LOEWS CORP
Form 10-Q
April 29, 2014
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

[X] **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended March 31, 2014

OR

[ ] **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the Transition Period From _____ to _____

Commission File Number 1-6541

LOEWS CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**13-2646102**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

667 Madison Avenue, New York, N.Y. 10065-8087

(Address of principal executive offices) (Zip Code)

(212) 521-2000

(Registrant s telephone number, including area code)

NOT APPLICABLE

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ____X____ No _____

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ____X____ No _____ Not Applicable _____

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer __X__ Accelerated filer _____ Non-accelerated filer _____
Smaller reporting company ____

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes _____ No ____X____

Class	Outstanding at April 21, 2014
Common stock, $0.01 par value	386,499,603 shares

Table of Contents

INDEX

	Page No.
Part I. Financial Information	
Item 1. Financial Statements (unaudited)	
Consolidated Condensed Balance Sheets March 31, 2014 and December 31, 2013	3
Consolidated Condensed Statements of Income Three months ended March 31, 2014 and 2013	4
Consolidated Condensed Statements of Comprehensive Income Three months ended March 31, 2014 and 2013	5
Consolidated Condensed Statements of Equity Three months ended March 31, 2014 and 2013	6
Consolidated Condensed Statements of Cash Flows Three months ended March 31, 2014 and 2013	7
Notes to Consolidated Condensed Financial Statements	8
Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations	36
Item 3. Quantitative and Qualitative Disclosures about Market Risk	61
Item 4. Controls and Procedures	61
Part II. Other Information	62
Item 1. Legal Proceedings	62
Item 1A. Risk Factors	62
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	62
Item 6. Exhibits	63

Table of Contents

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

Loews Corporation and Subsidiaries

CONSOLIDATED CONDENSED BALANCE SHEETS

(Unaudited)

(Dollar amounts in millions, except per share data)	**March 31, 2014**	December 31, 2013
Assets:		
Investments:		
Fixed maturities, amortized cost of $37,031 and $39,426	**$ 39,511**	$ 41,320
Equity securities, cost of $813 and $881	**805**	871
Limited partnership investments	**3,512**	3,420
Other invested assets	**649**	562
Short term investments	**7,586**	6,800
Total investments	**52,063**	52,973
Cash	**301**	295
Receivables	**8,355**	9,361
Property, plant and equipment	**14,974**	14,498
Goodwill	**354**	357
Assets held for sale	**3,486**	
Other assets	**1,618**	1,650
Deferred acquisition costs of insurance subsidiaries	**652**	624
Separate account business		181
Total assets	**$ 81,803**	$ 79,939
Liabilities and Equity:		
Insurance reserves:		
Claim and claim adjustment expense	**$ 23,933**	$ 24,089
Future policy benefits	**8,254**	10,471
Unearned premiums	**3,838**	3,718
Policyholders funds	**26**	116
Total insurance reserves	**36,051**	38,394

Payable to brokers	**882**	143
Short term debt	**854**	840
Long term debt	**10,456**	10,006
Deferred income taxes	**898**	716
Liabilities held for sale	**3,250**	
Other liabilities	**4,295**	4,753
Separate account business		181
Total liabilities	**56,686**	55,033
Commitments and contingent liabilities		
Preferred stock, $0.10 par value:		
Authorized 100,000,000 shares		
Common stock, $0.01 par value:		
Authorized 1,800,000,000 shares		
Issued 387,454,185 and 387,210,096 shares	**4**	4
Additional paid-in capital	**3,604**	3,607
Retained earnings	**15,541**	15,508
Accumulated other comprehensive income	**563**	339
	19,712	19,458
Less treasury stock, at cost (542,370 shares)	**(24)**	
Total shareholders equity	**19,688**	19,458
Noncontrolling interests	**5,429**	5,448
Total equity	**25,117**	24,906
Total liabilities and equity	**$ 81,803**	$ 79,939

See accompanying Notes to Consolidated Condensed Financial Statements.

Table of Contents

Loews Corporation and Subsidiaries

CONSOLIDATED CONDENSED STATEMENTS OF INCOME

(Unaudited)

Three Months Ended March 31	**2014**	2013
(In millions, except per share data)		
Revenues:		
Insurance premiums	**$ 1,806**	$ 1,764
Net investment income	**577**	599
Investment gains (losses):		
Other-than-temporary impairment losses	**(2)**	(18)
Portion of other-than-temporary impairment losses recognized in Other comprehensive income (loss)		
Net impairment losses recognized in earnings	**(2)**	(18)
Other net investment gains	**44**	37
Total investment gains	**42**	19
Contract drilling revenues	**685**	700
Other	**633**	604
Total	**3,743**	3,686
Expenses:		
Insurance claims and policyholders benefits	**1,446**	1,396
Amortization of deferred acquisition costs	**329**	328
Contract drilling expenses	**370**	375
Other operating expenses	**991**	981
Interest	**124**	108
Total	**3,260**	3,188
Income before income tax	**483**	498
Income tax expense	**(92)**	(109)
Income from continuing operations	**391**	389
Discontinued operations, net of income tax	**(207)**	9
Net income	**184**	398
Amounts attributable to noncontrolling interests	**(125)**	(156)

Net income attributable to Loews Corporation	**$**	**59**	$	242
Net income attributable to Loews Corporation:				
Income from continuing operations	**$**	**245**	$	234
Discontinued operations, net		**(186)**		8
Net income	**$**	**59**	$	242
Basic and diluted net income per share:				
Income from continuing operations	**$**	**0.63**	$	0.60
Discontinued operations, net		**(0.48)**		0.02
Net income	**$**	**0.15**	$	0.62
Dividends per share	**$**	**0.0625**	$	0.0625
Weighted-average shares outstanding:				
Shares of common stock		**387.34**		391.39
Dilutive potential shares of common stock		**0.73**		0.77
Total weighted-average shares outstanding assuming dilution		**388.07**		392.16

See accompanying Notes to Consolidated Condensed Financial Statements.

Table of Contents

Loews Corporation and Subsidiaries

CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

Three Months Ended March 31	**2014**	2013
(In millions)		
Net income	**$ 184**	$ 398
Other comprehensive income (loss), after tax		
Changes in:		
Net unrealized gains on investments with other-than-temporary impairments	**12**	14
Net other unrealized gains (losses) on investments	**237**	(62)
Total unrealized gains (losses) on available-for-sale investments	**249**	(48)
Unrealized gains on discontinued operations	**8**	
Unrealized losses on cash flow hedges		(21)
Pension liability	**(1)**	4
Foreign currency	**(6)**	(61)
Other comprehensive income (loss)	**250**	(126)
Comprehensive income	**434**	272
Amounts attributable to noncontrolling interests	**(151)**	(142)
Total comprehensive income attributable to Loews Corporation	**$ 283**	$ 130

See accompanying Notes to Consolidated Condensed Financial Statements.

Table of Contents

Loews Corporation and Subsidiaries

CONSOLIDATED CONDENSED STATEMENTS OF EQUITY

(Unaudited)

		Loews Corporation Shareholders					
	Total	**Common Stock**	**Additional Paid-in Capital**	**Retained Earnings**	**Accumulated Other Comprehensive Income**	**Common Stock Held in Treasury**	**Noncontrolling Interests**
(In millions)							
Balance, January 1, 2013	$ 24,676	$ 4	$ 3,595	$ 15,192	$ 678	$ (10)	$ 5,217
Net income	398			242			156
Other comprehensive loss	(126)				(112)		(14)
Dividends paid	(146)			(24)			(122)
Purchase of Loews treasury stock	(92)					(92)	
Issuance of Loews common stock	3		3				
Stock-based compensation	4		(9)				13
Other	1						1
Balance, March 31, 2013	$ 24,718	$ 4	$ 3,589	$ 15,410	$ 566	$ (102)	$ 5,251
Balance, January 1, 2014	**$ 24,906**	**$ 4**	**$ 3,607**	**$ 15,508**	**$ 339**	**$ -**	**$ 5,448**
Net income	**184**			**59**			**125**
Other comprehensive income	**250**				**224**		**26**
Dividends paid	**(130)**			**(24)**			**(106)**
Purchase of subsidiary stock from	**(82)**		**(8)**				**(74)**

noncontrolling interests							
Purchase of Loews treasury stock	**(24)**					**(24)**	
Issuance of Loews common stock	**5**		**5**				
Stock-based compensation	**9**						**9**
Other	**(1)**			**(2)**			**1**
Balance, March 31, 2014	**$ 25,117**	**$ 4**	**$ 3,604**	**$ 15,541**	**$ 563**	**$ (24)**	**$ 5,429**

See accompanying Notes to Consolidated Condensed Financial Statements.

Table of Contents

Loews Corporation and Subsidiaries

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS

(Unaudited)

Three Months Ended March 31	**2014**	2013
(In millions)		
Operating Activities:		
Net income	**$ 184**	$ 398
Adjustments to reconcile net income to net cash provided (used) by operating activities, net	**746**	335
Changes in operating assets and liabilities, net:		
Receivables	**38**	(68)
Deferred acquisition costs	**(21)**	(40)
Insurance reserves	**85**	79
Other assets	**(90)**	(3)
Other liabilities	**(294)**	(101)
Trading securities	**(225)**	8
Net cash flow operating activities	**423**	608
Investing Activities:		
Purchases of fixed maturities	**(2,072)**	(2,720)
Proceeds from sales of fixed maturities	**1,550**	1,409
Proceeds from maturities of fixed maturities	**851**	866
Purchases of equity securities	**(5)**	(12)
Proceeds from sales of equity securities	**11**	51
Purchases of limited partnership investments	**(73)**	(41)
Proceeds from sales of limited partnership investments	**68**	58
Purchases of property, plant and equipment	**(758)**	(602)
Dispositions	**11**	5
Change in short term investments	**(222)**	375
Other, net	**2**	(22)
Net cash flow investing activities	**(637)**	(633)
Financing Activities:		
Dividends paid	**(24)**	(24)
Dividends paid to noncontrolling interests	**(106)**	(122)

Purchase of subsidiary stock from noncontrolling interests	**(86)**	
Purchase of Loews treasury stock	**(18)**	(95)
Issuance of Loews common stock	**5**	3
Principal payments on debt	**(240)**	(196)
Issuance of debt	**701**	420
Other, net	**1**	(3)
Net cash flow financing activities	**233**	(17)
Effect of foreign exchange rate on cash	**1**	(7)
Transfer of cash to assets held for sale	**(14)**	
Net change in cash	**6**	(49)
Cash, beginning of period	**295**	228
Cash, end of period	**$ 301**	$ 179

See accompanying Notes to Consolidated Condensed Financial Statements.

Table of Contents

Loews Corporation and Subsidiaries

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

(Unaudited)

1. Basis of Presentation

Loews Corporation is a holding company. Its subsidiaries are engaged in the following lines of business: commercial property and casualty insurance (CNA Financial Corporation (CNA), a 90% owned subsidiary); the operation of offshore oil and gas drilling rigs (Diamond Offshore Drilling, Inc. (Diamond Offshore), a 51% owned subsidiary); transportation and storage of natural gas and natural gas liquids and gathering and processing of natural gas (Boardwalk Pipeline Partners, LP (Boardwalk Pipeline), a 53% owned subsidiary); exploration, production and marketing of natural gas and oil (including condensate and natural gas liquids), (HighMount Exploration & Production LLC (HighMount), a wholly owned subsidiary); and the operation of a chain of hotels (Loews Hotels Holding Corporation (Loews Hotels), a wholly owned subsidiary). Unless the context otherwise requires, the terms Company, Loews and Registrant as used herein mean Loews Corporation excluding its subsidiaries and the term N income (loss) attributable to Loews Corporation as used herein means Net income (loss) attributable to Loews Corporation shareholders.

In the opinion of management, the accompanying unaudited Consolidated Condensed Financial Statements reflect all adjustments (consisting of only normal recurring accruals) necessary to present fairly the financial position as of March 31, 2014 and December 31, 2013 and the results of operations, comprehensive income and changes in shareholders equity and cash flows for the three months ended March 31, 2014 and 2013.

Net income for the first quarter of each of the years is not necessarily indicative of net income for that entire year.

Reference is made to the Notes to Consolidated Financial Statements in the 2013 Annual Report on Form 10-K which should be read in conjunction with these Consolidated Condensed Financial Statements.

The Company presents basic and diluted net income per share on the Consolidated Condensed Statements of Income. Basic net income per share excludes dilution and is computed by dividing net income attributable to common stock by the weighted average number of common shares outstanding for the period. Diluted net income per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock. Stock appreciation rights (SARs) of 1.9 million and 2.0 million shares were not included in the diluted weighted average shares amounts for the three months ended March 31, 2014 and 2013 due to the exercise price being greater than the average stock price.

Sale of Continental Assurance Company (CAC) On February 10, 2014, CNA entered into a definitive agreement to sell the majority of its run-off annuity and pension deposit business through the sale of the common stock of CAC. The sale is subject to regulatory approvals and other customary closing conditions and is expected to close in the second quarter of 2014. The business being sold, which was previously reported within Life & Group Non-Core, is now reported as discontinued operations in the Consolidated Condensed Statements of Income for the three months ended March 31, 2014 and 2013 and the assets and liabilities are presented as held for sale on the Consolidated Condensed Balance Sheet as of March 31, 2014. The Company has elected not to present these assets and liabilities as held for sale for the comparative period in the Consolidated Condensed Balance Sheets. See Note 12 for further discussion of discontinued operations.

The definitive agreement provides for a pre-close dividend by CAC and also includes a 100% coinsurance agreement on a separate small block of annuity business outside of CAC. The assets and liabilities related to the coinsurance agreement and the assets related to the estimated dividend do not qualify as held for sale presentation. Therefore they are not reflected as held for sale on the Consolidated Condensed Balance Sheet as of March 31, 2014.

Bluegrass Project As discussed in Note 2 of the Notes to Consolidated Financial Statements in the Company s Annual Report on Form 10-K for the year ended December 31, 2013, Boardwalk Pipeline executed a series of agreements in 2013 with The Williams Companies, Inc. to develop the Bluegrass Project, a joint venture project that would develop a pipeline to transport natural gas liquids. The open season for capacity on the pipeline ended in the

Table of Contents

first quarter of 2014, and although discussions with potential customers continued throughout the first quarter, Boardwalk Pipeline was unable to obtain sufficient firm customer commitments to support the project. Further, delays in the development of the project and other factors have resulted in escalations in the estimated costs to complete the project. Considering these factors, in April of 2014, the Company is no longer making capital investments in the Bluegrass Project. As a result, in the first quarter of 2014, the Company expensed the previously capitalized project costs that had been incurred, resulting in a charge of $94 million ($55 million after tax and noncontrolling interests), inclusive of a $10 million charge recorded by Boardwalk Pipeline Partners, LP. This charge was recorded within Other operating expenses on the Consolidated Condensed Statements of Income. The Company does not expect to incur significant additional charges related to this joint venture project.

Impairment of Natural Gas and Oil Properties Results for the three months ended March 31, 2014 and 2013 include ceiling test impairment charges of $29 million and $145 million, ($19 million and $92 million after tax) related to the carrying value of HighMount s natural gas and oil properties. The impairments were recorded within Other operating expenses and as credits to Accumulated depreciation, depletion and amortization. The 2014 write-down was primarily attributable to insufficient reserve additions from recent exploration activities due to variability in well performance where HighMount is testing different horizontal target zones and hydraulic fracture designs. Had the effects of HighMount s cash flow hedges not been considered in calculating the ceiling limitation, the impairments would have been $29 million and $195 million, ($18 million and $124 million after tax) for the three months ended March 31, 2014 and 2013.

2. Investments

Net investment income is as follows:

Three Months Ended March 31	**2014**	2013
(In millions)		
Fixed maturity securities	**$ 452**	$ 457
Short term investments	**1**	2
Limited partnership investments	**87**	146
Equity securities	**2**	3
Income (loss) from trading portfolio (a)	**40**	(3)
Other	**8**	6
Total investment income	**590**	611
Investment expenses	**(13)**	(12)
Net investment income	**$ 577**	$ 599

(a) Includes net unrealized gains (losses) related to changes in fair value on trading securities still held of $13 and $(15) million for the three months ended March 31, 2014 and 2013.

Investment gains (losses) are as follows:

Three Months Ended March 31	**2014**	2013
(In millions)		
Fixed maturity securities	**$ 38**	$ 27
Equity securities	**5**	(13)
Derivative instruments		2
Short term investments and other	**(1)**	3
Investment gains (a)	**$ 42**	$ 19

(a) Includes gross realized gains of $58 and $41 and gross realized losses of $15 and $27 on available-for-sale securities for the three months ended March 31, 2014 and 2013.

Table of Contents

The components of other-than-temporary impairment (OTTI) losses recognized in earnings by asset type are as follows:

Three Months Ended March 31	2014	2013
(In millions)		
Fixed maturity securities available-for-sale:		
Corporate and other bonds	$ 1	$ 3
Asset-backed residential mortgage-backed	1	
Total fixed maturities available-for-sale	2	3
Equity securities available-for-sale:		
Preferred stock		15
Net OTTI losses recognized in continuing earnings	$ 2	$ 18

The amortized cost and fair values of securities are as follows:

March 31, 2014	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Unrealized OTTI Losses (Gains)
(In millions)					
Fixed maturity securities:					
Corporate and other bonds	$ 17,265	$ 1,612	$ 56	$ 18,821	
States, municipalities and political subdivisions	11,113	871	129	11,855	
Asset-backed:					
Residential mortgage-backed	4,854	156	66	4,944	$ (47)
Commercial mortgage-backed	1,974	92	13	2,053	(3)
Other asset-backed	966	12	2	976	
Total asset-backed	7,794	260	81	7,973	(50)
U.S. Treasury and obligations of government-sponsored enterprises	135	7	1	141	
Foreign government	559	18	1	576	
Redeemable preferred stock	32	2		34	
Fixed maturities available-for-sale	36,898	2,770	268	39,400	(50)
Fixed maturities, trading	133		22	111	

Total fixed maturities	**37,031**	**2,770**	**290**	**39,511**	**(50)**
Equity securities:					
Common stock	**33**	**9**		**42**	
Preferred stock	**130**	**2**		**132**	
Equity securities available-for-sale	**163**	**11**	**-**	**174**	**-**
Equity securities, trading	**650**	**100**	**119**	**631**	
Total equity securities	**813**	**111**	**119**	**805**	**-**
Total	**$ 37,844**	**$ 2,881**	**$ 409**	**$ 40,316**	**$ (50)**

Table of Contents

December 31, 2013 (In millions)	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Unrealized OTTI Losses (Gains)
Fixed maturity securities:					
Corporate and other bonds	$ 19,352	$ 1,645	$ 135	$ 20,862	
States, municipalities and political subdivisions	11,281	548	272	11,557	
Asset-backed:					
Residential mortgage-backed	4,940	123	92	4,971	$ (37)
Commercial mortgage-backed	1,995	90	22	2,063	(3)
Other asset-backed	945	13	3	955	
Total asset-backed	7,880	226	117	7,989	(40)
U.S. Treasury and obligations of government-sponsored enterprises	139	6	1	144	
Foreign government	531	15	3	543	
Redeemable preferred stock	92	10		102	
Fixed maturities available-for-sale	39,275	2,450	528	41,197	(40)
Fixed maturities, trading	151		28	123	
Total fixed maturities	39,426	2,450	556	41,320	(40)
Equity securities:					
Common stock	36	9		45	
Preferred stock	143	1	4	140	
Equity securities available-for-sale	179	10	4	185	-
Equity securities, trading	702	119	135	686	
Total equity securities	881	129	139	871	-
Total	$ 40,307	$ 2,579	$ 695	$ 42,191	$ (40)

The net unrealized gains on investments included in the tables above are recorded as a component of Accumulated other comprehensive income (AOCI). When presented in AOCI, these amounts are net of tax and noncontrolling interests and any required Shadow Adjustments. At March 31, 2014 and December 31, 2013, the net unrealized gains on investments included in AOCI were net of Shadow Adjustments of $639 million and $478 million. To the extent that unrealized gains on fixed income securities supporting certain products within CNA s Life & Group Non-Core segment would result in a premium deficiency if realized, a related decrease in Deferred acquisition costs, and/or increase in Insurance reserves is recorded, net of tax and noncontrolling interests, as a reduction of net unrealized gains through Other comprehensive income (loss) (Shadow Adjustments).

