

LOEWS CORP
Form DEF 14A
March 26, 2012

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

(Amendment No.)

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

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

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

Payment of filing fee (Check the appropriate box):

No fee required.
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- (1) Title of each class of securities to which transaction applies: N/A
- (2) Aggregate number of securities to which transaction applies: N/A
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): N/A
- (4) Proposed maximum aggregate value of transaction: N/A
- (5) Total fee paid: N/A

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 Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount previously paid: N/A
- (2) Form, Schedule or Registration Statement No.: N/A
- (3) Filing party: N/A
- (4) Date filed: N/A

667 Madison Avenue
New York, New York 10065-8087

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
To Be Held on May 8, 2012

The Annual Meeting of Shareholders of Loews Corporation will be held at the Loews Regency Hotel, 540 Park Avenue, New York, New York, on Tuesday, May 8, 2012, at 11:00 A.M. New York City time, for the following purposes:

- To elect thirteen directors;
- To approve, on an advisory basis, the company's executive compensation;
- To consider and act upon a proposal to approve the amended and restated Loews Corporation Stock Option Plan;
- To consider and act upon a proposal to approve the Loews Corporation Incentive Compensation Plan for Executive Officers;
- To ratify the appointment of our independent auditors for 2012; and
- To transact such other business as may properly come before the meeting or any adjournment thereof.

Shareholders of record at the close of business on March 14, 2012 are entitled to notice of and to vote at the meeting and any adjournment thereof.

By order of the Board of Directors,

GARY W. GARSON
Secretary

Dated: March 26, 2012

PLEASE VOTE AS PROMPTLY AS POSSIBLE BY USING THE INTERNET OR TELEPHONE, OR IF YOU RECEIVED A PAPER COPY OF THE PROXY MATERIALS, BY SIGNING, DATING AND RETURNING THE PROXY CARD INCLUDED THEREWITH.

LOEWS
CORPORATION

PROXY STATEMENT

We are providing this Proxy Statement in connection with the solicitation by our Board of Directors of proxies to be voted at our Annual Meeting of Shareholders, which will be held on May 8, 2012. Our mailing address is 667 Madison Avenue, New York, New York 10065-8087. Please note that throughout this Proxy Statement we refer to Loews Corporation as “we,” “us,” “our,” “Loews” or the “Company.”

Voting

As of March 14, 2012, the record date for determination of shareholders entitled to notice of and to vote at the meeting, there were 396,821,626 shares of our Common Stock outstanding. Each outstanding share of our Common Stock is entitled to one vote on all matters that may come before the meeting. All proxies properly voted in accordance with the instructions set forth below prior to the meeting will be voted at the meeting. You may revoke your proxy at any time before it is exercised by giving notice in writing to our Corporate Secretary, by granting a proxy bearing a later date or by voting in person at the meeting. Shares with respect to which a broker indicates that it does not have authority to vote on a matter will be considered “broker non-votes” and will not be counted as voting on such matter.

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

Votes Required to Adopt Other Proposals. The affirmative vote of shares representing a majority of the votes cast by the holders of shares present and entitled to vote is required to approve each of the other proposals to be voted on at the meeting. Shares that are voted to abstain on these matters will be considered present at the meeting, but since they are not affirmative votes for a proposal they will have the same effect as votes against the proposal. Broker non-votes will have no effect on the outcome of the voting.

Voting by Proxy. We expect to begin mailing to our shareholders proxy materials or an Important Notice Regarding the Availability of Proxy Materials (a “Notice”) containing instructions describing how to access our proxy materials, including this Proxy Statement and our Annual Report, and vote shares by the Internet or by telephone, on or about March 26, 2012. If you receive a Notice by mail you will not receive a printed copy of the proxy materials unless you specifically request it. Whether or not you plan to attend the meeting, you may submit a proxy to vote your shares by the Internet, telephone or mail as more fully described below:

- by the Internet: to submit your proxy by the Internet, go to www.proxyvote.com. You will need the 12 digit number included on your proxy card, voter instruction form or Notice;
-

