline”), and 3,200 shares of CNA Surety Corporation, a 62% owned subsidiary of CNA Financial Corporation, which is a 90% owned subsidiary of the Company (“CNA”).

(6) Includes 27,000 shares issuable upon the exercise of awards granted under our Stock Option Plan that are currently exercisable. In addition, Mr. Harris owns beneficially 1,830 shares of CNA and 2,000 common units of Boardwalk Pipeline.

(7) Includes 34,500 shares issuable upon the exercise of awards granted under our Stock Option Plan that are currently exercisable and 6,000 shares owned beneficially by Mr. Laskawy’s wife. In addition, Mr. Laskawy owns beneficially 20,000 common units of Boardwalk Pipeline.



(8) Includes 3,000 shares issuable upon the exercise of awards granted under our Stock Option Plan that are currently exercisable. In addition, Mr. Miller owns beneficially 1,100 shares of CNA Surety Corporation.

(9) Includes 450,000 shares issuable upon the exercise of awards granted under our Stock Option Plan that are currently exercisable. Also includes 11,574,348 shares held by trusts of which Mr. A.H. Tisch is the managing trustee (inclusive of 3,349,150 shares held in trust for his benefit), and 465,000 shares held by a charitable foundation as to which Mr. A.H. Tisch has shared voting and investment power. In addition, Mr. A.H. Tisch is the managing trustee and beneficiary of a trust that owns beneficially 6,100 shares of CNA, and is a trustee of trusts that own beneficially a 25% interest in general partnerships that own, in the aggregate, 324,200 common units of Boardwalk Pipeline.

(10) Includes 450,000 shares issuable upon the exercise of awards granted under our Stock Option Plan that are currently exercisable. Also includes 12,366,786 shares held by trusts of which Mr. J.S. Tisch is the managing trustee (inclusive of 3,219,193 shares held in trust for his benefit), and 484,100 shares held by a charitable foundation as to which Mr. J.S. Tisch has shared voting and investment power. In addition, Mr. J.S. Tisch owns beneficially 76,250 shares of Diamond Offshore Drilling, Inc., a 50.4% owned subsidiary of the Company (“Diamond Offshore”), including 71,250 shares issuable upon the exercise of awards that are currently exercisable. He is also the managing trustee and beneficiary of a trust that owns beneficially 6,100 shares of CNA, and is a trustee of trusts that own beneficially a 25% interest in a general partnership that owns 74,200 common units of Boardwalk Pipeline and a 26.875% interest in a general partnership that owns 250,000 common units of Boardwalk Pipeline.

(11) Includes 450,000 shares issuable upon the exercise of awards granted under our Stock Option Plan that are currently exercisable. Also includes 7,335,466 shares held by trusts of which Mr. J.M. Tisch is the managing trustee (inclusive of 3,539,934 shares held in trust for his benefit) and 240,000 shares held by a charitable foundation as to which Mr. J.M. Tisch has shared voting and investment power.

(12) Includes 2,459,754 shares issuable upon the exercise of awards granted under our Stock Option Plan that are currently exercisable.

#### Section 16(a) Beneficial Ownership Reporting Compliance

Based upon a review of filings with the Securities and Exchange Commission and written representations to us, we believe that during 2008 all of our directors and executive officers complied with the reporting requirements of Section 16(a) of the Securities Exchange Act of 1934.

#### ELECTION OF DIRECTORS (Proposal No. 1)

Our Board of Directors has fixed the number of directors constituting the full Board at eleven. Accordingly, at the meeting shareholders will vote to elect a Board of eleven directors to serve until the next annual meeting of shareholders and until their respective successors are duly elected and qualified. It is the intention of the persons named in the accompanying form of proxy, unless you specify otherwise in your proxy, to vote for the election of the nominees named below, each of whom is now a director. Our Board has no reason to believe that any of the persons named will be unable or unwilling to serve as a director. If any nominee is unable or unwilling to serve, we anticipate that either proxies will be voted for the election of a substitute nominee or nominees recommended by our Nominating and Governance Committee and approved by our Board, or our Board will adopt a resolution reducing the number of directors constituting our full Board. Set forth below is the name, age, principal occupation during the past five years and other information concerning each nominee.

Ann E. Berman, 56 – Senior advisor to the president of Harvard University since April 2006. Ms. Berman served as Vice President of Finance and Chief Financial Officer of Harvard University from 2002 until April 2006. Ms. Berman is also a director of Eaton Vance Corporation. She has been a director of the Company since 2006.