The available-for-sale securities in a gross unrealized loss position are as follows:

March 31, 2014 (In millions)	Less than 12 Months Estimated Fair Value	Less than 12 Months Gross Unrealized Losses	12 Months or Longer Estimated Fair Value	12 Months or Longer Gross Unrealized Losses	Total Estimated Fair Value	Total Gross Unrealized Losses
Fixed maturity securities:						
Corporate and other bonds	$ 2,002	$ 48	$ 109	$ 8	$ 2,111	$ 56
States, municipalities and political subdivisions	1,397	56	244	73	1,641	129
Asset-backed:						
Residential mortgage-backed	739	13	347	53	1,086	66
Commercial mortgage-backed	515	12	91	1	606	13
Other asset-backed	167	2	3		170	2
Total asset-backed	1,421	27	441	54	1,862	81
U.S. Treasury and obligations of government-sponsored enterprises	6	1	3		9	1
Foreign government	61	1	4		65	1
Total fixed maturity securities	4,887	133	801	135	5,688	268
Preferred stock	16				16	
Total	$ 4,903	$ 133	$ 801	$ 135	$ 5,704	$ 268

Table of Contents

December 31, 2013 (In millions)	Less than 12 Months Estimated Fair Value	Less than 12 Months Gross Unrealized Losses	12 Months or Longer Estimated Fair Value	12 Months or Longer Gross Unrealized Losses	Total Estimated Fair Value	Total Gross Unrealized Losses
Fixed maturity securities:						
Corporate and other bonds	$ 3,592	$ 129	$ 72	$ 6	$ 3,664	$ 135
States, municipalities and political subdivisions	3,251	197	129	75	3,380	272
Asset-backed:						
Residential mortgage-backed	1,293	29	343	63	1,636	92
Commercial mortgage-backed	640	22			640	22
Other asset-backed	269	3			269	3
Total asset-backed	2,202	54	343	63	2,545	117
U.S. Treasury and obligations of government-sponsored enterprises	13	1			13	1
Foreign government	111	3			111	3
Total fixed maturity securities	9,169	384	544	144	9,713	528
Preferred stock	87	4			87	4
Total	$ 9,256	$ 388	$ 544	$ 144	$ 9,800	$ 532

Based on current facts and circumstances, the Company believes the unrealized losses presented in the table above are primarily attributable to broader economic conditions, changes in interest rates and credit spreads, market illiquidity and other market factors, but are not indicative of the ultimate collectibility of the current amortized cost of the securities. The investments with longer duration, primarily included within the states, municipalities and political subdivision asset category, were more significantly affected by changes in market interest rates. The Company has no current intent to sell these securities, nor is it more likely than not that it will be required to sell prior to recovery of amortized cost; accordingly, the Company has determined that there are no additional OTTI losses to be recorded at March 31, 2014.

The following table summarizes the activity for the three months ended March 31, 2014 and 2013 related to the pretax credit loss component reflected in Retained earnings on fixed maturity securities still held at March 31, 2014 and 2013 for which a portion of an OTTI loss was recognized in Other comprehensive income (loss).

Three Months Ended March 31 (In millions)	**2014**	2013
Beginning balance of credit losses on fixed maturity securities	**$ 74**	$ 95
Reductions for securities sold during the period	**(2)**	(3)
	(3)	

Reductions for securities the Company intends to sell or more likely than not will be required to sell				
Ending balance of credit losses on fixed maturity securities	**$**	**69**	$	92

12

Table of Contents

Contractual Maturity

The following table summarizes available-for-sale fixed maturity securities by contractual maturity at March 31, 2014 and December 31, 2013. Actual maturities may differ from contractual maturities because certain securities may be called or prepaid with or without call or prepayment penalties. Securities not due at a single date are allocated based on weighted average life.

	March 31, 2014		December 31, 2013	
(In millions)	**Cost or Amortized Cost**	**Estimated Fair Value**	Cost or Amortized Cost	Estimated Fair Value
Due in one year or less	**$ 2,684**	**$ 2,729**	$ 2,420	$ 2,455
Due after one year through five years	**8,839**	**9,401**	9,496	10,068
Due after five years through ten years	**11,455**	**11,876**	11,667	11,954
Due after ten years	**13,920**	**15,394**	15,692	16,720
Total	**$ 36,898**	**$ 39,400**	$ 39,275	$ 41,197

Investment Commitments

As of March 31, 2014, the Company had committed approximately $384 million to future capital calls from various third-party limited partnership investments in exchange for an ownership interest in the related partnerships.

The Company invests in various privately placed debt securities, including bank loans, as part of its overall investment strategy and has committed to additional future purchases, sales and funding. As of March 31, 2014, the Company had commitments to purchase or fund additional amounts of $154 million and sell $180 million under the terms of such securities.

3. Fair Value

Fair value is the price that would be received upon sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following fair value hierarchy is used in selecting inputs, with the highest priority given to Level 1, as these are the most transparent or reliable:

Level 1 Quoted prices for identical instruments in active markets.

Level 2 Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable in active markets.

Level 3 Valuations derived from valuation techniques in which one or more significant inputs are not observable.

Prices may fall within Level 1, 2 or 3 depending upon the methodologies and inputs used to estimate fair value for each specific security. In general, the Company seeks to price securities using third party pricing services. Securities not priced by pricing services are submitted to independent brokers for valuation and, if those are not available, internally developed pricing models are used to value assets using methodologies and inputs the Company believes market participants would use to value the assets. Prices obtained from third-party pricing services or brokers are not adjusted by the Company.

Table of Contents

The Company performs control procedures over information obtained from pricing services and brokers to ensure prices received represent a reasonable estimate of fair value and to confirm representations regarding whether inputs are observable or unobservable. Procedures include (i) the review of pricing service or broker pricing methodologies, (ii) back-testing, where past fair value estimates are compared to actual transactions executed in the market on similar dates, (iii) exception reporting, where changes in price, period-over-period, are reviewed and challenged with the pricing service or broker based on exception criteria, (iv) detailed analysis, where the Company performs an independent analysis of the inputs and assumptions used to price individual securities and (v) pricing validation, where prices received are compared to prices independently estimated by the Company.

The fair values of CNA s life settlement contracts are included in Other assets on the Consolidated Condensed Balance Sheets. Equity options purchased are included in Equity securities, and all other derivative assets are included in Receivables. Derivative liabilities are included in Payable to brokers. Assets and liabilities measured at fair value on a recurring and nonrecurring basis are summarized in the tables below:

March 31, 2014 (In millions)	Level 1	Level 2	Level 3	Total
Fixed maturity securities:				
Corporate and other bonds	$ 24	$ 18,608	$ 189	$ 18,821
States, municipalities and political subdivisions		11,769	86	11,855
Asset-backed:				
Residential mortgage-backed		4,585	359	4,944
Commercial mortgage-backed		1,927	126	2,053
Other asset-backed		537	439	976
Total asset-backed		7,049	924	7,973
U.S. Treasury and obligations of government-sponsored enterprises	135	6		141
Foreign government	76	500		576
Redeemable preferred stock	23	11		34
Fixed maturities available-for-sale	258	37,943	1,199	39,400
Fixed maturities, trading		26	85	111
Total fixed maturities	$ 258	$ 37,969	$ 1,284	$ 39,511
Equity securities available-for-sale	$ 117	$ 55	$ 2	$ 174
Equity securities, trading	629		2	631
Total equity securities	$ 746	$ 55	$ 4	$ 805
Short term investments	$ 6,868	$ 651		$ 7,519
Other invested assets	100	55		155

Receivables		**7**	**$ 1**	**8**
Life settlement contracts			**87**	**87**
Payable to brokers	**(299)**	**(8)**	**(6)**	**(313)**
Assets held for sale-nonrecurring		**3,486**		**3,486**
Liabilities held for sale-nonrecurring		**(3,250)**		**(3,250)**

Table of Contents

December 31, 2013 (In millions)	Level 1	Level 2	Level 3	Total
Fixed maturity securities:				
Corporate and other bonds	$ 33	$ 20,625	$ 204	$ 20,862
States, municipalities and political subdivisions		11,486	71	11,557
Asset-backed:				
Residential mortgage-backed		4,640	331	4,971
Commercial mortgage-backed		1,912	151	2,063
Other asset-backed		509	446	955
Total asset-backed		7,061	928	7,989
U.S. Treasury and obligations of government-sponsored enterprises	116	28		144
Foreign government	81	462		543
Redeemable preferred stock	45	57		102
Fixed maturities available-for-sale	275	39,719	1,203	41,197
Fixed maturities, trading		43	80	123
Total fixed maturities	$ 275	$ 39,762	$ 1,283	$ 41,320
Equity securities available-for-sale	$ 126	$ 48	$ 11	$ 185
Equity securities, trading	678		8	686
Total equity securities	$ 804	$ 48	$ 19	$ 871
Short term investments	$ 6,162	$ 563		$ 6,725
Other invested assets		54		54
Receivables		5	$ 2	7
Life settlement contracts			88	88
Separate account business	9	171	1	181
Payable to brokers	(40)	(7)	(5)	(52)

Table of Contents

The tables below present reconciliations for all assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the three months ended March 31, 2014 and 2013:

014 (In millions)	Balance, January 1	Net Realized Gains (Losses) and Net Change in Unrealized Gains (Losses) Included in Net Income	Included in OCI	Purchases	Sales	Settlements	Transfers into Level 3	Transfers out of Level 3	Balance, March 31	Unrealized Gains (Losses) Recognized in Net Income on Level 3 Assets and Liabilities Held at March 31
ixed maturity ecurities:										
orporate and ther bonds	$ 204	$ 1	$ 1	$ 5	$ (4)	$ (5)	$ 3	$ (16)	$ 189	
tates, unicipalities nd political ubdivisions	71		1				14		86	
sset-backed:										
esidential ortgage-backed	331	1	15	25		(21)	21	(13)	359	
ommercial ortgage-backed	151	1	(1)			(1)		(24)	126	
ther sset-backed	446	1		148	(83)	(72)		(1)	439	
otal sset-backed	928	3	14	173	(83)	(94)	21	(38)	924	-
ixed maturities vailable-for-sale	1,203	4	16	178	(87)	(99)	38	(54)	1,199	
ixed maturities, rading	80	5							85	$ 5
otal fixed aturities	$ 1,283	$ 9	$ 16	$ 178	$ (87)	$ (99)	$ 38	$ (54)	$ 1,284	$ 5

quity securities vailable-for-sale	**$ 11**	**$ 3**	**$ (4)**		**$ (8)**				**$ 2**	
quity securities rading	**8**	**(1)**		**$ 1**	**(6)**				**2**	**$ (1)**
otal equity ecurities	**$ 19**	**$ 2**	**$ (4)**	**$ 1**	**$ (14)**	**$ -**	**$ -**	**$ -**	**$ 4**	**$ (1)**
ife settlement ontracts	**$ 88**	**$ 10**				**$ (11)**			**$ 87**	**$ 1**
eparate account usiness	**1**							**$ (1)**	**-**	
erivative nancial nstruments, net	**(3)**	**(1)**	**$ (1)**	**$ (2)**	**$ 1**	**1**			**(5)**	**2**

Table of Contents

ions)	Balance, January 1	Net Realized Gains (Losses) and Net Change in Unrealized Gains (Losses) Included in Net Income	Included in OCI	Purchases	Sales	Settlements	Transfers into Level 3	Transfers out of Level 3	Balance, March 31	Unrea Gai (Loss Recogni Net In on Le 3 Asset Liabil Held March
aturity es:										
te and onds	$ 219		$ 2	$ 91	$ (17)	$ (20)	$ 26	$ (18)	$ 283	$ (
alities tical sions	96	$ (3)		85	(47)	(2)			129	
acked:										
tial ge-backed	413	3		61		(11)		(16)	450	
rcial ge- backed	129	1	5	73		(7)		(24)	177	
cked	368	3	1	136	(99)	(13)			396	
cked	910	7	6	270	(99)	(31)	-	(40)	1,023	
able d stock	26								26	
aturities e-for-sale	1,251	4	8	446	(163)	(53)	26	(58)	1,461	(
aturities,	89	1		19	(2)				107	
xed es	$ 1,340	$ 5	$ 8	$ 465	$ (165)	$ (53)	$ 26	$ (58)	$ 1,568	$

securities e-for-sale	$ 34	$ (15)	$ 1						$ (1)	$ 19	$ (15	
securities	7	(3)			$ (1)					3	(3	
quity es	$ 41	$ (18)	$ 1	$ -	$ (1)	$ -	$ -	$ (1)	$ 22	$ (18		
rm ents	$ 6				$ (1)				$ 5			
vested	1				(1)				-			
tlement s	100	$ 7				$ (12)			95			
e account s	2								2			
ve l ents, net	5	3	$ (4)		1	(3)			2			

Net realized and unrealized gains and losses are reported in Net income as follows:

Major Category of Assets and Liabilities	Consolidated Condensed Statements of Income Line Items
Fixed maturity securities available-for-sale	Investment gains (losses)
Fixed maturity securities, trading	Net investment income
Equity securities available-for-sale	Investment gains (losses)
Equity securities, trading	Net investment income
Other invested assets	Investment gains (losses) and Net investment income
Derivative financial instruments held in a trading portfolio	Net investment income
Derivative financial instruments, other	Investment gains (losses) and Other revenues
Life settlement contracts	Other revenues

Table of Contents

Securities shown in the Level 3 tables may be transferred in or out of Level 3 based on the availability of observable market information used to determine the fair value of the security. The availability of observable market information varies based on market conditions and trading volume and may cause securities to move in and out of Level 3 from reporting period to reporting period. There were $23 million of transfers from Level 2 to Level 1 and $1 million of transfers from Level 1 to Level 2 during the three months ended March 31, 2014. There were no transfers between Level 1 and Level 2 during the three months ended March 31, 2013. The Company s policy is to recognize transfers between levels at the beginning of quarterly reporting periods.

Valuation Methodologies and Inputs

The following section describes the valuation methodologies and relevant inputs used to measure different financial instruments at fair value, including an indication of the level in the fair value hierarchy in which the instruments are generally classified.

Fixed Maturity Securities

Fixed maturity securities are valued using methodologies that model information generated by market transactions involving identical or comparable assets, as well as discounted cash flow methodologies. Common inputs include: prices from recently executed transactions of similar securities, broker/dealer quotes, benchmark yields, spreads off benchmark yields, interest rates and U.S. Treasury or swap curves. Specifically for asset-backed securities, key inputs include prepayment and default projections based on past performance of the underlying collateral and current market data.

Level 1 securities include exchange traded bonds, highly liquid U.S. and foreign government bonds, and redeemable preferred stock, valued using quoted market prices. Level 2 securities include most other fixed maturity securities as the significant inputs are observable in the marketplace. Securities are generally assigned to Level 3 in cases where broker/dealer quotes are significant inputs to the valuation and there is a lack of transparency as to whether these quotes are based on information that is observable in the marketplace. Level 3 securities also include private placement debt securities whose fair value is determined using internal models with inputs that are not market observable.

Equity Securities

Level 1 equity securities include publicly traded securities valued using quoted market prices. Level 2 securities are primarily non-redeemable preferred stocks and common stocks valued using pricing for similar securities, recently executed transactions, broker/dealer quotes and other pricing models utilizing market observable inputs. Level 3 securities are priced using internal models with inputs that are not market observable.

Derivative Financial Instruments

Exchange traded derivatives are valued using quoted market prices and are classified within Level 1 of the fair value hierarchy. Level 2 derivatives primarily include currency forwards valued using observable market forward rates. Over-the-counter derivatives, principally interest rate swaps, total return swaps, commodity swaps, credit default swaps, equity warrants and options, are valued using inputs including broker/dealer quotes and are classified within Level 2 or Level 3 of the valuation hierarchy, depending on the amount of transparency as to whether these quotes are based on information that is observable in the marketplace.

Short Term Investments

Securities that are actively traded or have quoted prices are classified as Level 1. These securities include money market funds and treasury bills. Level 2 primarily includes commercial paper, for which all inputs are market observable. Fixed maturity securities purchased within one year of maturity are classified consistent with fixed maturity securities discussed above. Short term investments as presented in the tables above differ from the amounts presented in the Consolidated Condensed Balance Sheets because certain short term investments, such as time deposits, are not measured at fair value.

Table of Contents

Other Invested Assets

Level 1 securities include exchange traded open-end funds valued using quoted market prices. Level 2 securities include overseas deposits which can be redeemed at net asset value in 90 days or less.

Life Settlement Contracts

The fair values of life settlement contracts are determined as the present value of the anticipated death benefits less anticipated premium payments based on contract terms that are distinct for each insured, as well as CNA s own assumptions for mortality, premium expense, and the rate of return that a buyer would require on the contracts, as no comparable market pricing data is available.