- by telephone: to submit your proxy by telephone, registered shareholders should dial 1-800-690-6903 and follow the instructions. If your shares are held in “street name,” that is, you hold your shares in an account with a bank, broker or other holder of record, you should dial the phone number listed on your voter instruction form. You will need the 12 digit number included on your proxy card, voter instruction form or Notice; or
- by mail: if you are a holder of record and received your Proxy Statement and Annual Report by mail, you can vote by signing, dating and completing the proxy card included therewith and returning it by mail in the enclosed self-addressed envelope. If you received a Notice and wish to vote by traditional proxy card, you may receive a full set of the annual meeting materials at no charge through one of the following methods: (i) by the Internet at: www.proxyvote.com; (ii) by telephone at: 1-800-579-1639; or (iii) by e-mail at sendmaterial@proxyvote.com. Once you receive the Proxy Statement, Annual Report and proxy card, please sign, date and complete the proxy card and return it in the enclosed self-addressed envelope. No postage is necessary if the proxy card is mailed in the United States. If you hold your shares through a bank, broker or other nominee, it will give you separate instructions for voting your shares.

Voting in Person. All shareholders may vote in person at the meeting. You may also be represented by another person at the meeting by executing a proper proxy designating that person. If your shares are held in street name, you must obtain a valid proxy, executed in your favor, from your broker or other holder of record to be able to vote at the meeting.

Confidentiality. Our Board of Directors has adopted a policy of confidentiality regarding the voting of shares. Under this policy, all proxies, ballots and voting tabulations that identify how an individual shareholder has voted at the meeting will be kept confidential from us, except where disclosure is required by applicable law, a shareholder expressly requests disclosure, or in the case of a contested proxy solicitation. Proxy tabulators and inspectors of election will be employees of Broadridge Financial Solutions, Inc. or another third party and not our employees.

Principal Shareholders

The following table shows certain information, at March 1, 2012 unless otherwise indicated, as to all persons who, to our knowledge, were the beneficial owners of 5% or more of our Common Stock. All shares reported were owned beneficially by the persons indicated unless otherwise indicated below.

Name and Address	Amount Beneficially Owned	Percent of Class
Davis Selected Advisers, L.P. (1) 2949 Elvira Road, Suite 101 Tucson, AZ 85756	40,922,427	10.3%
Southeastern Asset Management, Inc. (2) 6410 Poplar Ave., Suite 900 Memphis, TN 38119	37,636,365	9.5
Joan H. Tisch (3)(4) c/o Barry L. Bloom 655 Madison Avenue New York, NY 10065	26,200,478	6.6

Wilma S. Tisch (4)(5)
c/o Barry L. Bloom
655 Madison Avenue
New York, NY 10065

20,364,597

5.1

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(1) This information is as of December 31, 2011 and is based on a Schedule 13G report filed jointly by Davis Selected Advisers, L.P. and Davis New York Venture Fund. According to the report, Davis Selected Advisers, L.P. has sole voting power with respect to 37,596,888 shares, and Davis New York Venture Fund does not have sole voting or dispositive power with respect to any shares. The statement was filed jointly with Davis New York Venture Fund to report that the number of shares beneficially owned by Davis New York Venture Fund has ceased to be more than 5% of the class.

(2) This information is as of December 31, 2011 and is based on a Schedule 13G report filed jointly by Southeastern Asset Management, Inc. and Mr. O. Mason Hawkins, its chairman and chief executive officer. According to the report, Southeastern Asset Management, Inc. has sole voting power with respect to 19,588,365 shares and sole dispositive power with respect to 23,783,365 shares, and Mr. O. Mason Hawkins does not have sole voting or dispositive power with respect to any shares.

(3) This information is as of December 31, 2011 and is based on a Schedule 13G report filed by Mrs. J.H. Tisch. According to the report, the amount beneficially owned includes 964,730 shares owned beneficially by Mrs. J.H. Tisch directly and 25,235,748 shares held by her as trustee of various trusts.

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

(5) This information is as of December 31, 2011 and is based on a Schedule 13G report filed by Mrs. W.S. Tisch. According to the report, the amount beneficially owned includes 3,494,843 shares owned beneficially by Mrs. W.S. Tisch directly and 16,869,754 shares held by her as trustee of various trusts.

Director and Officer Holdings

The following table shows certain information, at March 1, 2012, as to the shares of our Common Stock beneficially owned by each director and nominee, each executive officer named in the Summary Compensation Table below and all of our executive officers and directors as a group, based on data furnished by them. The number of shares included with respect to stock appreciation right ("SAR") awards granted under the Loews Corporation Stock Option Plan (our "Stock Option Plan") is the number of shares of our Common Stock each person would have received had such person exercised his or her SARs, based on the fair market value per share (\$39.25) of our Common Stock, calculated in accordance with the terms of our Stock Option Plan, on March 1, 2012.