Joseph L. Bower, 70 – Professor of Business Administration at Harvard University. Professor Bower is also a director of Anika Therapeutics, Inc., Brown Shoe Company, Inc., New America High Income Fund, Inc., Sonesta International Hotels Corporation and T H Lee-Putnam EO Fund. He has been a director of the Company since 2001.

Charles M. Diker, 74 – Managing Partner of Diker Management LLC, a registered investment adviser. Mr. Diker is also the Chairman of the Board of Cantel Medical Corp., a provider of infection prevention and control products and other medical devices. He has been a director of the Company since 2003.

Paul J. Fribourg, 55 – Chairman of the Board, President and Chief Executive Officer of Continental Grain Company, a producer of pork and poultry products and provider of cattle feeding services. Mr. Fribourg is also a director of Smithfield Foods, Inc. and Estee Lauder Companies, Inc. He has been a director of the Company since 1997.

Walter L. Harris, 57 – President and Chief Executive Officer of Tanenbaum-Harber Co., Inc., an insurance brokerage firm. He has been a director of the Company since 2004.

Philip A. Laskawy, 67 – Retired Chairman and Chief Executive Officer of Ernst & Young. Mr. Laskawy is also a director of General Motors Corporation, Henry Schein, Inc., Lazard Ltd. and Federal National Mortgage Association (Fannie Mae). He has been a director of the Company since 2003.

Ken Miller, 66 – President and Chief Executive Officer of Ken Miller Capital, LLC, a merchant banking firm. He has been a director of the Company since 2008.

Gloria R. Scott, 70 – Owner of consulting services firm G. Randle Services. Dr. Scott served as President of Bennett College in Greensboro, North Carolina until 2001. She has been a director of the Company since 1990.

Andrew H. Tisch, 59 – Co-Chairman of the Board since 2006, Chairman of the Executive Committee and a member of the Office of the President of the Company. He is also Chairman of the Board of Directors of K12 Inc. and a director of CNA and of the general partner of Boardwalk Pipeline. He has been a director of the Company since 1985.

James S. Tisch, 56 – President and Chief Executive Officer and a member of the Office of the President of the Company. He is also a director of CNA and Chairman of the Board of Diamond Offshore. Mr. Tisch served as Chief Executive Officer of Diamond Offshore until May 2008. He has been a director of the Company since 1986.

Jonathan M. Tisch, 55 – Co-Chairman of the Board of the Company since 2006, Chairman and Chief Executive Officer of Loews Hotels and a member of the Office of the President of the Company. He has been a director of the Company since 1986.

#### Director Independence

Our Board of Directors has determined that the following directors, constituting a majority of our directors and nominees, are independent under the listing standards of the New York Stock Exchange: Ann E. Berman, Joseph L. Bower, Charles M. Diker, Paul J. Fribourg, Walter L. Harris, Philip A. Laskawy, Ken Miller and Gloria R. Scott. We refer to these directors in this Proxy Statement as our “Independent Directors.” Our Board considered all relevant facts and circumstances and applied the independence standards described below in determining that none of our Independent Directors has any material relationship with our subsidiaries or us.

Our Board has established the following standards to assist it in determining director independence. A director would not be considered independent if any of the following relationships exists:

- during the past three years the director has been an employee, or an immediate family member has been an executive officer, of the Company;
- the director or an immediate family member received, during any twelve month period within the past three years, more than \$120,000 in direct compensation from the Company, excluding director and committee fees, pension payments and certain forms of deferred compensation;
- the director is a current partner or employee or an immediate family member is a current partner of a firm that is the Company’s internal or external auditor, or an immediate family member is a current employee of such a firm and personally works on the Company’s audit, or, within the last three years, the director or an immediate family member was a partner or employee of such a firm and personally worked on the Company’s audit within that time;
- the director or an immediate family member has at any time during the past three years been employed as an executive officer of another company where any of the Company’s present executive officers at the same time serves or served on that company’s compensation committee; or



- the director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three years, exceeds the greater of \$1 million, or 2% of the other company's consolidated gross revenues.

In making its determination with respect to Walter L. Harris, our Board considered the commercial relationship between certain surety and insurance subsidiaries of CNA and Tanenbaum-Harber Co., Inc., of which Mr. Harris is an executive officer and shareholder, and certain of its affiliates, and determined that Mr. Harris meets all of the requirements described above for Independent Directors and does not have a material relationship with us. Please read "Transactions with Related Persons," below for more information concerning Mr. Harris's relationship with CNA.