Separate Account Business

Separate account business includes fixed maturity securities, equities and short term investments. The valuation methodologies and inputs for these asset types have been described above.

Assets and Liabilities Held for Sale on a Nonrecurring Basis

Assets and liabilities held for sale include assets and liabilities of CAC. These assets and liabilities are valued using the agreed upon transaction price for the sale of the common stock of CAC and are classified within Level 2 of the fair value hierarchy. See Note 12 for further discussion of the assets and liabilities classified as held for sale.

Significant Unobservable Inputs

The table below presents quantitative information about the significant unobservable inputs utilized by the Company in the fair value measurements of Level 3 assets. Valuations for assets and liabilities not presented in the table below are primarily based on broker/dealer quotes for which there is a lack of transparency as to inputs used to develop the valuations. The quantitative detail of unobservable inputs from these broker quotes is neither provided nor reasonably available to the Company.

March 31, 2014	Fair Value (In millions)	Valuation Technique(s)	Unobservable Input(s)	Range (Weighted Average)
Assets				
Fixed maturity securities	**$ 116**	**Discounted cash flow**	**Credit spread**	**2% 15% (4%)**
Equity securities	**2**	**Market approach**	**Private offering price**	**$4,295 per share**
Life settlement contracts	**87**	**Discounted cash flow**	**Discount rate risk premium**	**9%**
			Mortality assumption	**70% 743% (191%)**

December 31, 2013

Assets					
Fixed maturity securities	$ 142	Discounted cash flow	Credit spread	2%	20% (4%)
Equity securities	10	Market approach	Private offering price	$360	$4,268 per share ($1,148 per share)
Life settlement contracts	88	Discounted cash flow	Discount rate risk premium		9%
			Mortality assumption	70%	743% (192%)

For fixed maturity securities, an increase in the credit spread assumptions would result in a lower fair value measurement. For equity securities, an increase in the private offering price, earnings projections and earnings

Table of Contents

multiple would result in a higher fair value measurement. For life settlement contracts, an increase in the discount rate risk premium or decrease in the mortality assumption would result in a lower fair value measurement.

Financial Assets and Liabilities Not Measured at Fair Value

The carrying amount, estimated fair value and the level of the fair value hierarchy of the Company s financial instrument assets and liabilities which are not measured at fair value on the Consolidated Condensed Balance Sheets are listed in the tables below. The carrying amounts and estimated fair values of short term debt and long term debt exclude capital lease obligations. The carrying amounts reported on the Consolidated Condensed Balance Sheets for cash and short term investments not carried at fair value and certain other assets and liabilities approximate fair value due to the short term nature of these items.

March 31, 2014 (In millions)	**Carrying Amount**	**Estimated Fair Value**			
		Level 1	**Level 2**	**Level 3**	**Total**
Financial Assets:					
Other invested assets	**$ 495**			**$ 510**	**$ 510**
Financial Liabilities:					
Short term debt	**852**		**$ 823**	**126**	**949**
Long term debt	**10,444**		**10,934**	**61**	**10,995**
December 31, 2013					
Financial Assets:					
Other invested assets	$ 508			$ 515	$ 515
Financial Liabilities:					
Premium deposits and annuity contracts	57			58	58
Short term debt	838		$ 852	20	872
Long term debt	9,995		10,387	182	10,569

The following methods and assumptions were used in estimating the fair value of these financial assets and liabilities.

The fair values of mortgage loans, included in Other invested assets, were based on the present value of the expected future cash flows discounted at the current interest rate for similar financial instruments, adjusted for specific loan risk.

Premium deposits and annuity contracts were valued based on cash surrender values or estimated fair values of policyholder liabilities, net of amounts ceded related to sold business.

Fair value of debt was based on observable market prices when available. When observable market prices were not available, the fair value for debt was based on observable market prices of comparable instruments adjusted for differences between the observed instruments and the instruments being valued or is estimated using discounted cash flow analyses, based on current incremental borrowing rates for similar types of borrowing arrangements.

20

Table of Contents

4. Derivative Financial Instruments

A summary of the aggregate contractual or notional amounts and gross estimated fair values related to derivative financial instruments follows. The contractual or notional amounts for derivatives are used to calculate the exchange of contractual payments under the agreements and may not be representative of the potential for gain or loss on these instruments.

	March 31, 2014			December 31, 2013		
	Contractual/ Notional Amount	**Estimated Fair Value Asset**	**(Liability)**	Contractual/ Notional Amount	Estimated Fair Value Asset	(Liability)
(In millions)						
With hedge designation:						
Interest rate risk:						
Interest rate swaps	**$ 300**		**$ (3)**	$ 300		$ (4)
Commodities:						
Forwards short	**165**	**$ 2**	**(8)**	191	$ 5	(4)
Foreign exchange:						
Currency forwards short	**146**	**5**		114	2	(1)
Without hedge designation:						
Equity markets:						
Options purchased	**2,685**	**37**		1,561	41	
written	**307**		**(15)**	729		(23)
Equity swaps and warrants						
long	**11**	**2**		17	9	
Interest rate risk:						
Credit default swaps						
purchased protection	**150**		**(4)**	50		(3)
sold protection	**25**	**1**		25		
Foreign exchange:						
Currency forwards long	**34**			55		
short	**69**	**1**		113		

Gross estimated fair values of derivative positions are currently presented in Equity securities, Receivables and Payable to brokers on the Consolidated Condensed Balance Sheets. There would be no significant difference in the balance included in such accounts if the estimated fair values were presented net for the periods ended March 31, 2014 and December 31, 2013.

For derivative financial instruments without hedge designation, changes in the fair value of derivatives not held in a trading portfolio are reported in Investment gains (losses) and changes in the fair value of derivatives held for trading purposes are reported in Net investment income on the Consolidated Condensed Statements of Income. There were no

gains or losses included in Investment gains (losses) for the three months ended March 31, 2014. Gains of $2 million were included in Investment gains (losses) for the three months ended March 31, 2013. Gains of $8 million and losses of $13 million were included in Net investment income for the three months ended March 31, 2014 and 2013.

The Company s derivative financial instruments with cash flow hedge designation hedge variable price risk associated with the purchase and sale of natural gas and other energy-related products, exposure to foreign currency losses on future foreign currency expenditures, as well as risks attributable to changes in interest rates on long term debt. Losses of $7 million and $18 million were recognized in OCI related to these cash flow hedges for the three months ended March 31, 2014 and 2013. For the three months ended March 31, 2014 and 2013, losses of $7 million

Table of Contents

and gains of $13 million were reclassified from AOCI into income. As of March 31, 2014, the estimated amount of net unrealized gains associated with these cash flow hedges that will be reclassified from AOCI into earnings during the next twelve months was $11 million. The net amounts recognized due to ineffectiveness were less than $1 million for the three ended March 31, 2014 and 2013.

5. Claim and Claim Adjustment Expense Reserves

CNA s property and casualty insurance claim and claim adjustment expense reserves represent the estimated amounts necessary to resolve all outstanding claims, including claims that are incurred but not reported (IBNR) as of the reporting date. CNA s reserve projections are based primarily on detailed analysis of the facts in each case, CNA s experience with similar cases and various historical development patterns. Consideration is given to such historical patterns as field reserving trends and claims settlement practices, loss payments, pending levels of unpaid claims and product mix, as well as court decisions, economic conditions including inflation and public attitudes. All of these factors can affect the estimation of claim and claim adjustment expense reserves.

Establishing claim and claim adjustment expense reserves, including claim and claim adjustment expense reserves for catastrophic events that have occurred, is an estimation process. Many factors can ultimately affect the final settlement of a claim and, therefore, the necessary reserve. Changes in the law, results of litigation, medical costs, the cost of repair materials and labor rates can all affect ultimate claim costs. In addition, time can be a critical part of reserving determinations since the longer the span between the incidence of a loss and the payment or settlement of the claim, the more variable the ultimate settlement amount can be. Accordingly, short-tail claims, such as property damage claims, tend to be more reasonably estimable than long-tail claims, such as workers compensation, general liability and professional liability claims. Adjustments to prior year reserve estimates, if necessary, are reflected in the results of operations in the period that the need for such adjustments is determined. There can be no assurance that CNA s ultimate cost for insurance losses will not exceed current estimates.

Catastrophes are an inherent risk of the property and casualty insurance business and have contributed to material period-to-period fluctuations in CNA s results of operations and/or equity. CNA reported catastrophe losses, net of reinsurance, of $74 million and $39 million for the three months ended March 31, 2014 and 2013. Catastrophe losses in the first quarter of 2014 related primarily to U.S. winter weather-related events.

Net Prior Year Development

The following tables and discussion include the net prior year development recorded for CNA Specialty, CNA Commercial and Other.

Three Months Ended March 31, 2014	CNA Specialty	CNA Commercial	Other	Total
(In millions)				
Pretax (favorable) unfavorable net prior year claim and allocated claim adjustment expense reserve development	**$ (2)**	**$ 17**	**$ 10**	**$ 25**
Pretax (favorable) unfavorable premium development	**(8)**	**(19)**	**(4)**	**(31)**

Total pretax (favorable) unfavorable net prior year development	**$ (10)**	**$ (2)**	**$ 6**	**$ (6)**

22

Table of Contents

Three Months Ended March 31, 2013	CNA Specialty	CNA Commercial	Other	Total
(In millions)				
Pretax (favorable) unfavorable net prior year claim and allocated claim adjustment expense reserve development	$ (15)	$ (11)		$ (26)
Pretax (favorable) unfavorable premium development	(8)	(10)	$ 5	(13)
Total pretax (favorable) unfavorable net prior year development	$ (23)	$ (21)	$ 5	$ (39)

CNA Specialty

The following table and discussion provide further detail of the net prior year claim and allocated claim adjustment expense reserve development (development) recorded for the CNA Specialty segment:

Three Months Ended March 31	**2014**	2013
(In millions)		
Medical professional liability	**$ 1**	$ (3)
Other professional liability and management liability	**(6)**	(1)
Surety	**1**	1
Other	**2**	(12)
Total pretax (favorable) unfavorable net prior year claim and allocated claim adjustment expense reserve development	**$ (2)**	$ (15)

Table of Contents

2014

Favorable development for other professional liability and management liability was related to better than expected loss emergence in accident years 2004 and prior.

2013

Overall, favorable development for medical professional liability reflects favorable experience in accident years 2009 and prior. Unfavorable development was recorded for accident years 2010 and 2011 due to higher than expected large loss activity.

Other includes standard property and casualty coverages provided to CNA Specialty customers. Favorable development for other coverages was primarily due to better than expected loss emergence in property coverages in accident years 2010 and subsequent.

CNA Commercial

The following table and discussion provide further detail of the development recorded for the CNA Commercial segment:

Three Months Ended March 31	**2014**	2013
(In millions)		
Commercial auto	**$ 20**	$ (5)
General liability	**(5)**	(21)
Workers compensation	**10**	25
Property and other	**(8)**	(10)
Total pretax (favorable) unfavorable net prior year claim and allocated claim adjustment expense reserve development	**$ 17**	$ (11)

2014

Unfavorable development for commercial auto was primarily related to higher than expected frequency in accident years 2012 and 2013 and higher than expected loss emergence in accident years 2010 and 2011.

Unfavorable development for workers compensation was primarily due to the recognition of losses related to favorable premium development in accident year 2013.

2013

Favorable development in the general liability coverages was primarily due to better than expected loss emergence in accident years 2002 and prior.

Unfavorable development for workers compensation was primarily due to higher than expected large losses and increased severity in the state of California in accident year 2010.

6. Debt

CNA Financial

In February of 2014, CNA completed a public offering of $550 million aggregate principal amount of 4.0% senior notes due May 15, 2024. CNA intends to use the net proceeds from this offering to repurchase, redeem, repay or otherwise retire the $549 million outstanding aggregate principal balance of its 5.9% senior notes due December 15, 2014.

Diamond Offshore

In March of 2014, Diamond Offshore entered into an agreement to increase its revolving credit facility by $250 million and extend the maturity date by six months. The credit agreement provides for a $1.0 billion revolving credit facility for general corporate purposes, maturing on March 17, 2019.

Table of Contents

7. Shareholders Equity

Accumulated Other Comprehensive Income

The tables below display the changes in Accumulated other comprehensive income (AOCI) by component for the three months ended March 31, 2013 and 2014:

(In millions)	OTTI Gains (Losses)	Unrealized Gains (Losses) on Investments	Unrealized Gains (Losses) on Discontinued Operations	Cash Flow Hedges	Pension Liability	Foreign Currency Translation	Total Accumulated Other Comprehensive Income (Loss)
Balance, January 1, 2013	$ 18	$ 1,233	$ -	$ 16	$ (732)	$ 143	$ 678
Other comprehensive income (loss) before reclassifications, after tax of $(7), $29, $0, $6, $0 and $0	14	(49)		(12)		(61)	(108)
Reclassification of (gains) losses from accumulated other comprehensive income, after tax of $0, $6, $0, $4, $(3) and $0		(13)		(9)	4		(18)
Other comprehensive income (loss)	14	(62)	-	(21)	4	(61)	(126)
Amounts attributable to noncontrolling interests	(1)	5		3	1	6	14
Balance, March 31, 2013	$ 31	$ 1,176	$ -	$ (2)	$ (727)	$ 88	$ 566
Balance, January 1, 2014	**$ 23**	**$ 622**	**$ -**	**$ (7)**	**$ (432)**	**$ 133**	**$ 339**
Transfer to net assets held for sale	**(5)**	**(17)**	**22**				**-**
Other comprehensive income (loss) before reclassifications, after	**12**	**264**	**8**	**(4)**		**(6)**	**274**

tax of $(6), $(141), $(5), $3, $0 and $0							
Reclassification of (gains) losses from accumulated other comprehensive income, after tax of $0, $14, $0, $(3), $(1) and $0		**(27)**		**4**	**(1)**		**(24)**
Other comprehensive income (loss)	**12**	**237**	**8**	**-**	**(1)**	**(6)**	**250**
Amounts attributable to noncontrolling interests	**(1)**	**(24)**	**(1)**	**(1)**	**1**		**(26)**
Balance, March 31, 2014	**$ 29**	**$ 818**	**$ 29**	**$ (8)**	**$ (432)**	**$ 127**	**$ 563**

Amounts reclassified from AOCI shown above are reported in Net income as follows:

Major Category of AOCI	Affected Line Item
OTTI gains (losses)	Investment gains (losses)
Unrealized gains (losses) on investments	Investment gains (losses)
Unrealized gains (losses) on discontinued operations	Discontinued operations, net of income tax
Cash flow hedges	Interest expense, Other revenues and Contract drilling expenses
Pension liability	Other operating expenses

Table of Contents

Subsidiary Equity Transactions

Diamond Offshore repurchased 1.9 million shares of its common stock at an aggregate cost of $86 million during the three months ended March 31, 2014. The Company s percentage ownership interest in Diamond Offshore increased as a result of these repurchases, from 50.4% to 51.1%. The repurchase price of the shares exceeded the Company s carrying value, resulting in a decrease to Additional paid-in capital of $8 million.

Treasury Stock

The Company repurchased 0.5 million and 2.1 million shares of Loews common stock at aggregate costs of $24 million and $92 million during the three months ended March 31, 2014 and 2013.

8. Benefit Plans

Pension Plans - The Company has several non-contributory defined benefit plans for eligible employees. Benefits for certain plans are determined annually based on a specified percentage of annual earnings (based on the participant s age or years of service) and a specified interest rate (which is established annually for all participants) applied to accrued balances. The benefits for another plan which cover salaried employees are based on formulas which include, among others, years of service and average pay. The Company s funding policy is to make contributions in accordance with applicable governmental regulatory requirements.

Other Postretirement Benefit Plans - The Company has several postretirement benefit plans covering eligible employees and retirees. Participants generally become eligible after reaching age 55 with required years of service. Actual requirements for coverage vary by plan. Benefits for retirees who were covered by bargaining units vary by each unit and contract. Benefits for certain retirees are in the form of a Company health care account.

Benefits for retirees reaching age 65 are generally integrated with Medicare. Other retirees, based on plan provisions, must use Medicare as their primary coverage, with the Company reimbursing a portion of the unpaid amount; or are reimbursed for the Medicare Part B premium or have no Company coverage. The benefits provided by the Company are basically health and, for certain retirees, life insurance type benefits.

The Company funds certain of these benefit plans and accrues postretirement benefits during the active service of those employees who would become eligible for such benefits when they retire.

The components of net periodic benefit cost are as follows:

	Pension Benefits		Other Postretirement Benefits	
Three Months Ended March 31	**2014**	2013	**2014**	2013
(In millions)				
Service cost	**$ 5**	$ 6		
Interest cost	**37**	34	**$ 1**	$ 1
Expected return on plan assets	**(53)**	(49)	**(1)**	(1)
Amortization of unrecognized net loss	**7**	14		

Amortization of unrecognized prior service benefit			**(6)**	(6)
Net periodic benefit cost	**$ (4)**	$ 5	**$ (6)**	$ (6)

9. Business Segments

The Company s reportable segments are primarily based on its individual operating subsidiaries. Each of the principal operating subsidiaries are headed by a chief executive officer who is responsible for the operation of its business and has the duties and authority commensurate with that position. Investment gains (losses) and the related income taxes, excluding those of CNA, are included in the Corporate and other segment.

CNA s results are reported in four business segments: CNA Specialty, CNA Commercial, Life & Group Non-Core and Other. CNA Specialty provides a broad array of professional, financial and specialty property and casualty products and services, primarily through insurance brokers and managing general underwriters. CNA Commercial includes property and casualty coverages sold to small businesses and middle market entities and organizations primarily through an independent agency distribution system. CNA Commercial also includes commercial insurance and risk management products sold to large corporations primarily through insurance brokers. Life & Group Non-Core primarily includes the results of the life and group lines of business that are in run-off. Other includes the

operations of Hardy Underwriting Bermuda Limited (Hardy), corporate expenses, including interest on corporate debt, and the results of certain property and casualty business primarily in run-off, including CNA Re and asbestos and environmental pollution. Hardy is a specialized Lloyd s of London underwriter primarily of short-tail exposures in marine and aviation, non-marine property, specialty lines and property treaty reinsurance.

Diamond Offshore owns and operates offshore drilling rigs that are chartered on a contract basis for fixed terms by companies engaged in exploration and production of hydrocarbons. Offshore rigs are mobile units that can be relocated based on market demand. Diamond Offshore s fleet consists of 45 drilling rigs, including four newbuild rigs which are under construction and one rig being constructed utilizing the hull of one of Diamond Offshore s existing mid-water floaters. On March 31, 2014, Diamond Offshore s drilling rigs were located offshore 11 countries in addition to the United States.

Boardwalk Pipeline is engaged in the interstate transportation and storage of natural gas and NGLs and gathering and processing of natural gas. This segment consists of interstate natural gas pipeline systems originating in the Gulf Coast region, Oklahoma and Arkansas, and extending north and east through the midwestern states of Tennessee, Kentucky, Illinois, Indiana and Ohio, natural gas storage facilities in four states and NGL pipelines and storage facilities in Louisiana, with approximately 14,450 miles of pipeline.

HighMount is engaged in the exploration, production and marketing of natural gas and oil (including condensate and NGLs), primarily located in the Permian Basin in West Texas as well as in the Mississippian Lime in Oklahoma.

Loews Hotels operates a chain of 19 hotels, 18 of which are in the United States and one is in Canada.

The Corporate and other segment consists primarily of corporate investment income, corporate interest expense and other unallocated expenses.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies in Note 1 of the Notes to Consolidated Financial Statements in the Company s Annual Report on Form 10-K for the year ended December 31, 2013. In addition, CNA does not maintain a distinct investment portfolio for every insurance segment, and accordingly, allocation of assets to each segment is not performed. Therefore, a significant portion of net investment income and investment gains (losses) are allocated based on each segment s carried insurance reserves, as adjusted. On February 10, 2014, CNA entered into a definitive agreement to sell the majority of its run-off annuity and pension business through the sale of the common stock of CAC. The business being sold, which was previously reported within Life & Group Non-Core, is now reported as discontinued operations in the Consolidated Condensed Statements of Income for the three months ended March 31, 2014 and 2013. See Notes 1 and 12 for further discussion of discontinued operations.

Table of Contents

The following tables set forth the Company s consolidated revenues and income (loss) by business segment:

Three Months Ended March 31	**2014**	2013
(In millions)		
Revenues (a):		
CNA Financial:		
CNA Specialty	**$ 979**	$ 956
CNA Commercial	**1,041**	1,101
Life and Group Non-Core	**331**	315
Other	**112**	83
Total CNA Financial	**2,463**	2,455
Diamond Offshore	**710**	732
Boardwalk Pipeline	**357**	329
HighMount	**55**	68
Loews Hotels	**105**	94
Corporate and other	**53**	8
Total	**$ 3,743**	$ 3,686
Income (loss) before income tax and noncontrolling interests (a):		
CNA Financial:		
CNA Specialty	**$ 212**	$ 215
CNA Commercial	**127**	198
Life and Group Non-Core	**(16)**	(23)
Other	**(22)**	(40)
Total CNA Financial	**301**	350
Diamond Offshore	**168**	205
Boardwalk Pipeline	**23**	99
HighMount	**(31)**	(139)
Loews Hotels	**5**	
Corporate and other	**17**	(17)
Total	**$ 483**	$ 498
Net income (loss) (a):		
CNA Financial:		
CNA Specialty	**$ 128**	$ 128
CNA Commercial	**77**	115
Life and Group Non-Core	**7**	
Other	**(12)**	(25)

Total CNA Financial		**200**		218
Diamond Offshore		**69**		82
Boardwalk Pipeline		**(18)**		33
HighMount		**(20)**		(88)
Loews Hotels		**3**		
Corporate and other		**11**		(11)
Income from continuing operations		**245**		234
Discontinued operations, net		**(186)**		8
Total	**$**	**59**	$	242

Table of Contents

(a) Investment gains included in Revenues, Income before income tax and noncontrolling interests and Net income are as follows:

Three Months Ended March 31	2014	2013
Revenues and Income before income tax and noncontrolling interests:		
CNA Financial:		
CNA Specialty	**$ 12**	$ 3
CNA Commercial	**12**	4
Life and Group Non-Core	**16**	9
Other	**2**	3
Total	**$ 42**	$ 19
Net income:		
CNA Financial:		
CNA Specialty	**$ 7**	$ 2
CNA Commercial	**7**	2
Life and Group Non-Core	**9**	6
Other	**1**	2
Total	**$ 24**	$ 12

10. Legal Proceedings

The Company and its subsidiaries are parties to litigation arising in the ordinary course of business. The outcome of this litigation will not, in the opinion of management, materially affect the Company s results of operations or equity.

11. Commitments and Contingencies

In the course of selling business entities and assets to third parties, CNA has agreed to indemnify purchasers for losses arising out of breaches of representation and warranties with respect to the business entities or assets being sold, including, in certain cases, losses arising from undisclosed liabilities or certain named litigation. Such indemnification agreements may include provisions that survive indefinitely. As of March 31, 2014, the aggregate amount of quantifiable indemnification agreements in effect for sales of business entities, assets and third party loans was $702 million.

CNA has agreed to provide indemnification to third party purchasers for certain losses associated with sold business entities or assets that are not limited by a contractual monetary amount. As of March 31, 2014, CNA had outstanding unlimited indemnifications in connection with the sales of certain of its business entities or assets that included tax liabilities arising prior to a purchaser s ownership of an entity or asset, defects in title at the time of sale, employee claims arising prior to closing and in some cases losses arising from certain litigation and undisclosed liabilities.

These indemnification agreements survive until the applicable statutes of limitation expire, or until the agreed upon contract terms expire.

Table of Contents

12. Discontinued Operations

As discussed in Note 1, on February 10, 2014, CNA entered into a definitive agreement to sell the majority of its run-off annuity and pension deposit business through the sale of the common stock of CAC. The assets and liabilities of the business being sold are presented as held for sale on the Consolidated Condensed Balance Sheet as of March 31, 2014 and the results of operations have been reclassified as discontinued operations in the Consolidated Condensed Statements of Income for the three months ended March 31, 2014 and 2013.

The results of discontinued operations reflected in the Consolidated Condensed Statements of Income were as follows:

Three Months Ended March 31	**2014**	2013
(In millions)		
Revenues:		
Net investment income	**$ 41**	$ 42
Investment gains	**1**	5
Other		1
Total revenues	**42**	48
Expenses:		
Insurance claims and policyholders benefits	**31**	33
Other operating expenses	**1**	1
Total	**32**	34
Income before income tax	**10**	14
Income tax expense	**(3)**	(5)
Results of discontinued operations, net of income tax	**7**	9
Impairment loss on sale, net of tax benefit of $41	**(214)**	
Amounts attributable to noncontrolling interests	**21**	(1)
Income (loss) from discontinued operations	**$ (186)**	$ 8

Table of Contents

The following table presents the detailed assets and liabilities held for sale as of March 31, 2014:

(In millions)	
Assets:	
Investments:	
Fixed maturity securities at fair value	**$ 2,684**
Equity securities at fair value	**16**
Other invested assets	**1**
Short term investments	**36**
Total investments	**2,737**
Cash	**14**
Receivables	**787**
Other assets	**55**
Separate account business	**148**
Assets held for sale	**3,741**
Less: Impairment on sale	**(255)**
Total assets held for sale	**$ 3,486**
Liabilities:	
Insurance reserves	**$ 3,017**
Other liabilities	**85**
Separate account business	**148**
Total liabilities held for sale	**$ 3,250**

13. Consolidating Financial Information

The following schedules present the Company s consolidating balance sheet information at March 31, 2014 and December 31, 2013, and consolidating statements of income information for the three months ended March 31, 2014 and 2013. These schedules present the individual subsidiaries of the Company and their contribution to the Consolidated Condensed Financial Statements. Amounts presented will not necessarily be the same as those in the individual financial statements of the Company s subsidiaries due to adjustments for purchase accounting, income taxes and noncontrolling interests. In addition, many of the Company s subsidiaries use a classified balance sheet which also leads to differences in amounts reported for certain line items.

The Corporate and Other column primarily reflects the parent company s investment in its subsidiaries, invested cash portfolio and corporate long term debt. The elimination adjustments are for intercompany assets and liabilities, interest

and dividends, the parent company s investment in capital stocks of subsidiaries, and various reclasses of debit or credit balances to the amounts in consolidation. Purchase accounting adjustments have been pushed down to the appropriate subsidiary.

Table of Contents

Loews Corporation

Consolidating Balance Sheet Information

March 31, 2014 (In millions)	CNA Financial	Diamond Offshore	Boardwalk Pipeline	HighMount	Loews Hotels	Corporate and Other	Eliminations	Total
Assets:								
Investments	$ 45,008	$ 1,582		$ 10	$ 55	$ 5,408		$ 52,063
Cash	206	17	$ 13	1	10	54		301
Receivables	7,599	438	95	80	32	128	$ (17)	8,355
Property, plant and equipment	274	5,959	7,275	983	440	43		14,974
Deferred income taxes	70			507	3		(580)	-
Goodwill	119	20	215					354
Assets held for sale	3,486							3,486
Investments in capital stocks of subsidiaries						17,175	(17,175)	-
Other assets	777	316	286	12	181	20	26	1,618
Deferred acquisition costs of insurance subsidiaries	652							652
Total assets	$ 58,191	$ 8,332	$ 7,884	$ 1,593	$ 721	$ 22,828	$ (17,746)	$ 81,803
Liabilities and Equity:								
Insurance reserves	$ 36,051							$ 36,051
Payable to brokers	364			$ 12		$ 506		882
Short term debt	549	$ 250		1	$ 54			854
	2,558	2,230	$ 3,375	481	133	1,679		10,456

Long term debt								
Deferred income taxes		**522**	**683**		**42**	**205**	**$ (554)**	**898**
Liabilities held for sale	**3,250**							**3,250**
Other liabilities	**2,870**	**729**	**359**	**98**	**26**	**673**	**(460)**	**4,295**
Total liabilities	**45,642**	**3,731**	**4,417**	**592**	**255**	**3,063**	**(1,014)**	**56,686**
Total shareholders equity	**11,285**	**2,362**	**1,541**	**1,001**	**466**	**19,765**	**(16,732)**	**19,688**
Noncontrolling interests	**1,264**	**2,239**	**1,926**					**5,429**
Total equity	**12,549**	**4,601**	**3,467**	**1,001**	**466**	**19,765**	**(16,732)**	**25,117**
Total liabilities and equity	**$ 58,191**	**$ 8,332**	**$ 7,884**	**$ 1,593**	**$ 721**	**$ 22,828**	**$ (17,746)**	**$ 81,803**

Table of Contents

Loews Corporation

Consolidating Balance Sheet Information

December 31, 2013	CNA Financial	Diamond Offshore	Boardwalk Pipeline	HighMount	Loews Hotels	Corporate and Other	Eliminations	Total
(In millions)								
Assets:								
Investments	$ 46,107	$ 2,061		$ 28	$ 43	$ 4,734		$ 52,973
Cash	195	36	$ 29	1	10	24		295
Receivables	8,666	498	97	143	28	74	$ (145)	9,361
Property, plant and equipment	282	5,472	7,296	974	430	44		14,498
Deferred income taxes	244			517	3		(764)	-
Goodwill	119	20	215		3			357
Investments in capital stocks of subsidiaries						17,264	(17,264)	-
Other assets	741	305	360	15	183	7	39	1,650
Deferred acquisition costs of insurance subsidiaries	624							624
Separate account business	181							181
Total assets	$ 57,159	$ 8,392	$ 7,997	$ 1,678	$ 700	$ 22,147	$ (18,134)	$ 79,939
Liabilities and Equity:								
Insurance reserves	$ 38,394							$ 38,394
Payable to brokers	85	$ 1		$ 9		$ 48		143
Short term debt	549	250		21	$ 20			840
	2,011	2,230	$ 3,424	481	182	1,678		10,006

Long term debt								
Deferred income taxes		516	689		41	195	$ (725)	716
Other liabilities	3,323	734	427	121	23	690	(565)	4,753
Separate account business	181							181
Total liabilities	44,543	3,731	4,540	632	266	2,611	(1,290)	55,033
Total shareholders equity	11,354	2,362	1,570	1,046	434	19,536	(16,844)	19,458
Noncontrolling interests	1,262	2,299	1,887					5,448
Total equity	12,616	4,661	3,457	1,046	434	19,536	(16,844)	24,906
Total liabilities and equity	$ 57,159	$ 8,392	$ 7,997	$ 1,678	$ 700	$ 22,147	$ (18,134)	$ 79,939

Table of Contents

Loews Corporation

Consolidating Statement of Income Information

Three Months Ended March 31, 2014	CNA Financial	Diamond Offshore	Boardwalk Pipeline	HighMount	Loews Hotels	Corporate and Other	Eliminations	Total
(In millions)								
Revenues:								
Insurance premiums	$ 1,806							$ 1,806
Net investment income	526					$ 51		577
Intercompany interest and dividends						377	$ (377)	-
Investment gains	42							42
Contract drilling revenues		$ 685						685
Other	89	25	$ 357	$ 55	$ 105	2		633
Total	2,463	710	357	55	105	430	(377)	3,743
Expenses:								
Insurance claims and policyholders benefits	1,446							1,446
Amortization of deferred acquisition costs	329							329
Contract drilling expenses		370						370
Other operating expenses	343	154	293	84	99	18		991
Interest	44	18	41	2	1	18		124

Total	**2,162**	**542**	**334**	**86**	**100**	**36**	**-**	**3,260**
Income (loss) before income tax	**301**	**168**	**23**	**(31)**	**5**	**394**	**(377)**	**483**
Income tax (expense) benefit	**(79)**	**(27)**	**11**	**11**	**(2)**	**(6)**		**(92)**
Income (loss) from continuing operations	**222**	**141**	**34**	**(20)**	**3**	**388**	**(377)**	**391**
Discontinued operations, net of income tax	**(207)**							**(207)**
Net income (loss)	**15**	**141**	**34**	**(20)**	**3**	**388**	**(377)**	**184**
Amounts attributable to noncontrolling interests	**(1)**	**(72)**	**(52)**					**(125)**
Net income (loss) attributable to Loews Corporation	**$ 14**	**$ 69**	**$ (18)**	**$ (20)**	**$ 3**	**$ 388**	**$ (377)**	**$ 59**

Table of Contents

Loews Corporation

Consolidating Statement of Income Information

Three Months Ended March 31, 2013	CNA Financial	Diamond Offshore	Boardwalk Pipeline	HighMount	Loews Hotels	Corporate and Other	Eliminations	Total
(In millions)								
Revenues:								
Insurance premiums	$ 1,764							$ 1,764
Net investment income	591	$ 1				$ 7		599
Intercompany interest and dividends						182	$ (182)	-
Investment gains	19							19
Contract drilling revenues		700						700
Other	81	31	$ 329	$ 68	$ 94	1		604
Total	2,455	732	329	68	94	190	(182)	3,686
Expenses:								
Insurance claims and policyholders benefits	1,396							1,396
Amortization of deferred acquisition costs	328							328
Contract drilling expenses		375						375
Other operating expenses	339	144	190	202	91	15		981

Interest	42	8	40	5	3	10		108
Total	2,105	527	230	207	94	25	-	3,188
Income (loss) before income tax	350	205	99	(139)	-	165	(182)	498
Income tax (expense) benefit	(108)	(36)	(22)	51		6		(109)
Income (loss) from continuing operations	242	169	77	(88)	-	171	(182)	389
Discontinued operations, net of income tax	9							9
Net income (loss)	251	169	77	(88)	-	171	(182)	398
Amounts attributable to noncontrolling interests	(25)	(87)	(44)					(156)
Net income (loss) attributable to Loews Corporation	$ 226	$ 82	$ 33	$ (88)	$ -	$ 171	$ (182)	$ 242

Table of Contents

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations.

Management s discussion and analysis of financial condition and results of operations (MD&A) should be read in conjunction with our Consolidated Condensed Financial Statements included in Item 1 of this Report, Risk Factors included in Part II, Item 1A of this Report, and the Consolidated Financial Statements, Risk Factors, and MD&A included in our Annual Report on Form 10-K for the year ended December 31, 2013. This MD&A is comprised of the following sections:

	Page No.
Overview	36
Consolidated Financial Results	36
Parent Company Structure	37
Critical Accounting Estimates	37
Results of Operations by Business Segment	38
CNA Financial	38
Diamond Offshore	41
Boardwalk Pipeline	45
HighMount	47
Loews Hotels	49
Corporate and Other	50
Liquidity and Capital Resources	51
CNA Financial	51
Diamond Offshore	51
Boardwalk Pipeline	53
HighMount	53
Loews Hotels	53
Corporate and Other	53
Investments	54
Forward-Looking Statements	57

OVERVIEW

We are a holding company. Our subsidiaries are engaged in the following lines of business:

- commercial property and casualty insurance (CNA Financial Corporation (CNA), a 90% owned subsidiary);
- operation of offshore oil and gas drilling rigs (Diamond Offshore Drilling, Inc. (Diamond Offshore), a 51% owned subsidiary);
- transportation and storage of natural gas and natural gas liquids and gathering and processing of natural gas (Boardwalk Pipeline Partners, LP (Boardwalk Pipeline), a 53% owned subsidiary);

exploration, production and marketing of natural gas and oil (including condensate and natural gas liquids) (HighMount Exploration & Production LLC (HighMount), a wholly owned subsidiary); and

operation of a chain of hotels (Loews Hotels Holding Corporation (Loews Hotels), a wholly owned subsidiary).

Unless the context otherwise requires, references in this Report to Loews Corporation, the Company, Parent Company, we, our, us or like terms refer to the business of Loews Corporation excluding its subsidiaries.

Consolidated Financial Results

Income from continuing operations for the 2014 first quarter was $245 million, or $0.63 per share, compared to $234 million, or $0.60 per share, in the 2013 first quarter. Net income attributable to Loews includes a loss from discontinued operations of $186 million (after tax and noncontrolling interests) for the three months ended March 31, 2014 related to CNA s pending sale of its annuity and pension deposit business.

Table of Contents

Income from continuing operations increased primarily due to higher parent company investment income as a result of improved performance of the trading portfolio and lower ceiling test impairment charges at HighMount. These increases were partially offset by a $55 million charge (after tax and noncontrolling interests) related to the write off of all previously capitalized costs incurred by the Company and Boardwalk Pipeline for the proposed Bluegrass project.

CNA earnings decreased primarily due to lower net investment income, higher catastrophe losses and lower favorable net prior year development, partially offset by improved non-catastrophe current accident year underwriting results and higher realized investment gains.

Diamond Offshore s earnings decreased primarily due to lower utilization and increased interest expense as a result of higher debt levels. These declines were partially offset by higher dayrates earned.