#### Committees of the Board

Our Board of Directors has a standing Audit Committee, Compensation Committee, Nominating and Governance Committee, Executive Committee and Finance Committee. Our Audit Committee, Compensation Committee and Nominating and Governance Committee have written charters which can be found on our website at [www.loews.com](http://www.loews.com) and are available in print to any shareholder who requests a copy by writing to our Corporate Secretary.

**Audit Committee.** The primary function of our Audit Committee is to assist our Board of Directors in fulfilling its responsibility to oversee management's conduct of our financial reporting process, including review of our financial reports and other financial information, our system of internal accounting controls, our compliance with legal and regulatory requirements, the qualifications and independence of our independent auditors and the performance of our internal audit staff and independent auditors. Our Audit Committee has sole authority to appoint, retain, compensate, evaluate and terminate our independent auditors and to approve all engagement fees and terms for our independent auditors.

The members of our Audit Committee are Walter L. Harris (Chairman), Ann E. Berman, Joseph L. Bower, Charles M. Diker, Paul J. Fribourg, Philip A. Laskawy, Ken Miller and Gloria R. Scott, each of whom is an Independent Director and satisfies the additional independence and other requirements for Audit Committee members provided for in the listing standards of the New York Stock Exchange. Our Board has determined that each of Ms. Berman and Mr. Laskawy is a "financial expert" under the rules of the Securities and Exchange Commission and that Mr. Laskawy's simultaneous service on the audit committees of three public companies, in addition to our Audit Committee, does not impair his ability to effectively serve on our Audit Committee.

**Compensation Committee.** The primary function of our Compensation Committee is to assist our Board of Directors in discharging its responsibilities relating to compensation of our executives. These responsibilities include reviewing our general compensation philosophy for executive officers, overseeing the development and implementation of compensation programs for executive officers and reviewing compensation levels, including incentive and equity-based compensation, for executive officers, directors and Board committee members. Our Compensation Committee determines and approves compensation for our executive officers and administers our incentive and equity-based compensation plans. In doing so, it considers recommendations made by our Chief Executive Officer meeting in executive session with the Committee. Neither our Chief Executive Officer nor any of our other executive officers participates in our Compensation Committee's final deliberations on compensation matters. The members of our Compensation Committee are Joseph L. Bower (Chairman), Charles M. Diker and Paul J. Fribourg, each of whom is an Independent Director.

**Nominating and Governance Committee.** The primary functions of our Nominating and Governance Committee are to identify individuals qualified to become members of our Board of Directors, recommend to our Board a slate of director nominees for election at our next annual meeting of shareholders and develop and recommend to our Board a

set of corporate governance principles. These corporate governance principles are set forth in our Corporate Governance Guidelines which can be found on our website at [www.loews.com](http://www.loews.com) and are available in print to any shareholder who requests a copy by writing to our Corporate Secretary. The members of our Nominating and Governance Committee are Paul J. Fribourg (Chairman), Joseph L. Bower, Walter L. Harris, Ken Miller and Gloria R. Scott, each of whom is an Independent Director.

### Director Nominating Process

In evaluating potential director nominees, including those identified by shareholders, for recommendation to our Board of Directors, our Nominating and Governance Committee seeks individuals with talent, ability and experience from a wide variety of backgrounds to provide a diverse spectrum of experience and expertise relevant to a diversified business enterprise such as ours. A candidate should represent the interests of all shareholders, and not those of a special interest group, have a reputation for integrity and be willing to make a significant commitment to fulfilling the duties of a director. Our Nominating and Governance Committee will screen and evaluate all recommended director nominees based on the criteria set forth above, as well as other relevant considerations. Our Nominating and Governance Committee will retain full discretion in considering its nomination recommendations to our Board.

### Executive Sessions of Non-Management Directors

Our non-management directors meet in regular executive sessions without management participation. The Chairman of our Nominating and Governance Committee, currently Paul J. Fribourg, serves as the presiding director at these meetings.

### Director Attendance at Meetings

During 2008 there were nine meetings of our Board of Directors, six meetings of our Audit Committee, four meetings of our Compensation Committee and three meetings of our Nominating and Governance Committee. During 2008, each of our directors attended not less than 75% of the total number of meetings of our Board of Directors and committees of our Board on which that director served during 2008. Our Board encourages all directors to attend our annual meetings of shareholders, but recognizes that circumstances may prevent attendance from time to time. All of our directors then serving attended our 2008 Annual Meeting of Shareholders.

### 2008 Director Compensation

Our non-management directors receive a retainer of \$18,750 and 1,500 stock appreciation right (“SAR”) awards per quarter. In addition, members of our Audit Committee are paid \$2,000, and members of our Compensation Committee and Nominating and Governance Committee are paid \$1,000, for each committee meeting attended. The following table shows information regarding the compensation of our non-management directors during the year ended December 31, 2008.