Book value per share increased to $50.89 at March 31, 2014 from $50.25 at December 31, 2013 and $49.93 at March 31, 2013. Book value per share excluding Accumulated other comprehensive income (AOCI) increased to $49.43 at March 31, 2014 from $49.38 at December 31, 2013 and $48.48 at March 31, 2013.

Parent Company Structure

We are a holding company and derive substantially all of our cash flow from our subsidiaries. We rely upon our invested cash balances and distributions from our subsidiaries to generate the funds necessary to meet our obligations and to declare and pay any dividends to our shareholders. The ability of our subsidiaries to pay dividends is subject to, among other things, the availability of sufficient earnings and funds in such subsidiaries, applicable state laws, including in the case of the insurance subsidiaries of CNA, laws and rules governing the payment of dividends by regulated insurance companies and compliance with covenants in their respective loan agreements. Claims of creditors of our subsidiaries will generally have priority as to the assets of such subsidiaries over our claims and those of our creditors and shareholders.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the consolidated condensed financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires us to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and the related notes. Actual results could differ from those estimates.

The consolidated condensed financial statements and accompanying notes have been prepared in accordance with GAAP, applied on a consistent basis. We continually evaluate the accounting policies and estimates used to prepare the consolidated condensed financial statements. In general, our estimates are based on historical experience, evaluation of current trends, information from third party professionals and various other assumptions that we believe are reasonable under the known facts and circumstances.

We consider the accounting policies discussed below to be critical to an understanding of our consolidated condensed financial statements as their application places the most significant demands on our judgment.

Insurance Reserves
Reinsurance and Other Receivables

Litigation
Valuation of Investments and Impairment of Securities
Long Term Care Products
Payout Annuity Contracts
Pension and Postretirement Benefit Obligations
Valuation of HighMount s Proved Reserves
Impairment of Long-Lived Assets
Goodwill
Income Taxes

Due to the inherent uncertainties involved with these types of judgments, actual results could differ significantly from estimates, which may have a material adverse impact on our results of operations or equity. See the Critical Accounting Estimates section and the Results of Operations by Business Segment CNA Financial Reserves Estimates and Uncertainties section of our MD&A included under Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2013 for further information.

Table of Contents

RESULTS OF OPERATIONS BY BUSINESS SEGMENT

Unless the context otherwise requires, references to net operating income (loss), net realized investment results and net income (loss) reflect amounts attributable to Loews Corporation shareholders.

CNA Financial

On February 10, 2014, CNA entered into a definitive agreement to sell the majority of its run-off annuity and pension deposit business through the sale of the common stock of Continental Assurance Company (CAC). In connection with the pending sale, the Company recorded an impairment charge of $193 million (after tax and noncontrolling interests). The business being sold, which was previously reported within Life & Group Non-Core is now reported as discontinued operations in the Consolidated Condensed Statements of Income for the three months ended March 31, 2014 and 2013 and assets and liabilities held for sale in the Consolidated Condensed Balance Sheet as of March 31, 2014. Further information on the sale is provided in Notes 1 and 12 of the Notes to Consolidated Condensed Financial Statements included in Item 1 of this Report.

The following table summarizes the results of operations for CNA for the three months ended March 31, 2014 and 2013 as presented in Note 13 of the Notes to Consolidated Condensed Financial Statements included in Item 1 of this Report:

Three Months Ended March 31	**2014**	2013
(In millions)		
Revenues:		
Insurance premiums	**$ 1,806**	$ 1,764
Net investment income	**526**	591
Investment gains	**42**	19
Other	**89**	81
Total	**2,463**	2,455
Expenses:		
Insurance claims and policyholders benefits	**1,446**	1,396
Amortization of deferred acquisition costs	**329**	328
Other operating expenses	**343**	339
Interest	**44**	42
Total	**2,162**	2,105
Income before income tax	**301**	350
Income tax expense	**(79)**	(108)
Income from continuing operations	**222**	242
Discontinued operations, net of income tax	**(207)**	9

Net income		**15**		251
Amounts attributable to noncontrolling interests		**(1)**		(25)
Net income attributable to Loews Corporation	**$**	**14**	$	226

Income from continuing operations decreased $20 million for the three months ended March 31, 2014 as compared with the same period in 2013, due to lower net investment income, higher catastrophe losses and lower favorable net prior year development, partially offset by improved non-catastrophe current accident year underwriting results and higher net realized investment gains. See the Investments section of this MD&A for further discussion of net realized investment results and net investment income. Further information on net prior year development is included in Note 5 of the Notes to Consolidated Condensed Financial Statements included under Item 1.

CNA Property and Casualty Insurance Operations

CNA s property and casualty insurance operations consist of professional, financial, specialty property and casualty products and services and commercial insurance and risk management products.

In the evaluation of the results of the property and casualty businesses, CNA utilizes the loss ratio, the expense ratio, the dividend ratio and the combined ratio. These ratios are calculated using GAAP financial results. The loss ratio is the percentage of net incurred claim and claim adjustment expenses to net earned premiums. The expense ratio is the percentage of insurance underwriting and acquisition expenses, including the amortization of deferred

Table of Contents

acquisition costs, to net earned premiums. The dividend ratio is the ratio of policyholders dividends incurred to net earned premiums. The combined ratio is the sum of the loss, expense and dividend ratios.

The following tables summarize the results of CNA s property and casualty operations for the three months ended March 31, 2014 and 2013:

Three Months Ended March 31, 2014	**CNA Specialty**	**CNA Commercial**	**Hardy**	**Total**
(In millions, except %)				
Net written premiums	**$ 796**	**$ 899**	**$ 72**	**$ 1,767**
Net earned premiums	**748**	**822**	**98**	**1,668**
Net investment income	**151**	**198**	**1**	**350**
Net operating income	**121**	**70**	**6**	**197**
Net realized investment gains	**7**	**7**		**14**
Net income	**128**	**77**	**6**	**211**
Ratios:				
Loss and loss adjustment expense	**64.2%**	**75.5%**	**38.8%**	**68.3%**
Expense	**30.1**	**34.0**	**48.3**	**33.1**
Dividend	**0.1**	**0.3**		**0.2**
Combined	**94.4%**	**109.8%**	**87.1%**	**101.6%**

Three Months Ended March 31, 2013

Net written premiums	$ 803	$ 918	$ 55	$ 1,776
Net earned premiums	723	837	64	1,624
Net investment income	170	250	1	421
Net operating income (loss)	126	113	(7)	232
Net realized investment gains	2	2	1	5
Net income (loss)	128	115	(6)	237
Ratios:				
Loss and loss adjustment expense	64.3%	71.7%	48.7%	67.5%
Expense	30.5	35.0	56.8	33.8
Dividend	0.2	0.1		0.2
Combined	95.0%	106.8%	105.5%	101.5%

Net written premiums decreased $9 million for the three months ended March 31, 2014 as compared with the same period in 2013. This decrease was primarily driven by previous underwriting actions taken in certain business classes in CNA Commercial, partially offset by continued strong rate increases in CNA Commercial and CNA Specialty and reduced reinsurance cost as well as modest organic business growth in Hardy. Net earned premiums increased $44 million for the three months ended March 31, 2014 as compared with the same period in 2013, primarily driven by the increase in net written premiums over recent quarters for CNA Specialty and an increase at Hardy, partially offset by a decrease in CNA Commercial.

CNA Specialty s average rate increased 4% for the three months ended March 31, 2014 as compared with an increase of 7% for the three months ended March 31, 2013, for the policies that renewed in each period. Retention of 85% and 86% was achieved in each period. CNA Commercial s average rate increased 6% for the three months ended March 31, 2014 as compared with an increase of 9% for the three months ended March 31, 2013, for the policies that renewed in each period. Retention of 75% and 78% was achieved in each period. Hardy s average rate decreased 3% for the three months ended March 31, 2014 as compared with an increase of 1% for the three months ended March 31, 2013 for the policies that renewed in each period. Retention of 77% and 71% was achieved in each period.

Table of Contents

Net operating income decreased $35 million for the three months ended March 31, 2014 as compared with the same period in 2013. The decrease in net operating income was primarily due to lower net investment income in CNA Specialty and CNA Commercial, higher catastrophe losses and lower favorable net prior year development in CNA Commercial and CNA Specialty, partially offset by improved non-catastrophe current accident year underwriting results. In addition, reinsurance commutations at Hardy during the three months ended March 31, 2014 reduced ceded losses from prior years. Overall, the commutations increased net operating income because of the release of the related allowance for uncollectible reinsurance. Catastrophe losses were $43 million (after tax and noncontrolling interests) for the three months ended March 31, 2014 as compared to catastrophe losses of $23 million (after tax and noncontrolling interests) for the same period in 2013.

Favorable net prior year development of $6 million and $41 million was recorded for the three months ended March 31, 2014 and 2013. Further information on net prior year development is included in Note 5 of the Notes to Consolidated Condensed Financial Statements included under Item 1.

CNA Specialty s combined ratio improved 0.6 points for the three months ended March 31, 2014 as compared with the same period in 2013. The loss ratio improved 0.1 points, due to an improved non-catastrophe current accident year loss ratio, substantially offset by lower favorable net prior year development and higher catastrophe losses. The expense ratio decreased 0.4 points for the three months ended March 31, 2014 as compared with the same period in 2013, driven by a higher net earned premium base.

CNA Commercial s combined ratio increased 3.0 points for the three months ended March 31, 2014 as compared with the same period in 2013. The loss ratio increased 3.8 points, primarily due to the impacts of higher catastrophe losses and lower favorable net prior year development, partially offset by an improved non-catastrophe current accident year loss ratio. The expense ratio decreased 1.0 point for the three months ended March 31, 2014 as compared with the same period in 2013, primarily due to lower underwriting expenses.

Hardy s combined ratio improved 18.4 points for the three months ended March 31, 2014 as compared with the same period in 2013. The loss ratio improved 9.9 points, due to the favorable impact of commutations and an improved current accident year loss ratio. The expense ratio improved 8.5 points, primarily due to the higher net earned premium base, partially offset by the unfavorable effect from certain legal and severance expenses.

Life & Group Non-Core and Other Operations

Life & Group Non-Core primarily includes the results of CNA s individual and group long term care business, as well as closed blocks of structured settlement liabilities, group accident and health reinsurance and life settlement contracts. These businesses are being managed as a run-off operation. CNA s group long term care business, while considered non-core, continues to accept new employees in existing groups. Other primarily includes certain CNA corporate expenses, including interest on corporate debt and the results of certain property and casualty business in run-off, including CNA Re and asbestos and environmental pollution (A&EP).

The following tables summarize the results of CNA s Life & Group Non-Core and Other operations for the three months ended March 31, 2014 and 2013:

Three Months Ended March 31, 2014	Life & Group Non-Core	Other	Total

(In millions)

Net earned premiums	**$ 139**		**$ 139**
Net investment income	**171**	**$ 5**	**176**
Net operating loss	**(2)**	**(19)**	**(21)**
Net realized investment gains	**9**	**1**	**10**
Net income (loss) from continuing operations	**7**	**(18)**	**(11)**

Three Months Ended March 31, 2013

Net earned premiums	$ 141		$ 141
Net investment income	162	$ 8	170
Net operating loss	(6)	(20)	(26)
Net realized investment gains	6	1	7
Net loss from continuing operations		(19)	(19)

Table of Contents

Net loss from continuing operations decreased $8 million for the three months ended March 31, 2014 as compared with the same period in 2013, primarily driven by higher net investment income due to a higher invested asset base, partially offset by increased interest expense from a new debt issuance in February 2014 in advance of the December 2014 maturity of CNA s existing debt. CNA s long term care business was favorably affected by rate increase actions in the current period, while morbidity was less favorable and persistency was unfavorable for the three months ended March 31, 2014 as compared with the same period in 2013.

Diamond Offshore

The ultra-deepwater market continues to weaken. Newbuild rig deliveries and established rigs coming off contract have created an oversupply of floaters in both the ultra-deepwater and deepwater markets, and an increasing number of rigs are competing for fewer available jobs due to cutbacks and/or delays in customer drilling programs. This oversupply has led to fierce competition, resulting in lower contracted dayrates, the execution of shorter term contracts and in some cases, the idling of rigs. There have been few bidding opportunities thus far in 2014, and the outlook for the remainder of the year and into 2015 is uncertain.

The market for deepwater floaters has trended downward in tandem with the ultra-deepwater market. Demand in this market is intermittent, with limited bidding opportunities. As a result, multiple existing rigs face pockets of idle time in 2014, and newbuild rigs may also have challenges securing work. Dayrates have also declined, compared to prior peak markets, and are projected by industry analysts to continue to soften in 2014.

Strength in the mid-water market varies significantly by region. In both the United Kingdom and Norway sectors of the North Sea, the mid-water market is showing some signs of weakening, in the form of declining dayrates, in part due to an increase in the availability of sublet opportunities being offered for some term contracted rigs. In the GOM, demand for mid-water rigs is limited, while in Brazil, demand has moderated. Frontier markets across Southeast Asia and South America, including Colombia, Myanmar, Nicaragua, Peru and Trinidad and Tobago, are areas of future, possible market demand, however, opportunities in these areas are not expected to emerge quickly.

Despite the challenging short term market outlook, based on industry reports, there have been nine additional newbuild floaters ordered since the beginning of 2014. Based on industry data, there are approximately 69 competitive or non-owner operated newbuild floaters on order and in addition, an estimated 29 rigs potentially to be built on behalf of Petróleo Brasileiro S.A., which is currently Diamond Offshore s largest single customer based on annual consolidated revenues. Of the competitive rigs, 31 of the 51 newbuilds scheduled for delivery in 2014 through 2015, including two of Diamond Offshore s four rigs that are expected to be delivered in 2014 and 2015, as well as over half of the 11 newbuilds scheduled for delivery in 2016, are not yet contracted for future work. The influx of newbuilds into the market, combined with established rigs coming off contract in 2014 and 2015, is expected to continue to weaken the ultra-deepwater and deepwater floater markets.

In addition, the offshore drilling industry is challenged by growing regulatory demands and more complex customer specifications, which could disadvantage the marketability of some lower specification rigs. Customer focus on completing existing projects, possible reduction or deferral of new investment, reallocation of budgets away from offshore projects and particular customer requirements in certain markets could also displace or reduce demand and result in the migration of some ultra-deepwater rigs to work in deepwater and, likewise, some deepwater rigs to compete against mid-water rigs. Various rigs across all segments could experience lower utilization or increased idle time, and lower specification rigs could be cold stacked or scrapped. The risk that floaters may be cold stacked is greatest in the mid-water floater market, where it may become necessary to cold stack certain older, lower specification drilling rigs.

Contract Drilling Backlog

The following table reflects Diamond Offshore s contract drilling backlog as of April 23, 2014 and February 5, 2014 (the date reported in our Annual Report on Form 10-K for the year ended December 31, 2013). Contract drilling backlog as presented below includes only firm commitments (typically represented by signed contracts) and is calculated by multiplying the contracted operating dayrate by the firm contract period and adding one half of any potential rig performance bonuses. Diamond Offshore s calculation also assumes full utilization of its drilling equipment for the contract period (excluding scheduled shipyard and survey days); however, the amount of actual revenue earned and the actual periods during which revenues are earned will be different than the amounts and periods shown in the tables below due to various factors. Utilization rates, which generally approach 92% - 98% during contracted periods, can be adversely impacted by downtime due to various operating factors including, but not limited to, weather conditions and unscheduled repairs and maintenance. Contract drilling backlog excludes revenues for mobilization, demobilization, contract preparation and customer reimbursables. No revenue is generally earned during periods of downtime for regulatory surveys. Changes in Diamond Offshore s contract drilling backlog

Table of Contents

between periods are a function of the performance of work on term contracts, as well as the extension or modification of existing term contracts and the execution of additional contracts.

	April 23, 2014	February 5, 2014
(In millions)		
Floaters:		
Ultra-Deepwater (a)	**$ 3,910**	$ 4,111
Deepwater (b)	**962**	794
Mid-Water (c)	**1,504**	1,744
Total Floaters	**6,376**	6,649
Jack-ups	**158**	180
Total	**$ 6,534**	$ 6,829

(a) As of April 23, 2014, for ultra-deepwater floaters includes (i) $651 million attributable to contracted operations offshore Brazil for the years 2014 to 2015, (ii) $904 million attributable to future work for a newbuild drillship under construction, for the years 2014 to 2019 and (iii) $641 million attributable to future work for the ultra-deepwater semisubmersible rig under construction for the years 2016 to 2019.

(b) As of April 23, 2014, for deepwater floaters includes (i) $291 million attributable to contracted operations offshore Brazil for the years 2014 to 2016 and (ii) $36 million for the year 2015 attributable to future work for the *Ocean Apex,* which is under construction.

(c) As of April 23, 2014, for mid-water floaters includes $323 million attributable to contracted operations offshore Brazil for the years 2014 to 2015.

The following table reflects the amount of Diamond Offshore s contract drilling backlog by year as of April 23, 2014:

Year Ended December 31	**Total**	**2014 (a)**	**2015**	**2016**	**2017 - 2019**
(In millions)					
Floaters:					
Ultra-Deepwater (b)	**$ 3,910**	**$ 739**	**$ 1,192**	**$ 518**	**$ 1,461**
Deepwater (c)	**962**	**389**	**326**	**208**	**39**
Mid-Water (d)	**1,504**	**780**	**449**	**161**	**114**
Total Floaters	**6,376**	**1,908**	**1,967**	**887**	**1,614**
Jack-ups	**158**	**88**	**48**	**22**	

Total	**$ 6,534**	**$ 1,996**	**$ 2,015**	**$ 909**	**$ 1,614**

(a) Represents a nine month period beginning April 1, 2014.

(b) As of April 23, 2014, for ultra-deepwater floaters includes (i) $327 million and $324 million for the years 2014 and 2015 attributable to contracted operations offshore Brazil, (ii) $61 million, $181 million and $181 million for the years 2014 to 2016 and $481 million in the aggregate for the years 2017 to 2019 attributable to future work for a newbuild drillship under construction and (iii) $107 million for the year 2016 and $534 million in the aggregate for the years 2017 to 2019 attributable to future work for the ultra-deepwater semisubmersible rig under construction.

(c) As of April 23, 2014, for deepwater floaters includes $95 million, $134 million and $62 million for the years 2014 to 2016, attributable to contracted operations offshore Brazil and (ii) $29 million and $7 million for the years 2014 and 2015 attributable to future work for the *Ocean Apex,* which is under construction.