Name	Fees Earned or Paid in Option/SAR		Total	
	Cash	Awards (1)		
A.E. Berman	\$87,000	\$93,062	\$180,062	
J.L. Bower	81,000	93,062	174,062	
C.M. Diker	90,000	93,062	183,062	
P.J. Fribourg	93,000	93,062	186,062	
W.L. Harris	90,000	93,062	183,062	



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P.A. Laskawy	85,000	93,062	178,062
K. Miller	37,500	46,928	84,428
G.R. Scott	90,000	93,062	183,062

(1) These amounts represent the dollar amount recognized for financial statement reporting purposes for the fiscal year ended December 31, 2008, in accordance with the Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 123R ("FAS 123R"), for awards pursuant to our Stock Option Plan, which is also the full grant date fair value of these awards. Assumptions used in the calculation of these amounts are included in Footnote 18 to our audited financial statements for the fiscal year ended December 31, 2008 included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on February [ ], 2009 (our "2008 Annual Report"). At December 31, 2008, the aggregate number of stock option and SAR awards outstanding for each non-management director was as follows: Ms. A.E. Berman, 18,000; Mr. J.L. Bower, 40,500; Mr. C.M. Diker, 32,100; Mr. P.J. Fribourg, 44,100; Mr. W.L. Harris, 27,000; Mr. P.A. Laskawy, 34,500; Mr. K. Miller, 3,000; and Dr. G.R. Scott, 16,500.

#### Code of Ethics

We have a Code of Business Conduct and Ethics which applies to all of our directors, officers and employees, including our principal executive officer, principal financial officer and principal accounting officer. This Code can be found on our website at [www.loews.com](http://www.loews.com) and is available in print to any shareholder who requests a copy by writing to our Corporate Secretary. We intend to post any changes to or waivers of this Code for our principal executive officer, principal financial officer and principal accounting officer on our website.

#### AUDIT COMMITTEE REPORT

As discussed above under the heading "Committees of the Board – Audit Committee," the primary role of the Board's Audit Committee is to oversee the Company's financial reporting process and manage its relationship with the independent auditors. In fulfilling its responsibilities, the Audit Committee has reviewed and discussed the Company's audited financial statements for the year ended December 31, 2008 with the Company's management and independent auditors. The Audit Committee has also discussed with the Company's independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61, "Communication with Audit Committees," as amended. In addition, the Audit Committee has discussed with the independent auditors their independence in relation to the Company and its management, including the matters in the written disclosures provided to the Audit Committee as required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent auditors' communications with the Audit Committee concerning independence, and has determined that the provision of non-audit services provided by the auditors is compatible with maintaining the auditors' independence. For more information about services provided by the auditors, please read "Audit Fees and Services," below.

The members of the Audit Committee rely without independent verification on the information provided to them by management and the independent auditors and on management's representation that the Company's financial statements have been prepared with integrity and objectivity. They do not provide any expert or special assurance as to the Company's financial statements or any professional certification as to the independent auditors' work. Accordingly, the Audit Committee's oversight does not provide an independent basis to determine that management has applied appropriate accounting and financial reporting principles or internal controls and procedures, that the audit of the Company's financial statements has been carried out in accordance with generally accepted auditing standards, that the Company's financial statements are presented in accordance with generally accepted accounting principles or that the Company's auditors are in fact "independent."

Based upon the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2008, which has been filed with the Securities and Exchange Commission.

By the Audit Committee:

Walter L. Harris, Chairman	Paul J. Fribourg
Ann E. Berman	Philip A. Laskawy
Joseph L. Bower	Ken Miller
Charles M. Diker	Gloria R. Scott

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## COMPENSATION DISCUSSION AND ANALYSIS

Overview. The objective of our executive compensation program is to attract and retain highly qualified executive officers and motivate them to provide a high level of performance for our shareholders. To meet this objective, we have established a compensation policy for executive officers which combines elements of base salary and cash and stock based incentive compensation, as well as benefits. In selecting these elements of executive compensation, we have considered our historical compensation policies as they have evolved over the years, national surveys of executive compensation at comparable sized companies and the executive compensation programs of various companies engaged in businesses similar to ours and our principal subsidiaries (although we do not benchmark our compensation to any particular group of companies), as well as applicable tax and accounting impacts of executive compensation.

The principal components of compensation for our Named Executive Officers are:

- base salary;
- cash-based incentive compensation awards;
- grants of stock appreciation rights; and
- retirement, medical and related benefits.