(d) As of April 23, 2014, for mid-water floaters includes $244 million and $79 million for the years 2014 and 2015 attributable to contracted operations offshore Brazil.

Table of Contents

The following table reflects the percentage of rig days committed by year as of April 23, 2014. The percentage of rig days committed is calculated as the ratio of total days committed under contracts, as well as scheduled shipyard, survey and mobilization days for all rigs in Diamond Offshore s fleet, to total available days (number of rigs multiplied by the number of days in a particular year). Total available days have been calculated based on the expected final commissioning dates for rigs under construction.

Year Ended December 31	2014 (a) (b)	2015 (b)	2016 (b)	2017	2019
Floaters:					
Ultra-Deepwater	**83%**	**64%**	**26%**		**20%**
Deepwater	**61%**	**32%**	**21%**		**1%**
Mid-Water	**62%**	**26%**	**7%**		**1%**
Total Floaters	**68%**	**39%**	**16%**		**8%**
Jack-ups	**50%**	**36%**	**9%**		

(a) Represents a nine month period beginning April 1, 2014.
(b) As of April 23, 2014, includes approximately 1,080, 350 and 200 currently known, scheduled shipyard days for rig commissioning, contract preparation, surveys and extended maintenance projects, as well as rig mobilization days for 2014, 2015 and 2016.

Dayrate and Utilization Statistics

Three Months Ended March 31	2014	2013
Revenue earning days (a)		
Floaters:		
Ultra-Deepwater	**513**	526
Deepwater	**343**	423
Mid-Water	**1,029**	1,042
Jack-ups	**501**	448
Utilization (b)		
Floaters:		
Ultra-Deepwater	**66%**	73%
Deepwater	**64%**	94%
Mid-Water	**64%**	64%
Jack-ups	**79%**	71%
Average daily revenue (c)		
Floaters:		
Ultra-Deepwater	**$ 386,900**	$ 360,400
Deepwater	**418,300**	389,100
Mid-Water	**276,100**	261,600

Jack-ups	**93,100**	85,200

(a) A revenue earning day is defined as a 24-hour period during which a rig earns a dayrate after commencement of operations and excludes mobilization, demobilization and contract preparation days.
(b) Utilization is calculated as the ratio of total revenue earnings days divided by the total calendar days in the period for all rigs in Diamond Offshore s fleet (including cold stacked rigs).
(c) Average daily revenue is defined as contract drilling revenue (excluding revenue for mobilization, demobilization and contract preparation) per revenue earning day.

Table of Contents

Results of Operations

The following table summarizes the results of operations for Diamond Offshore for the three months ended March 31, 2014 and 2013 as presented in Note 13 of the Notes to Consolidated Condensed Financial Statements included in Item 1 of this Report:

Three Months Ended March 31	**2014**	2013
(In millions)		
Revenues:		
Contract drilling revenues	**$ 685**	$ 700
Net investment income		1
Other	**25**	31
Total	**710**	732
Expenses:		
Contract drilling expenses	**370**	375
Other operating expenses	**154**	144
Interest	**18**	8
Total	**542**	527
Income before income tax	**168**	205
Income tax expense	**(27)**	(36)
Amounts attributable to noncontrolling interests	**(72)**	(87)
Net income attributable to Loews Corporation	**$ 69**	$ 82

Contract drilling revenue decreased $15 million for the three months ended March 31, 2014 as compared with the 2013 period, and contract drilling expense decreased $5 million during the same period. Contract drilling revenue decreased primarily due to fewer revenue earning days from ultra-deepwater, deepwater and mid-water floaters, partially offset by an overall increase in average daily revenue and favorable revenue variances from jack-up rigs. The decrease in contract drilling expense reflects lower costs associated with repairs, maintenance, mobilization and inspection of rigs, partially offset by incremental operating costs for the *Ocean Onyx* which was placed in service in January of 2014.

Revenue generated by ultra-deepwater floaters increased $14 million during the three months ended March 31, 2014 as compared with the 2013 period as a result of higher average daily revenue earned of $14 million and an increase in amortized mobilization revenue of $5 million, partially offset by a decrease in utilization of $5 million. Average daily revenue increased primarily due to the *Ocean Confidence* operating under a new contract during the three months ended March 31, 2014 at a significantly higher dayrate than earned in the same period in 2013.

Revenue generated by deepwater floaters decreased $18 million during the three months ended March 31, 2014 as compared with the 2013 period primarily due to lower utilization of $31 million, partially offset by higher average daily revenue of $10 million. The decrease in revenue earning days was the result of incremental scheduled downtime for surveys combined with unplanned downtime associated with the warm stacking of rigs between contracts, partially offset by revenue earnings days for the *Ocean Onyx* which was placed into service in January of 2014. Average daily revenue increased during the three months ended March 31, 2014 primarily due to the *Ocean Victory* and the *Ocean America* working at significantly higher dayrates than those earned during the same period in 2013.

Revenue generated by mid-water floaters decreased $19 million during the three months ended March 31, 2014 as compared with the 2013 period primarily due to the absence of mobilization and contract preparation revenue of $31 million earned in the first quarter of 2013 and lower utilization of $3 million reflecting the net impact of increased downtime associated with the North Sea enhancement project for the *Ocean Patriot*. These reductions in contract drilling revenue were partially offset by an increase in average daily revenue of $15 million primarily due to several mid-water floaters operating at higher dayrates during the three months ended March 31, 2014 as compared with the same period in 2013.

Revenue earned by jack-up rigs increased $8 million during the three months ended March 31, 2014 as compared with the same period in 2013 primarily due to utilization of a rig which was warm stacked during the 2013 period.

Net income decreased $13 million during the three months ended March 31, 2014 as compared with the 2013 period reflecting the decrease in revenue and higher depreciation expense due to a larger depreciable asset base which included the *Ocean Onyx* and the *Ocean BlackHawk*, placed in service in the first quarter of 2014, as well as an increase in interest expense related to the $1.0 billion of senior unsecured notes issued in November of 2013.

Table of Contents

Diamond Offshore s effective tax rate decreased for the three months ended March 31, 2014 as compared with the 2013 period. The lower effective tax rate is primarily the result of differences in the mix of Diamond Offshore s domestic and international pretax earnings and losses and the settlement of a dispute in Egypt for the years 2006 through 2008 for $6 million, resulting in a net reduction to income tax expense of $17 million. The 2013 period includes the impact of The American Taxpayer Relief Act of 2012, which reduced income tax expense by $28 million.

Boardwalk Pipeline

Boardwalk Pipeline derives revenues primarily from the transportation and storage of natural gas and natural gas liquids (NGLs) and gathering and processing of natural gas for third parties. Transportation services consist of firm natural gas transportation, where the customer pays a capacity reservation charge to reserve pipeline capacity at certain receipt and delivery points along pipeline systems, plus a commodity and fuel charge on the volume of natural gas actually transported, and interruptible natural gas transportation, where the customer pays to transport gas only when capacity is available and used. Boardwalk Pipeline offers firm natural gas storage services in which the customer reserves and pays for a specific amount of storage capacity, including injection and withdrawal rights, and interruptible storage and parking and lending (PAL) services where the customer receives and pays for capacity only when it is available and used. Boardwalk Pipeline s NGL contracts are generally fee-based and are dependent on actual volumes transported or stored, although in some cases minimum volume requirements apply. Boardwalk Pipeline s NGL storage rates are market based and contracts are typically fixed price arrangements with escalation clauses. Boardwalk Pipeline sells minor amounts of surplus propane, and periodically sells surplus ethylene, at market prices available at the time of sale. Boardwalk Pipeline is not in the business of buying and selling natural gas other than for system management purposes, but changes in the level of natural gas prices may impact the volumes of gas transported and stored on its pipeline systems. Boardwalk Pipeline s operating costs and expenses typically do not vary significantly based upon the amount of products transported, with the exception of fuel consumed at its compressor stations.

Boardwalk Pipeline provides natural gas transportation services to customers that are directly connected to its pipeline system and, through interconnects with third party pipelines, to customers that are not directly connected to Boardwalk Pipeline s system. Transportation rates that Boardwalk Pipeline can charge customers it serves through interconnects with third party pipelines are heavily influenced by current and anticipated basis differentials. As a result of the new sources of supply and related pipeline infrastructure, basis differentials on Boardwalk Pipeline s pipeline systems have narrowed significantly in recent years, reducing the transportation rates and adversely impacting other contract terms Boardwalk Pipeline can negotiate with its customers for available transportation capacity and for contracts due for renewal for its interruptible and firm transportation services.

A substantial portion of Boardwalk Pipeline s transportation capacity is contracted for under firm transportation agreements. Each year a portion of Boardwalk Pipeline s firm transportation agreements expire and need to be renewed or replaced. Due to the factors noted above and discussed further in the Results of Operations by Business Segment Boardwalk Pipeline section of our Annual Report on Form 10-K for the year ended December 31, 2013, in recent periods Boardwalk Pipeline has renewed many expiring contracts at lower rates and for shorter terms than in the past and any remaining available capacity generally has been marketed and sold at lower rates under short term firm or interruptible contracts, or in some cases not sold at all, which has materially adversely impacted its firm and interruptible transportation revenues. As a result, revenues from capacity reservation charges under firm transportation agreements for the three months ended March 31, 2014, were $7 million lower than they were for the comparable 2013 period. The extremely cold weather across the eastern and midwestern United States in the first quarter of 2014 positively impacted the revenues Boardwalk Pipeline earned from its short term firm and interruptible transportation services, however, Boardwalk Pipeline expects the overall unfavorable trend to continue. Therefore, Boardwalk Pipeline may not be able to sell its available capacity, extend expiring contracts with existing customers or obtain

replacement contracts at attractive rates or for the same term as the expiring contracts, all of which would continue to adversely impact its transportation revenues, earnings and distributable cash flows and could impact Boardwalk Pipeline on a long term basis.

More recently, Boardwalk Pipeline has seen the value of its storage and PAL services adversely impacted by market factors, which have contributed to a narrowing of natural gas price differentials between time periods, such as winter to summer (time period price spreads), and the price volatility of natural gas to decline significantly, reducing the rates Boardwalk Pipeline can charge for its storage and PAL services. During the first quarter of 2014, Boardwalk Pipeline s storage and PAL services benefited from the cold weather, however, Boardwalk Pipeline expects that narrowing time period price spreads and fewer market participants will continue to cause demand for its storage and PAL services to decline.

Table of Contents

Bluegrass Project

As discussed in Note 2 of the Notes to Consolidated Financial Statements in the Company s Annual Report on Form 10-K for the year ended December 31, 2013, Boardwalk Pipeline executed a series of agreements in 2013 with The Williams Companies, Inc. to develop the Bluegrass Project, a joint venture project that would develop a pipeline to transport natural gas liquids. The open season for capacity on the pipeline ended in the first quarter of 2014, and although discussions with potential customers continued throughout the first quarter, Boardwalk Pipeline was unable to obtain sufficient firm customer commitments to support the project. Further, delays in the development of the project and other factors have resulted in escalations in the estimated costs to complete the project. Considering these factors, we and Boardwalk Pipeline are no longer making capital investments in the Bluegrass Project. As a result, in the first quarter of 2014, we expensed the previously capitalized project costs that had been incurred, resulting in a charge of $94 million ($55 million after tax and noncontrolling interests), inclusive of a $10 million charge recorded by Boardwalk Pipeline Partners, LP. We will continue to consider all of our options.

Sulphur Storage and Pipeline Expansion Project

In 2014, Boardwalk Pipeline executed a long term agreement to provide transportation and storage services to support the development of a new ethane cracker plant in the Lake Charles, Louisiana area. The project would involve significant storage and infrastructure development to serve petrochemical customers near Boardwalk Pipeline s Sulphur Hub. The project, which is conditioned on final approval by the customer s board of directors, is expected to cost approximately $145 million with an anticipated in-service date in the second half of 2017.

Results of Operations

The following table summarizes the results of operations for Boardwalk Pipeline for the three months ended March 31, 2014 and 2013 as presented in Note 13 of the Notes to Consolidated Condensed Financial Statements included under Item 1 of this Report:

Three Months Ended March 31	**2014**	2013
(In millions)		
Revenues:		
Other revenue, primarily operating	**$ 357**	$ 329
Total	**357**	329
Expenses:		
Operating	**293**	190
Interest	**41**	40
Total	**334**	230
Income before income tax	**23**	99
Income tax (expense) benefit	**11**	(22)
Amounts attributable to noncontrolling interests	**(52)**	(44)

Net income (loss) attributable to Loews Corporation	**$**	**(18)**	$	33

Total revenues increased $28 million for the three months ended March 31, 2014, compared to the same period in 2013. This increase is primarily due to an increase in short term firm and interruptible transportation revenues, excluding fuel, of $19 million and fuel revenues of $6 million generally due to the cold winter weather in the eastern and midwestern United States. Sales of NGLs were $4 million higher due to propane sales and PAL and storage revenues increased by $2 million mainly due to a backwardated natural gas pricing curve which increased lending activities. The increase in revenues was partially offset by the effects of the market and contract renewal conditions discussed above, which lowered firm transportation revenues by $7 million.

Operating expenses increased $103 million for the three months ended March 31, 2014, compared to the same period in 2013. This increase is primarily due to a charge of $94 million to write off previously capitalized costs incurred for the Bluegrass Project, a $7 million increase in fuel expense primarily due to higher natural gas prices, a $3 million increase in depreciation and property taxes primarily due to an increase in the asset base and a $3 million increase in operations and maintenance expense from an increase in maintenance projects. These increases were partially offset by a $5 million decrease in general and administrative costs due to lower employee related costs.

Table of Contents

Net results for the three months ended March 31, 2014 decreased $51 million as compared with the 2013 period reflecting the Bluegrass Project related charge, partially offset by higher revenues as discussed above.

HighMount

We use the following terms throughout this discussion of HighMount s results of operations, with equivalent volumes computed with oil and natural gas liquid (NGL) quantities converted to Mcf, on an energy equivalent ratio of one barrel to six Mcf:

Bbl	-	Barrel (of oil or NGLs)
Bcf	-	Billion cubic feet (of natural gas)
Bcfe	-	Billion cubic feet of natural gas equivalent
Mbbl	-	Thousand barrels (of oil or NGLs)
Mcf	-	Thousand cubic feet (of natural gas)
Mcfe	-	Thousand cubic feet of natural gas equivalent
MMBtu	-	Million British thermal units

HighMount s revenues and profitability depend substantially on natural gas and oil prices and HighMount s ability to increase its natural gas and oil production. Natural gas and NGL prices remain at low levels due to an abundance of supply from new sources recoverable from shale formations, such as the Marcellus and Utica shales which are closer to traditional high value end markets and are less expensive to produce and develop than HighMount s principal Sonora properties. As a result, it has become uneconomic for HighMount to drill new natural gas wells at its principal Sonora properties which has led it to change its capital investments strategy in recent years from natural gas production to exploration and development of potential oil producing properties. In 2013 HighMount drilled a number of exploratory wells on its properties in the Mississippian Lime and Woodford Shale plays in Oklahoma, however, HighMount has since ceased drilling operations in this area. HighMount has one drilling rig working in the Wolfcamp stratum of its Sonora field. To date, drilling efforts for oil have not yielded sufficient quantities to support commercial development of this stratum. Exploration of potential oil producing properties, including drilling and completion of horizontal wells, carries more risk and is significantly more expensive than drilling traditional vertical natural gas-producing wells. In light of these factors HighMount is continuing to review its properties and drilling prospects. HighMount has incurred substantial ceiling test and goodwill impairment charges as a result of the market conditions and the unsuccessful drilling efforts discussed above and will likely incur significant charges in future periods if these conditions continue.

The focus on exploring oil producing properties has led to a reduction in natural gas and NGL production. Natural gas production at HighMount was 7.5 Bcf in the three months ended March 31, 2014, a decline from 8.6 Bcf in the three months ended March 31, 2013. Revenues from the sale of oil, including the impact of hedges, amounted to 21% of HighMount s total revenues for the three months ended March 31, 2014 and 2013. The price HighMount realizes for its production is also affected by HighMount s hedging activities, as well as locational differences in market prices.

HighMount s operating expenses consist primarily of production expenses, production and ad valorem taxes, as well as depreciation, depletion and amortization (DD&A) expenses. Production expenses represent costs incurred to operate and maintain wells, related equipment and facilities and transportation costs and contain a significant fixed cost component. Production expenses per Mcfe increased primarily as a result of lower natural gas and NGL production that has absorbed HighMount s fixed costs. HighMount s increased focus on oil production also contributed to the increase in production cost per Mcfe due to HighMount s oil projects generally requiring a higher cost to produce per equivalent unit than HighMount s gas projects. Production and ad valorem taxes increase or decrease primarily when

prices of natural gas and oil increase or decrease, but they are also affected by changes in production and state incentive programs, as well as appreciated property values. HighMount calculates depletion using the units-of-production method, which depletes the capitalized costs and future development costs associated with evaluated properties based on the ratio of production volumes for the current period to total remaining reserve volumes for the evaluated properties. HighMount s depletion expense is affected by its capital spending program and projected future development costs, as well as reserve changes resulting from drilling programs, well performance and revisions due to changing commodity prices.

Table of Contents

Production and Sales Statistics

Presented below are production and sales statistics related to HighMount s operations for the three months ended March 31, 2014 and 2013:

Three Months Ended March 31	2014	2013
Gas production (Bcf)	**7.5**	8.6
Gas sales (Bcf)	**7.0**	8.0
NGL production/sales (Mbbls)	**433.0**	503.4
Oil production/sales (Mbbls)	**126.1**	158.3
Equivalent production (Bcfe)	**10.9**	12.6
Equivalent sales (Bcfe)	**10.3**	12.0
Average realized prices without hedging results:		
Gas (per Mcf)	**$ 4.54**	$ 3.17
NGL (per Bbl)	**36.07**	31.03
Oil (per Bbl)	**92.52**	87.14
Equivalent (per Mcfe)	**5.71**	4.58
Average realized prices with hedging results:		
Gas (per Mcf)	**$ 4.06**	$ 4.10
NGL (per Bbl)	**32.26**	37.33
Oil (per Bbl)	**89.86**	90.60
Equivalent (per Mcfe)	**5.19**	5.50
Average cost per Mcfe:		
Production expenses	**$ 2.07**	$ 1.46
Production and ad valorem taxes	**0.39**	0.30
General and administrative expenses	**1.05**	0.86
Depletion expense	**1.01**	1.39

Results of Operations

The following table summarizes the results of operations for HighMount for the three months ended March 31, 2014 and 2013, as presented in Note 13 of the Notes to Consolidated Condensed Financial Statements included in Item 1 of this Report:

Three Months Ended March 31	2014	2013
(In millions)		
Revenues:		
Other revenue, primarily operating	**$ 55**	$ 68

Total	**55**	68
Expenses:		
Other operating expenses		
Impairment of natural gas and oil properties	**29**	145
Operating	**55**	57
Interest	**2**	5
Total	**86**	207
Loss before income tax benefit	**(31)**	(139)
Income tax benefit	**11**	51
Net loss attributable to Loews Corporation	**$ (20)**	$ (88)

For the three months ended March 31, 2014 and 2013, HighMount recorded ceiling test impairment charges of $29 million and $145 million ($19 million and $92 million after tax). The 2014 write-down was primarily attributable to insufficient reserve additions from recent exploration activities due to variability in well performance where HighMount is testing different horizontal target zones and hydraulic fracture designs. The 2013 write-down was primarily attributable to reduced average NGL prices used in the ceiling test calculations and negative reserve revisions. Had the effects of HighMount s cash flow hedges not been considered in calculating the ceiling limitation,

Table of Contents

the impairments would have been $29 million and $195 million ($18 million and $124 million after tax) for the three months ended March 31, 2014 and 2013.