Our compensation program is intended to align the interests of our senior executives with those of our shareholders with a goal of increasing shareholder value and reasonably rewarding superior performance which supports that goal. In establishing the aggregate amount of compensation for each Named Executive Officer, we do not rely on formula-driven plans which could result in unreasonably high compensation levels. Instead, the primary factor in setting compensation is an evaluation of the individual's performance in the context of our financial performance and compensation policies. The Compensation Committee also reviews and considers compensation levels and practices as shown in the surveys and other materials referred to above. Based on these factors, we determine an overall level of cash compensation, a portion of which is to be paid as base salary and the balance of which would be incentive-based, and stock-based awards, which are described in further detail below. Although the Compensation Committee reviews base salary and stock based awards annually, the primary variable in our compensation program for Named Executive Officers has been the establishment of incentive compensation awards.

Our Chief Executive Officer, after consulting with the other members of the Office of the President, reviews with the Compensation Committee the performance of each Named Executive Officer and each other executive officer and makes a recommendation to the Compensation Committee with respect to their annual compensation, including the setting of parameters for incentive compensation awards and stock based awards. In accordance with its charter, the Compensation Committee then makes the final determination regarding the compensation, including base salary, cash-based incentive compensation and grants of stock appreciation rights, for our Chief Executive Officer and each of the other Named Executive Officers, as well as all of our executive officers.

Base Salary. As a result of performance reviews and other factors described above, and the impact of limits on the deductibility of compensation described below, the annual base salary of each of our Named Executive Officers has been effectively limited to approximately \$1 million. This \$1 million limit reflects principally the impact of provisions of the Internal Revenue Code which generally limit the amount of compensation we may deduct for federal income tax purposes to \$1 million per Named Executive Officer per year, except to the extent that the compensation is considered to be "performance-based." Our policy has been to maximize the deductibility of compensation to the extent practicable. Accordingly, we have designed our performance-based incentive compensation plan and stock-based

plan described below so that compensation under those plans will be deductible.

Incentive Compensation Awards. A significant portion of compensation of our Named Executive Officers comes from awards under our Incentive Compensation Plan for Executive Officers (“Incentive Compensation Plan”). This element of our compensation program makes a significant portion of the executive’s annual compensation dependent on

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the Company's attainment of a pre-determined level of net income. Under the Incentive Compensation Plan the Compensation Committee employs both quantitative factors - our attainment of the performance goal discussed below, and qualitative factors - the Compensation Committee's assessment of the individual's performance.

As more fully described below, under the terms of the Incentive Compensation Plan, the Compensation Committee in granting awards establishes a target amount and maximum award for each participant and retains full negative discretion to reduce awards despite the fact that funds may be available in the performance bonus pool. This allows the Compensation Committee to review and evaluate each participant's performance in light of the year end results which, we believe, serves to discourage excessive risk taking. We believe the features of the Incentive Compensation Plan help align the interests of our executive officers with those of our shareholders.

Under the Incentive Compensation Plan, during the first quarter of each year our Compensation Committee establishes an annual performance bonus pool, expressed as a percentage of our Performance Based Income for that year. Performance Based Income is a term defined in the Incentive Compensation Plan to mean our consolidated net income as adjusted by the Compensation Committee in its sole discretion to take into account specific factors that may impact our business generally which the Compensation Committee deems reasonable and appropriate to exclude or include. Among other things, the Compensation Committee may take into account realized and unrealized gains and losses, accounting changes, the potential impact of acquisitions and dispositions, charges relating to litigation, charges relating to reserve strengthening and adverse development associated with prior accident years at CNA, the impact of catastrophes and the impact of changes in legislation or regulation.

After establishing the performance bonus pool for the year, the Compensation Committee then allocates a portion of that pool (expressed as a percentage of Performance Based Income) to each of the Named Executive Officers and other executive officers who are participating in the Incentive Compensation Plan and are eligible to receive incentive compensation awards. The Compensation Committee establishes a target award (expressed as a dollar amount) for each participant, based on its assessment of the individual's expected performance of his duties, with the intention that the incentive compensation award will not exceed the target award (even if the objective formula permits payment of an award in excess of the established target) except based on the Compensation Committee's discretion. The Compensation Committee also establishes, for each participant, a maximum award (expressed as a dollar amount) to potentially award a bonus amount that exceeds the pre-established target award based on the Compensation Committee's discretion. In addition, in accordance with the Incentive Compensation Plan, it has been the practice of the Compensation Committee to retain negative discretion in the payment of awards, which allows the Committee to reduce or eliminate any award at the Committee's discretion.

Once Performance Based Income for the year has been determined, typically in February of the following year, the Compensation Committee will review and re-assess each participant's performance for such year and, based upon such review and re-assessment, will award incentive compensation out of each executive's allocated percentage of the performance bonus pool. Based on such review and assessment, the Compensation Committee, in its discretion, will determine whether to award incentive compensation that meets or exceeds the target award (up to the maximum award established for that individual) or that is lower than the target award.

For 2008, the Compensation Committee established a performance bonus pool of 4% of Performance Based Income, and determined that Performance Based Income would mean our consolidated net income, without taking into account the impact of several items. In making this determination, the Compensation Committee concluded that the impact of these items would not be appropriate in measuring performance, but, by reserving to itself the ability to exercise negative discretion to reduce an award otherwise payable, the Compensation Committee in effect retains the ability to take these items, and any other factors it deems relevant, into account in awarding incentive compensation. The items identified for 2008 were:

- - The effect of accounting changes;
  - Net losses attributed to the impairment of goodwill;
- Net losses attributed to any charges resulting from application of the Full Cost Ceiling Limitation in relation to valuation of proved reserves at our subsidiary, HighMount Exploration and Production, LLC;

- Realized gains and losses;
- Charges relating to reserve strengthening and adverse dividend or premium development at CNA associated with accident years prior to 2000 related to claims within a limited number of claim categories;
- Catastrophe losses of CNA in excess of CNA's 2008 budgeted amount, but not less than such budgeted amount;
- Any gain or loss on disposal of discontinued operations (but not income from operations of the discontinued business) resulting from the exchange of Lorillard, Inc. common stock for our Common Stock in the 2008 spin-off of Lorillard, Inc.; and
- Charges relating to the disposition, by judgment or settlement, of smoking and health related litigation, excluding litigation related to filter cases.

After giving effect to these adjustments, 2008 Performance Based Income was approximately 42% of consolidated net income for the year.

Following determination of our consolidated net income and Performance Based Income for 2008, the Compensation Committee granted incentive compensation awards under the Incentive Compensation Plan at the target amounts established at the beginning of the year. As a result, the Compensation Committee granted awards to our executive officers which amounted to approximately 17% of the total amount available for award under the Incentive Compensation Plan. The Compensation Committee determined, for each Named Executive Officer, to neither increase any award above the target, nor to reduce any award below the target. This was determined by the Compensation Committee in executive session following a meeting with our Chief Executive Officer. The awards under this Plan for each of the Named Executive Officers are included in the column entitled "Non-Equity Incentive Plan Compensation" on the Summary Compensation Table, below.

Compensation under the Incentive Compensation Plan meets the requirements of the Internal Revenue Code for the deductibility for federal income tax purposes.

**Stock-Based Awards.** The third principal element of our compensation policy for Named Executive Officers is stock based awards under our Stock Option Plan. The value of awards under our Stock Option Plan is directly correlated to our performance as measured by the price of our Common Stock over the long-term. These awards only have value if, and to the extent that, the price of our Common Stock in the future exceeds the price on the date awards are granted. In addition, unlike base salary and incentive compensation awards, which are earned and paid based on the annual performance of the individual and the Company, awards under the Stock Option Plan generally vest over a period of four years and have a term of ten years. As a result, these awards recognize performance over a longer term and encourage executives to continue their employment with the Company. All of these elements further serve to align the executive's interest with those of our shareholders.

Since the establishment of the Stock Option Plan in 2000, it has been our policy not to increase the number of options or rights awarded to our Named Executive Officers each year (other than to adjust for stock splits), and the total number of options and rights issued to all employees who participate in the Plan has increased only modestly during this period.

Our practice has been to consider an annual award in January of each year, but to grant awards in four increments over the year, the first grant being made on the date of the Compensation Committee meeting in January at the time the award is established, and the following three grants being made on the last business day of March, June and September of the year. Each grant is made at an exercise or strike price equal to the average of the high and low sales prices of our Common Stock on the trading day immediately preceding the date of grant. Thus the Compensation Committee knows the exercise or strike price of grants made at its January meeting, but the exercise or strike price for the three subsequent grants is based on our Common Stock price at a future date. We believe that this practice is fair and reasonable to the individual executive and to the Company and its shareholders since it minimizes the impact that



any particular event could have on the exercise or strike price of awards.

Compensation under the Stock Option Plan meets the requirements of the Internal Revenue Code for the deductibility for federal income tax purposes.