HighMount s operating revenues decreased $13 million for the three months ended March 31, 2014 as compared with the 2013 period primarily due to reduced sales volumes. HighMount sold 10.3 Bcfe in the three months ended March 31, 2014 compared to 12.0 Bcfe in the 2013 period. The decrease in sales volume was primarily due to the continued reduction in capital spending on natural gas drilling since 2008.

HighMount had hedges in place as of March 31, 2014 that cover approximately 59.0% and 28.3% of total estimated 2014 and 2015 natural gas equivalent production at a weighted average price of $5.56 and $4.12 per Mcfe.

Operating expenses were $55 million for the three months ended March 31, 2014 as compared to $57 million for the same period in 2013 and include DD&A expenses of $16 million for the three months ended March 31, 2014, compared to $22 million for the 2013 period. The decrease in DD&A expenses was due to reduced production volumes and lower depletion rates, primarily due to the impairment of natural gas and oil properties recorded in 2014 and 2013.

Loews Hotels

The following table summarizes the results of operations for Loews Hotels for the three months ended March 31, 2014 and 2013 as presented in Note 13 of the Notes to Consolidated Condensed Financial Statements included in Item 1 of this Report:

Three Months Ended March 31	**2014**	2013
(In millions)		
Revenues:		
Operating revenue	**$ 85**	$ 81
Revenues related to reimbursable expenses	**20**	13
Total	**105**	94
Expenses:		
Other operating expenses		
Operating	**77**	79
Reimbursable expenses	**20**	13
Depreciation	**8**	8
Equity income from joint ventures	**(6)**	(9)
Interest	**1**	3
Total	**100**	94
Income before income tax	**5**	-
Income tax expense	**(2)**	

Net income attributable to Loews Corporation	**$**	**3**	$	-
EBITDA	**$**	**14**	$	11

Earnings before interest, tax, depreciation and amortization (EBITDA) is an indicator of operating performance used by Loews Hotels to measure its ability to service debt, fund capital expenditures and expand its business. EBITDA is a non-GAAP financial measure that is not meant to replace net income as defined by GAAP. The following table reconciles EBITDA to Net income attributable to Loews Corporation for the three months ended March 31, 2014 and 2013:

Three Months Ended March 31		**2014**		2013
(In millions)				
EBITDA	**$**	**14**	$	11
Depreciation		**(8)**		(8)
Interest		**(1)**		(3)
Income tax expense		**(2)**		
Net income attributable to Loews Corporation	**$**	**3**	$	-

Results of operations for the three months ended March 31, 2014 and 2013 include the impact of the 2013 closure of the Loews Regency Hotel for renovation and the addition of the Loews Madison Hotel and the Loews Boston

Table of Contents

Hotel in 2013. In July of 2013, partial equity interests in the Loews Madison Hotel and the Loews Boston Hotel were sold. Upon the sale of the equity interests, Loews Hotels share of earnings for these hotels is included in Equity income from joint ventures.

Reimbursable expenses relate mainly to payroll incurred by Loews Hotels on behalf of the owners of joint venture and managed hotel properties.

Operating revenues increased $4 million for the three months ended March 31, 2014 as compared to the 2013 period, primarily due to the Loews Regency Hotel, which was closed for renovation in 2013.

Revenue per available room (RevPAR) is an industry measure of the combined effect of occupancy rates and average room rates on room revenues. Other hotel operating revenues, not included in RevPAR, primarily include guest charges for food and beverages. RevPAR, occupancy rates and average room rates are for owned and joint venture hotels. RevPAR increased $17.82 to $188.04 for the three months ended March 31, 2014 as compared to the 2013 period, reflecting an increase in occupancy and average room rates. Occupancy rates increased to 75.5% in the three months ended March 31, 2014, from 71.1% in the 2013 period.

Operating expenses decreased $2 million for the three months ended March 31, 2014 as compared to the 2013 period, primarily due to the impact of the Loews Madison Hotel and the Loews Boston Hotel in 2013, partially offset by increased costs due to the reopening of the Loews Regency Hotel in the quarter.

Equity earnings from joint venture properties decreased $3 million for the three months ended March 31, 2014 as compared to the 2013 period. This decrease was primarily due to the inclusion of the Loews Boston Hotel and Loews Madison Hotel as joint ventures and the development of a new hotel, the Cabana Bay Beach Resort at Universal Orlando, which partially opened on March 31, 2014, partially offset by improved earnings at the hotels at Universal Orlando and the Loews Hollywood Hotel.

Corporate and Other

Corporate and Other operations consist primarily of investment income at the Parent Company, corporate interest expenses and other corporate administrative costs. Investment income includes earnings on cash and short term investments held at the Parent Company level to meet current and future liquidity needs, as well as results of limited partnership investments and the trading portfolio.

The following table summarizes the results of operations for Corporate and Other for the three months ended March 31, 2014 and 2013 as presented in Note 13 of the Notes to Consolidated Condensed Financial Statements included in Item 1 of this Report:

Three Months Ended March 31	**2014**	2013
(In millions)		
Revenues:		
Net investment income	**$ 51**	$ 7
Other	**2**	1

Total	**53**	8
Expenses:		
Operating	**18**	15
Interest	**18**	10
Total	**36**	25
Income (loss) before income tax	**17**	(17)
Income tax (expense) benefit	**(6)**	6
Net income (loss) attributable to Loews Corporation	**$ 11**	$ (11)

Net investment income increased by $44 million for the three months ended March 31, 2014, as compared to the 2013 period, primarily due to improved performance of equity and fixed income investments in the trading portfolio.

Interest expense increased $8 million for the three months ended March 31, 2014, primarily due to a May of 2013 public offering of $500 million aggregate principal amount of 2.6% senior notes due May 15, 2023 and $500 million aggregate principal amount of 4.1% senior notes due May 15, 2043.

Table of Contents

LIQUIDITY AND CAPITAL RESOURCES

CNA Financial

CNA s primary operating cash flow sources are premiums and investment income from its insurance subsidiaries. CNA s primary operating cash flow uses are payments for claims, policy benefits and operating expenses including interest expense on corporate debt. Additionally, cash may be paid or received for income taxes.

For the three months ended March 31, 2014, net cash provided by operating activities was $168 million as compared with $191 million for the same period in 2013. Cash provided by operating activities reflected increased tax and claim payments, as well as increased receipts relating to returns on limited partnerships. Additionally, cash receipts and cash payments resulting from purchases and sales of trading securities are reported as cash flows related to operating activities. During 2014, cash flows related to operating activities were increased by $21 million as compared to a decrease of $48 million during 2013 related to trading activity.

Cash flows from investing activities include the purchase and disposition of available-for-sale financial instruments. Additionally, cash flows from investing activities may include the purchase and sale of businesses, land, buildings, equipment and other assets not generally held for resale.

For the three months ended March 31, 2014, net cash used by investing activities was $354 million as compared with $161 million for the same period in 2013. The cash flow from investing activities is affected by various factors such as the anticipated payment of claims, financing activity, asset/liability management and individual security buy and sell decisions made in the normal course of portfolio management.

Cash flows from financing activities may include proceeds from the issuance of debt and equity securities, outflows for shareholder dividends or repayment of debt and outlays to reacquire equity instruments.

For the three months ended March 31, 2014, net cash provided by financing activities was $210 million as compared with net cash used of $56 million for the same period in 2013. In February of 2014, CNA issued $550 million of 4.0% senior notes due May 15, 2024 and invested the proceeds in short term interest bearing securities. CNA intends to use the proceeds to repurchase, redeem, repay or otherwise retire the $549 million outstanding aggregate principal balance of its 5.9% senior notes due December 15, 2014.

CNA believes that its present cash flows from operations, investing activities and financing activities are sufficient to fund its current and expected working capital and debt obligation needs and CNA does not expect this to change in the near term. There are currently no amounts outstanding under CNA s $250 million senior unsecured revolving credit facility and no borrowings outstanding through CNA s membership in the Federal Home Loan Bank of Chicago.

Diamond Offshore

Cash and investments totaled $1.6 billion at March 31, 2014, compared to $2.1 billion at December 31, 2013. During the first three months of 2014, Diamond Offshore paid cash dividends totaling $123 million, consisting of aggregate regular cash dividends of $17 million and aggregate special cash dividends of $106 million. On April 23, 2014, Diamond Offshore declared a regular quarterly dividend of $0.125 per share and a special dividend of $0.75 per share.

Cash provided by operating activities for the three months ended March 31, 2014 increased $27 million compared to the 2013 period, primarily due to an increase in cash receipts from contract drilling services of $43 million and lower cash income taxes paid of $38 million, partially offset by higher cash payments related to contract drilling expenses of

$54 million.

Table of Contents

Diamond Offshore is currently obligated under various agreements in connection with six ongoing rig construction/enhancement projects. The following is a summary of Diamond Offshore s construction projects as of March 31, 2014:

(In millions)	Expected Delivery (a)	Total Project Cost (b)	Project Expenditures to date (c)
New rig construction:			
Ultra-deepwater drillships:			
Ocean BlackHornet	Q2 2014	$ 635	$ 212
Ocean BlackRhino	Q3 2014	$ 645	$ 197
Ocean BlackLion	Q1 2015	$ 655	$ 172
Ultra-deepwater floater:			
Ocean GreatWhite	Q1 2016	$ 755	$ 191
Deepwater floater:			
Ocean Apex	Q3 2014	$ 370	$ 291
Enhancement project:			
Mid-water floater *Ocean Patriot*	Q2 2014	$ 120	$ 67

(a) Represents expected delivery date of vessel from shipyard and does not include additional non-operating days for commissioning, contract preparation and mobilization to initial area of operation, which will occur prior to the rig being placed in service.
(b) Total project costs include contractual payments for shipyard construction, commissioning, capital spares and project management costs and does not include capitalized interest.
(c) Represents total project expenditures from inception of project to March 31, 2014, excluding project-to-date capitalized interest.

For 2014, Diamond Offshore has budgeted approximately $2.1 billion for capital expenditures of which approximately $1.5 billion and $82 million are expected to be spent on current rig construction projects and the *Ocean Patriot* North Sea enhancement project and approximately $184 million is expected to be spent on a service life extension project for the *Ocean Confidence*. The remainder will be spent on Diamond Offshore s ongoing capital maintenance and replacement programs.

Depending on market and other conditions, Diamond Offshore may purchase shares of its outstanding common stock in the open market or otherwise. During the three months ended March 31, 2014, Diamond Offshore purchased 1.9 million shares of its common stock at an aggregate cost of $86 million.

In March of 2014, Diamond Offshore entered into an agreement to increase its revolving credit facility by $250 million and extend the maturity date by six months. The credit agreement provides for a $1.0 billion revolving credit facility for general corporate purposes, maturing on March 17, 2019. At March 31, 2014, there were no loans or letters of credit outstanding under the credit agreement.

As a result of Diamond Offshore s intention to indefinitely reinvest the earnings of its wholly owned subsidiary, Diamond Offshore International Limited (DOIL), to finance its foreign activities, Diamond Offshore does not expect such earnings to be available for distribution to its stockholders or to finance its domestic activities. Diamond Offshore believes that the operating cash flows generated by and cash reserves of DOIL, and the operating cash flows available to and cash reserves of Diamond Offshore will be sufficient to meet both its working capital requirements and its capital commitments. However, in light of the significant cash requirements of Diamond Offshore s capital expansion program in 2014 and 2015, Diamond Offshore may make use of its credit facility to finance its capital expenditures, working capital requirements and to maintain a certain level of cash reserves. Diamond Offshore will continue to make periodic assessments based on its capital spending programs and industry conditions and will adjust capital spending programs if required. Diamond Offshore, may, from time to time, issue debt or equity securities, or a combination thereof, to finance capital expenditures, the acquisition of assets and businesses or for general corporate purposes. Diamond Offshore s ability to access the capital markets by issuing debt or equity securities will be dependent on its results of operations, current financial condition, current market conditions and other factors beyond its control.

Table of Contents

Boardwalk Pipeline

At March 31, 2014 and December 31, 2013, cash and investments amounted to $13 million and $29 million. Funds from operations for the three months ended March 31, 2014 amounted to $136 million, compared to $129 million for the 2013 period. For the three months ended March 31, 2014 and 2013, Boardwalk Pipeline s capital expenditures were $66 million and $71 million.

As of March 31, 2014, Boardwalk Pipeline had $125 million of loans outstanding under its revolving credit facility with a weighted-average interest rate of 1.5% and had no letters of credit issued. As of March 31, 2014, Boardwalk Pipeline was in compliance with all covenant requirements under the credit facility and had an available borrowing capacity of $875 million.

Boardwalk Pipeline expects total capital expenditures to be approximately $420 million in 2014, including approximately $90 million for maintenance capital. The 2014 growth capital expenditures primarily relate to the Southeast Market Expansion project discussed in the Liquidity and Capital Resources - Boardwalk Pipeline section of our Annual Report on Form 10-K for the year ended December 31, 2013.

HighMount

At March 31, 2014 and December 31, 2013, cash and investments amounted to $11 million and $29 million. Net cash flows provided by operating activities were $67 million and $16 million for the three months ended March 31, 2014 and 2013. Key drivers of net operating cash flows are commodity prices, production volumes and operating costs.

Cash used in investing activities for the three months ended March 31, 2014, was $65 million, compared to $68 million for the 2013 period. The primary driver of cash used in investing activities is capital spent developing HighMount s natural gas and oil reserves. HighMount expects to spend approximately $174 million in 2014, on the exploration and development of oil producing properties. Funds for capital expenditures and working capital requirements are expected to be provided from operating activities and contributions from us.

HighMount s credit agreement contains financial covenants typical for these types of agreements, including a maximum debt to capitalization ratio and a minimum ratio of the net present value of its projected future cash flows from its proved natural gas and oil reserves to total debt. The calculation of net present value, performed at year-end, is based on commodity prices determined by the lenders and HighMount s proved reserves at the time of measurement. A decline in commodity prices can reduce HighMount s borrowing capacity requiring repayment of a portion of its term loans. Due to the current limited capacity of HighMount s credit agreement, HighMount has made principal payments on its term loans to maintain compliance with its debt covenant. The credit agreement also contains customary restrictions or limitations on HighMount s ability to engage in certain transactions, including transactions with affiliates. At March 31, 2014, HighMount has $480 million of term loans outstanding and is in compliance with all of its covenants under the credit agreement.

Loews Hotels

Cash and investments totaled $65 million at March 31, 2014, as compared to $53 million at December 31, 2013. Committed and planned capital expenditures for renovations, capital improvements and development of new properties are estimated to be approximately $300 million for 2014. Funds for future capital expenditures, including acquisitions of new properties, renovations and working capital requirements are expected to be provided from operations, newly incurred debt, existing cash balances and advances or capital contributions from us.

Corporate and Other

Parent Company cash and investments, net of receivables and payables at March 31, 2014 totaled $5.0 billion, as compared to $4.7 billion at December 31, 2013. During the three months ended March 31, 2014, we received $377 million in interest and dividends from our subsidiaries, including a special dividend from CNA of $242 million. These inflows were partially offset by the payment of $18 million to fund treasury stock purchases and the payment of $24 million of cash dividends to our shareholders.

As of March 31, 2014, there were 386,911,815 shares of Loews common stock outstanding. Depending on market and other conditions, we may purchase our shares and shares of our subsidiaries outstanding common stock in the open market or otherwise. During the three months ended March 31, 2014, we purchased 0.5 million shares of Loews common stock.

Table of Contents

We have an effective Registration Statement on Form S-3 registering the future sale of an unlimited amount of our debt and equity securities. From time to time, we consider issuance of Parent Company indebtedness under this registration statement.

We continue to pursue conservative financial strategies while seeking opportunities for responsible growth. These include the expansion of existing businesses, full or partial acquisitions and dispositions, and opportunities for efficiencies and economies of scale.

INVESTMENTS

Investment activities of non-insurance subsidiaries primarily include investments in fixed income securities, including short term investments. The Parent Company portfolio also includes equity securities, including short sales and derivative instruments, and investments in limited partnerships. These types of investments generally present greater volatility, less liquidity and greater risk than fixed income investments and are included within Results of Operations Corporate and Other.

We enter into short sales and invest in certain derivative instruments that are used for asset and liability management activities, income enhancements to our portfolio management strategy and to benefit from anticipated future movements in the underlying markets. If such movements do not occur as anticipated, then significant losses may occur. Monitoring procedures include senior management review of daily detailed reports of existing positions and valuation fluctuations to ensure that open positions are consistent with our portfolio strategy.

Credit exposure associated with non-performance by the counterparties to derivative instruments is generally limited to the uncollateralized change in fair value of the derivative instruments recognized in the Consolidated Condensed Balance Sheets. We mitigate the risk of non-performance by monitoring the creditworthiness of counterparties and diversifying derivatives to multiple counterparties. We occasionally require collateral from our derivative investment counterparties depending on the amount of the exposure and the credit rating of the counterparty.

Insurance

CNA maintains a large portfolio of fixed maturity and equity securities, including large amounts of corporate and government issued debt securities, residential and commercial mortgage-backed securities, and other asset-backed securities and investments in limited partnerships which pursue a variety of long and short investment strategies across a broad array of asset classes. CNA s investment portfolio supports its obligation to pay future insurance claims and provides investment returns which are an important part of CNA s overall profitability.