Employment Agreements. It has been our practice to maintain employment agreements with each member of the Office of the President: James S. Tisch, Andrew H. Tisch and Jonathan M. Tisch. Consistent with our compensation policies and our goal of maximizing the deductibility of the compensation for federal income tax purposes, base salary under each employment agreement has been limited to \$975,000 per annum for each individual. The agreements provide that each individual shall participate in our Incentive Compensation Plan; however, the amount of any award which may be granted remains subject to the discretion of the Compensation Committee. In February 2009, the employment agreement with each of the members of the Office of the President was extended for an additional term of one year, to expire March 31, 2010. Our employment agreements with the members of the Office of the President contain no provision for severance on termination, or payment upon a change in control, nor do such agreements require us to provide any perquisites. We have no employment or other agreement relating to severance or payment upon a change of control with any of our other Named Executive Officers. Information concerning automobile related perquisites provided to certain Named Executive Officers is provided in the Summary Compensation Table, below.

Employee Benefits. Our Company's Named Executive Officers also participate in benefit programs available to salaried employees generally, including our Employees Savings Plan under Section 401 (k) of the Internal Revenue Code, Retirement Plan and Benefit Equalization Plan. In addition, from time to time we have provided one or more Named Executive Officers with unfunded supplemental retirement benefits pursuant to the Supplemental Retirement Agreements that are described under the heading "Pension Plans" below. No supplemental retirement benefits were granted in 2008.

Share Ownership Guidelines. Although we have not adopted any share ownership guidelines for our executive officers, we note that the members of the Office of the President own significant amounts of our Common Stock.

#### COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

In fulfilling its responsibilities, the Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with the Company's management. Based on this review and discussion, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

By the Compensation Committee:

Joseph L. Bower, Chairman  
Charles M. Diker  
Paul J. Fribourg

#### EXECUTIVE COMPENSATION

The following table shows information for the years indicated regarding the compensation of our Chief Executive Officer, Chief Financial Officer and each of our other three most highly compensated executive officers as of December 31, 2008, whom we refer to in this Proxy Statement as our "Named Executive Officers," for services in all capacities to us and our subsidiaries.

## 2008 Summary Compensation Table

Name and Position	Year	Salary	Bonus	Option/SAR Awards (1)	Incentive Plan Compensation (2)	Changes in Pension Value And Nonqualified Deferred Compensation		All Other Compensation	Total
						Non-Equity Compensation Earnings (3)			
J.S. Tisch President, Chief Executive Officer, Office of the President	2008	\$1,100,000(4)	\$	0	\$1,902,234(5)	\$2,500,000	\$1,413,637	\$104,264(6)(7)	\$7,020,135
	2007	1,275,000(4)		0	1,300,115(5)	2,000,000	1,843,305	115,868	6,534,288
	2006	1,275,000(4)		0	910,421(5)	1,500,000	1,245,014	112,970	5,043,405
P.W. Keegan Chief Financial Officer, Senior Vice President	2008	990,000		0	513,084	1,510,000	397,792	23,100(8)	3,433,976
	2007	990,000		0	383,234	1,260,000	362,208	20,254	3,015,696
	2006	990,000	250,000		292,288	760,000	314,210	22,700	2,629,198
A.H. Tisch Co-Chairman of the Board, Chairman of the Executive Committee, Office of the President	2008	975,000		0	684,235	2,100,000	1,475,777	121,335(6)(9)	5,356,347
	2007	975,000		0	511,023	2,000,000	1,388,973	128,686	5,003,682
	2006	975,000		0	389,664	1,500,000	963,660	109,943	3,938,267
J.M. Tisch Co-Chairman of the Board, Chairman and Chief Executive Officer of Loews Hotels, Office of the President	2008	975,000		0	684,235	2,100,000	1,675,121	62,574(6)(10)	5,496,930
	2007	975,000		0	511,023	2,000,000	1,454,074	47,692	4,987,789
	2006	975,000		0	389,664	1,500,000	1,003,545	57,522	3,925,731

D.B. Edelson	2008	975,000	0	513,469	2,425,000	117,358	22,950(11)	4,053,777
Senior Vice President	2007	975,000	0	332,030	1,925,000	177,083	20,450	3,432,044
	2006	975,000	0	181,331	1,675,000	165,836	22,550	3,019,717

(1) These amounts represent the dollar amount recognized for financial statement reporting purposes for the fiscal years ended on December 31, 2008, 2007 and 2006, respectively, in accordance with FAS 123R, of awards pursuant to our Stock Option Plan through December 31, 2008, 2007 and 2006, respectively (but disregarding estimates of forfeitures for service-based vesting). Assumptions used in the calculation of these amounts are included in Footnote 18 to our audited financial statements for the fiscal year ended December 31, 2008 included in our 2008 Annual Report.