Net Investment Income

The significant components of CNA s net investment income are presented in the following table:

Three Months Ended March 31	**2014**	2013
(In millions)		
Fixed maturity securities:		
Taxable	**$ 352**	$ 388

Tax-exempt		**100**		69
Total fixed maturity securities		**452**		457
Limited partnership investments		**73**		131
Other, net of investment expense		**1**		3
Net investment income before tax	**$**	**526**	$	591
Net investment income after tax and noncontrolling interests	**$**	**333**	$	364
Effective income yield for the fixed maturity securities portfolio, before tax		**4.9%**		5.0%
Effective income yield for the fixed maturity securities portfolio, after tax		**3.5%**		3.5%

Net investment income after tax and noncontrolling interests for the three months ended March 31, 2014 decreased $31 million as compared with the same period in 2013. The decrease was driven by a decrease in limited partnership investment income.

Table of Contents

Net Realized Investment Gains (Losses)

The components of CNA s net realized investment results are presented in the following table:

Three Months Ended March 31	**2014**	2013
(In millions)		
Realized investment gains (losses):		
Fixed maturity securities:		
Corporate and other bonds	**$ 14**	$ 26
States, municipalities and political subdivisions	**23**	(2)
Asset-backed	**1**	3
Total fixed maturity securities	**38**	27
Equity securities	**5**	(13)
Derivative securities		2
Short term investments and other	**(1)**	3
Total realized investment gains	**42**	19
Income tax expense	**(15)**	(6)
Amounts attributable to noncontrolling interests	**(3)**	(1)
Net realized investment gains attributable to Loews Corporation	**$ 24**	$ 12

Net realized investment gains increased $12 million for the three months ended March 31, 2014 as compared with the 2013 period. The increase was primarily driven by lower OTTI losses recognized in earnings. Further information on CNA s realized gains and losses, including OTTI losses, is set forth in Note 2 of the Notes to Consolidated Condensed Financial Statements included under Item 1.

Portfolio Quality

CNA s fixed maturity portfolio consists primarily of high quality bonds, 92.5% and 92.1% of which were rated as investment grade (rated BBB- or higher) at March 31, 2014 and December 31, 2013. The classification between investment grade and non-investment grade is based on a ratings methodology that takes into account ratings from Standard & Poor s (S&P) and Moody s Investors Service, Inc. (Moody s) in that order of preference. If a security is n rated by these rating agencies, CNA formulates an internal rating. At March 31, 2014 and December 31, 2013, approximately 99% of the fixed maturity portfolio was rated by S&P or Moody s, or was issued or guaranteed by the U.S. Government, Government agencies or Government-sponsored enterprises.

The following table summarizes the ratings of CNA s fixed maturity portfolio at fair value:

	March 31, 2014	December 31, 2013

(In millions of dollars)

U.S. Government, Government agencies and Government-sponsored enterprises	**$ 3,620**	**9.2%**	$ 3,683	8.9%
AAA	**2,831**	**7.2**	2,776	6.7
AA and A	**19,743**	**50.1**	20,353	49.4
BBB	**10,262**	**26.0**	11,171	27.1
Non-investment grade	**2,959**	**7.5**	3,250	7.9
Total	**$ 39,415**	**100.0%**	$ 41,233	100.0%

Table of Contents

Non-investment grade fixed maturity securities, as presented in the table below, include high-yield securities rated below BBB- by bond rating agencies and other unrated securities that, according to CNA s analysis, are below investment grade. Non-investment grade securities generally involve a greater degree of risk than investment grade securities. The amortized cost of CNA s non-investment grade fixed maturity securities was $2.8 billion and $3.1 billion at March 31, 2014 and December 31, 2013. The following table summarizes the ratings of these securities at fair value:

	March 31, 2014		December 31, 2013	
(In millions of dollars)				
BB	**$ 1,186**	**40.1%**	$ 1,393	42.9%
B	**904**	**30.6**	967	29.8
CCC-C	**634**	**21.4**	649	20.0
D	**235**	**7.9**	241	7.3
Total	**$ 2,959**	**100.0%**	$ 3,250	100.0%

The following table summarizes available-for-sale fixed maturity securities in a gross unrealized loss position by ratings distribution:

March 31, 2014	**Estimated Fair value**	**%**	**Gross Unrealized Losses**	**%**
(In millions of dollars)				
U.S. Government, Government agencies and Government-sponsored enterprises	**$ 819**	**14.4%**	**$ 54**	**20.1%**
AAA	**529**	**9.3**	**15**	**5.6**
AA	**1,375**	**24.2**	**117**	**43.7**
A	**1,044**	**18.4**	**26**	**9.7**
BBB	**1,434**	**25.2**	**41**	**15.3**
Non-investment grade	**487**	**8.5**	**15**	**5.6**
Total	**$ 5,688**	**100.0%**	**$ 268**	**100.0%**

The following table provides the maturity profile for these available-for-sale fixed maturity securities. Securities not due to mature on a single date are allocated based on weighted average life:

March 31, 2014	Estimated Fair value	%	Gross Unrealized Losses	%
(In millions of dollars)				
Due in one year or less	**$ 142**	**2.5%**	**$ 2**	**0.7%**
Due after one year through five years	**1,060**	**18.6**	**29**	**10.8**
Due after five years through ten years	**2,640**	**46.4**	**94**	**35.1**
Due after ten years	**1,846**	**32.5**	**143**	**53.4**
Total	**$ 5,688**	**100.0%**	**$ 268**	**100.0%**

Duration

A primary objective in the management of the investment portfolio is to optimize return relative to corresponding liabilities and respective liquidity needs. CNA s views on the current interest rate environment, tax regulations, asset class valuations, specific security issuer and broader industry segment conditions, and the domestic and global economic conditions, are some of the factors that enter into an investment decision. CNA also continually monitors exposure to issuers of securities held and broader industry sector exposures and may from time to time adjust such exposures based on its views of a specific issuer or industry sector.

A further consideration in the management of the investment portfolio is the characteristics of the corresponding liabilities and the ability to align the duration of the portfolio to those liabilities and to meet future liquidity needs, minimize interest rate risk and maintain a level of income sufficient to support the underlying insurance liabilities. For portfolios where future liability cash flows are determinable and typically long term in nature, CNA segregates

Table of Contents

investments for asset/liability management purposes. The segregated investments support the liabilities in Life & Group Non-Core including long term care products and structured settlements.

The effective durations of fixed maturity securities, short term investments and interest rate derivatives are presented in the table below. Short term investments are net of accounts payable and receivable amounts for securities purchased and sold, but not yet settled.

	March 31, 2014		December 31, 2013	
	Fair Value	**Effective Duration (Years)**	Fair Value	Effective Duration (Years)
(In millions of dollars)				
Investments supporting Life & Group				
Non-Core	**$ 13,174**	**11.5**	$ 15,009	11.3
Other interest sensitive investments	**28,017**	**4.3**	27,766	4.4
Total	**$ 41,191**	**6.6**	$ 42,775	6.9

The investment portfolio is periodically analyzed for changes in duration and related price change risk. Additionally, CNA periodically reviews the sensitivity of the portfolio to the level of foreign exchange rates and other factors that contribute to market price changes. A summary of these risks and specific analysis on changes is included in the Quantitative and Qualitative Disclosures about Market Risk in Item 7A of our Annual Report on Form 10-K for the year ended December 31, 2013.

Short Term Investments

The carrying value of the components of CNA s short term investment portfolio is presented in the following table:

	March 31, 2014	December 31, 2013
(In millions)		
Short term investments:		
Commercial paper	**$ 637**	$ 549
U.S. Treasury securities	**1,190**	636
Money market funds	**124**	94
Other	**119**	128
Total short term investments	**$ 2,070**	$ 1,407

FORWARD-LOOKING STATEMENTS

Investors are cautioned that certain statements contained in this Report as well as some statements in periodic press releases and some oral statements made by our officials and our subsidiaries during presentations about us, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (the Act). Forward-looking statements include, without limitation, any statement that may project, indicate or imply future results, events, performance or achievements, and may contain the words expect, intend, plan, anticipate, esti believe, will be, will continue, will likely result, and similar expressions. In addition, any statement concerning fu financial performance (including future revenues, earnings or growth rates), ongoing business strategies or prospects, and possible actions taken by us or our subsidiaries, which may be provided by management are also forward-looking statements as defined by the Act.

Forward-looking statements are based on current expectations and projections about future events and are inherently subject to a variety of risks and uncertainties, many of which are beyond our control, that could cause actual results to differ materially from those anticipated or projected. These risks and uncertainties include, among others:

Table of Contents

Risks and uncertainties primarily affecting us and our insurance subsidiaries

the risks and uncertainties associated with CNA s loss reserves, as outlined under Results of Operations by Business Segment CNA Financial Reserves Estimates and Uncertainties in our Annual Report on Form 10-K for the year ended December 31, 2013, including the sufficiency of the reserves and the possibility for future increases, which would be reflected in the results of operations in the period that the need for such adjustment is determined;

the risk that the other parties to the transaction in which, subject to certain limitations, CNA ceded its legacy A&EP liabilities will not fully perform their obligations to CNA, the uncertainty in estimating loss reserves for A&EP liabilities and the possible continued exposure of CNA to liabilities for A&EP claims that are not covered under the terms of the transaction;

the performance of reinsurance companies under reinsurance contracts with CNA;

the impact of competitive products, policies and pricing and the competitive environment in which CNA operates, including changes in CNA s book of business;

product and policy availability and demand and market responses, including the level of ability to obtain rate increases and decline or non-renew underpriced accounts, to achieve premium targets and profitability and to realize growth and retention estimates;

general economic and business conditions, including recessionary conditions that may decrease the size and number of CNA s insurance customers and create additional losses to CNA s lines of business, especially those that provide management and professional liability insurance, as well as surety bonds, to businesses engaged in real estate, financial services and professional services, and inflationary pressures on medical care costs, construction costs and other economic sectors that increase the severity of claims;

conditions in the capital and credit markets, including continuing uncertainty and instability in these markets, as well as the overall economy, and their impact on the returns, types, liquidity and valuation of CNA s investments;

conditions in the capital and credit markets that may limit CNA s ability to raise significant amounts of capital on favorable terms;

the possibility of changes in CNA s ratings by ratings agencies, including the inability to access certain markets or distribution channels, and the required collateralization of future payment obligations as a result of such changes, and changes in rating agency policies and practices;

regulatory limitations, impositions and restrictions upon CNA, including the effects of assessments and other surcharges for guaranty funds and second-injury funds, other mandatory pooling arrangements and future assessments levied on insurance companies;

regulatory limitations and restrictions, including limitations upon CNA s ability to receive dividends from its insurance subsidiaries imposed by regulatory authorities, including regulatory capital adequacy standards;

weather and other natural physical events, including the severity and frequency of storms, hail, snowfall and other winter conditions, natural disasters such as hurricanes and earthquakes, as well as climate change, including effects on global weather patterns, greenhouse gases, sea, land and air temperatures, sea levels, rain, hail and snow;

regulatory requirements imposed by coastal state regulators in the wake of hurricanes or other natural disasters, including limitations on the ability to exit markets or to non-renew, cancel or change terms and conditions in policies, as well as mandatory assessments to fund any shortfalls arising from the inability of quasi-governmental insurers to pay claims;

man-made disasters, including the possible occurrence of terrorist attacks and the effect of the absence or insufficiency of applicable terrorism legislation on coverages;

Table of Contents

the unpredictability of the nature, targets, severity or frequency of potential terrorist events, as well as the uncertainty as to CNA s ability to contain its terrorism exposure effectively; and

the occurrence of epidemics.

Risks and uncertainties primarily affecting us and our energy subsidiaries

the impact of changes in worldwide demand for oil and natural gas and oil and gas price fluctuations on E&P activity, including possible write-downs of the carrying value of natural gas and NGL properties and impairments of goodwill and reduced demand for offshore drilling services;

the effects of the Macondo well blowout;

timing and cost of completion of rig upgrades, construction projects and other capital projects, including delivery dates and drilling contracts;

changes in foreign and domestic oil and gas exploration, development and production activity;

risks of international operations, compliance with foreign laws and taxation policies and seizure, expropriation, nationalization, deprivation, malicious damage or other loss of possession or use of equipment and assets;

government policies regarding exploration and development of oil and gas reserves;

market conditions in the offshore oil and gas drilling industry, including utilization levels and dayrates;

timing and duration of required regulatory inspections for offshore oil and gas drilling rigs;

the worldwide political and military environment, including for example, in oil-producing regions and locations where Diamond Offshore s offshore drilling rigs are operating or are under construction;

the risk of physical damage to rigs and equipment caused by named windstorms in the U.S. Gulf of Mexico;

the availability, cost limits and adequacy of insurance and indemnification;

the impact of new pipelines or new gas supply sources on competition and basis spreads on Boardwalk Pipeline s pipeline systems, which may impact its ability to maintain or replace expiring gas transportation and storage contracts and to sell short term capacity on its pipelines;

the costs of maintaining and ensuring the integrity and reliability of Boardwalk Pipeline s pipeline systems;

the impact of current and future environmental laws and regulations and exposure to environmental liabilities including matters related to global climate change;

regulatory issues affecting natural gas transmission, including ratemaking and other proceedings particularly affecting Boardwalk Pipeline s gas transmission subsidiaries;

the timing, cost, scope and financial performance of Boardwalk Pipeline s recent, current and future acquisitions and growth projects, including the expansion into new product lines and geographical areas; and

the development of additional natural gas reserves and changes in reserve estimates.

Table of Contents

Risks and uncertainties affecting us and our subsidiaries generally

- general economic and business conditions;
- risks of war, military operations, other armed hostilities, terrorist acts or embargoes;
- potential changes in accounting policies by the Financial Accounting Standards Board, the Securities and Exchange Commission or regulatory agencies for any of our subsidiaries industries which may cause us or our subsidiaries to revise their financial accounting and/or disclosures in the future, and which may change the way analysts measure our and our subsidiaries business or financial performance;
- the impact of regulatory initiatives and compliance with governmental regulations, judicial rulings and jury verdicts;
- the results of financing efforts; by us and our subsidiaries, including any additional investments by us in our subsidiaries and the ability of us and our subsidiaries to access bank and capital markets to refinance indebtedness and fund capital needs;
- the ability of customers and suppliers to meet their obligations to us and our subsidiaries;
- the successful negotiation, consummation and completion of contemplated transactions, projects and agreements, including obtaining necessary regulatory approvals, and the timing cost, scope and financial performance of any such transactions, projects and agreements;
- the successful integration, transition and management of acquired businesses;
- the outcome of pending or future litigation, including any tobacco-related suits to which we are or may become a party;
- possible casualty losses;
- the availability of indemnification by Lorillard and its subsidiaries for any tobacco-related liabilities that we may incur as a result of tobacco-related lawsuits or otherwise, as provided in the Separation Agreement; and
- potential future asset impairments.

Developments in any of these or other areas of risk and uncertainty, which are more fully described elsewhere in this Report and our other filings with the SEC, could cause our results to differ materially from results that have been or may be anticipated or projected. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements. Forward-looking statements speak only as of the date of this Report and we expressly disclaim any obligation or undertaking to update these statements to reflect any change in our expectations or beliefs or any change in events, conditions or circumstances on which any forward-looking statement is based.

Table of Contents

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

There were no material changes in our market risk components for the three months ended March 31, 2014. See the Quantitative and Qualitative Disclosures about Market Risk included in Item 7A of our Annual Report on Form 10-K filed with the Securities and Exchange Commission for the year ended December 31, 2013 for further information. Additional information related to portfolio duration and market conditions is discussed in the Investments section of Management s Discussion and Analysis of Financial Condition and Results of Operations included in Part I, Item 2.

Item 4. Controls and Procedures.

The Company maintains a system of disclosure controls and procedures which are designed to ensure that information required to be disclosed by the Company in reports that it files or submits to the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the Exchange Act), including this report, is recorded, processed, summarized and reported on a timely basis. These disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed under the Exchange Act is accumulated and communicated to the Company s management on a timely basis to allow decisions regarding required disclosure.

The Company s principal executive officer (CEO) and principal financial officer (CFO) undertook an evaluation of the Company s disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this report. The CEO and CFO have concluded that the Company s disclosure controls and procedures were effective as of March 31, 2014.

There were no changes in the Company s internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) identified in connection with the foregoing evaluation that occurred during the quarter ended March 31, 2014 that have materially affected or that are reasonably likely to materially affect the Company s internal control over financial reporting.

Table of Contents

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

None.

Item 1A. Risk Factors.

Our Annual Report on Form 10-K for the year ended December 31, 2013 includes a detailed discussion of certain material risk factors facing our company. No updates or additions have been made to such risk factors as of March 31, 2014.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Items 2 (a) and (b) are inapplicable.

(c) STOCK REPURCHASES

Period	(a) Total number of shares purchased	(b) Average price paid per share	(c) Total number of shares purchased as part of publicly announced plans or programs	(d) Maximum number of shares (or approximate dollar value) of shares that may yet be purchased under the plans or programs (in millions)
January 1, 2014 - January 31, 2014	N/A	N/A	N/A	N/A
February 1, 2014 - February 28, 2014	N/A	N/A	N/A	N/A
March 1, 2014 - March 31, 2014	542,370	$43.84	N/A	N/A

Table of Contents

Item 6. Exhibits.

Description of Exhibit	Exhibit Number
Certification by the Chief Executive Officer of the Company pursuant to Rule 13a-14(a) and Rule 15d-14(a)	31.1*
Certification by the Chief Financial Officer of the Company pursuant to Rule 13a-14(a) and Rule 15d-14(a)	31.2*
Certification by the Chief Executive Officer of the Company pursuant to 18 U.S.C. Section 1350 (as adopted by Section 906 of the Sarbanes-Oxley Act of 2002)	32.1*
Certification by the Chief Financial Officer of the Company pursuant to 18 U.S.C. Section 1350 (as adopted by Section 906 of the Sarbanes-Oxley Act of 2002)	32.2*
XBRL Instance Document	101.INS *
XBRL Taxonomy Extension Schema	101.SCH *
XBRL Taxonomy Extension Calculation Linkbase	101.CAL *
XBRL Taxonomy Extension Definition Linkbase	101.DEF *
XBRL Taxonomy Label Linkbase	101.LAB *
XBRL Taxonomy Extension Presentation Linkbase	101.PRE *

*Filed herewith.

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

LOEWS CORPORATION
(Registrant)

Dated: April 29, 2014

By: /s/ Peter W. Keegan
PETER W. KEEGAN
Senior Vice President
and
Chief Financial Officer
(Duly authorized officer
and principal financial
officer)