(2) These amounts represent awards under our Incentive Compensation Plan.

(3) These amounts represent the actuarial increase in the present value of each Named Executive Officer's retirement benefits under our retirement plans and supplemental retirement agreements as of December 31, 2008, 2007 and 2006 over the value of those benefits as of December 31, 2007, 2006 and 2005, respectively, all as determined using the same interest rate and other assumptions as those used in our financial statements.

(4) Mr. J.S. Tisch served as chief executive officer of Diamond Offshore through May 28, 2008. This information includes compensation for his services as chief executive officer of Diamond Offshore through that date of \$125,000 for 2008 and \$300,000 for each of 2007 and 2006.

(5) Also includes \$1,217,999, \$789,092 and \$520,757, representing the dollar amount recognized for financial statement reporting purposes by Diamond Offshore for the fiscal years ended on December 31, 2008, 2007 and 2006, respectively, in accordance with FAS 123R, of awards pursuant to Diamond Offshore's stock option plan granted as compensation for service as chief executive officer of Diamond Offshore during 2008, 2007 and 2006 (but disregarding estimates of forfeitures for service-based vesting). This information has been provided by Diamond Offshore.

(6) Includes the portion of the expense of a car and driver we provide to each member of our Office of the President attributable to personal use during 2008, as follows: (a) \$18,274 for Mr. J.S. Tisch; (b) \$30,096 for Mr. A.H. Tisch; and (c) \$38,520 for Mr. J.M. Tisch. These amounts represent approximately 15%, 22% and 24% of our annual costs associated with the car and driver provided for Messrs. J.S. Tisch, A.H. Tisch and J.M. Tisch, respectively, in 2008.

(7) Includes (a) \$9,200, representing our contributions under our Employees Savings Plan for 2008; (b) \$1,106, representing allocations under our Benefit Equalization Plan for 2008; (c) \$13,750, representing additional cash compensation paid or applied to the cost of benefit choices under our flexible benefits plan, which may include, among other things, premiums on medical, dental, vision, life and disability insurance policies, for 2008; (d) \$58,000, representing director's fees paid by CNA for 2008; and (e) \$3,934, representing retirement plan contributions and premiums on life and disability insurance policies paid by Diamond Offshore for 2008.

(8) Includes (a) \$9,200, representing our contributions under our Employees Savings Plan for 2008; and (b) \$13,900, representing additional cash compensation paid or applied to the cost of benefit choices under our flexible benefits plan, which may include, among other things, premiums on medical, dental, vision, life and disability insurance policies, for 2008.

(9) Includes (a) \$8,816, representing the expense of a car provided for personal use during 2008; (b) \$9,200, representing our contributions under our Employees Savings Plan for 2008; (c) \$1,473, representing allocations under our Benefit Equalization Plan for 2008; (d) \$13,750, representing additional cash compensation paid or applied to the cost of benefit choices under our flexible benefits plan, which may include, among other things, premiums on medical, dental, vision, life and disability insurance policies, for 2008; and (e) \$58,000, representing director's fees paid by CNA for 2008.

(10) Includes (a) \$9,200, representing our contributions under our Employees Savings Plan for 2008; (b) \$1,104, representing allocations under our Benefit Equalization Plan for 2008; and (c) \$13,750, representing additional cash compensation paid or applied to the cost of benefit choices under our flexible benefits plan, which may include, among other things, premiums on medical, dental, vision, life and disability insurance policies, for 2008.

(11) Includes (a) \$9,200, representing our contributions under our Employees Savings Plan for 2008; and (b) \$13,750, representing additional cash compensation paid or applied to the cost of benefit choices under our flexible benefits plan, which may include, among other things, premiums on medical, dental, vision, life and disability insurance policies, for 2008.

#### Narrative Discussion of Summary Compensation Table

For more information about our employment agreements with each of Messrs. J.S. Tisch, A.H. Tisch and J.M. Tisch and about the components of compensation reported in the Summary Compensation Table, please read the "Compensation Discussion and Analysis," above.

#### Compensation Plans

The following table shows information regarding awards granted to each of our Named Executive Officers under our Stock Option Plan and Incentive Compensation Plan during the year ended December 31, 2008.

2008 Grants of Plan-Based Awards  
(Loews)

Estimated Future Payouts Under	All Other Option/SAR Awards; Number of	Grant Date
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