Name	Amount Beneficially Owned (1)	Percent of Class
Lawrence S. Bacow	218 (2)	*
Ann E. Berman	14,912 (3)	*
Joseph L. Bower	25,526 (4)	*
Charles M. Diker	21,312 (5)	*
David B. Edelson	61,817 (6)	*
Jacob A. Frenkel	703 (2)	*
Paul J. Fribourg	23,112 (2)	*

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Walter L. Harris	19,212 (7)	*	
Peter W. Keegan	106,817 (8)	*	
Philip A. Laskawy	26,712 (9)	*	
Ken Miller	14,509 (10)	*	
Gloria R. Scott	218 (2)	*	
Andrew H. Tisch	14,555,097 (11)	3.7	%
James S. Tisch	15,223,093 (12)	3.8	
Jonathan M. Tisch	9,180,194 (13)	2.3	
All executive officers and directors as a group (19 persons including those listed above)	39,414,829 (14)	9.9	

* Represents less than 1% of the outstanding shares.

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

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

(3) Includes 4,212 shares issuable upon the exercise of awards granted under our Stock Option Plan that are currently exercisable, and 300 shares held by a charitable foundation as to which Ms. Berman has shared voting and investment power.

(4) Includes 21,912 shares issuable upon the exercise of awards granted under our Stock Option Plan that are currently exercisable.

(5) Includes 18,312 shares issuable upon the exercise of awards granted under our Stock Option Plan that are currently exercisable.

(6) Represents shares issuable upon the exercise of awards granted under our Stock Option Plan that are currently exercisable. In addition, Mr. Edelson owns beneficially 6,000 common units of Boardwalk Pipeline Partners, LP, a 61% owned subsidiary of the Company (“Boardwalk Pipeline”) and 2,000 shares of CNA Financial Corporation, a 90% owned subsidiary of the Company (“CNA”).

(7) Includes 13,212 shares issuable upon the exercise of awards granted under our Stock Option Plan that are currently exercisable. In addition, Mr. Harris owns beneficially 1,830 shares of CNA and 2,000 common units of Boardwalk Pipeline.

(8) Represents shares issuable upon the exercise of awards granted under our Stock Option Plan that are currently exercisable. In addition, Mr. Keegan owns beneficially 10,000 shares of CNA.

(9) Includes 20,712 shares issuable upon the exercise of awards granted under our Stock Option Plan that are currently exercisable and 6,000 shares owned beneficially by Mr. Laskawy’s wife. In addition, Mr. Laskawy owns beneficially 12,121 common units of Boardwalk Pipeline.

(10) Includes 2,509 shares issuable upon the exercise of awards granted under our Stock Option Plan that are currently exercisable. In addition, Mr. Miller owns beneficially 9,000 shares of CNA.

(11) Includes 202,423 shares issuable upon the exercise of awards granted under our Stock Option Plan that are currently exercisable. Also includes 14,282,674 shares held by trusts of which Mr. A.H. Tisch is the managing trustee (inclusive of 5,352,965 shares held in trust for his benefit), and 70,000 shares held by a charitable foundation as to which Mr. A.H. Tisch has shared voting and investment power. In addition, Mr. A.H. Tisch owns beneficially 284 shares of Diamond Offshore Drilling, Inc., a 50.4% owned subsidiary of the Company (“Diamond Offshore”), representing shares issuable upon the exercise of awards that are currently exercisable. He is also the managing trustee and beneficiary of a trust that owns beneficially 106,100 shares of CNA and is a trustee of trusts that own beneficially a 25% interest in general partnerships that own, in the aggregate, 324,200 common units of Boardwalk Pipeline.

(12) Includes 202,423 shares issuable upon the exercise of awards granted under our Stock Option Plan that are currently exercisable. Also includes 10,376,799 shares held by trusts of which Mr. J.S. Tisch is the managing trustee

(inclusive of 760,763 shares held in trust for his benefit), and 270,000 shares held by a charitable foundation as to which Mr. J.S. Tisch has shared voting and investment power. In addition, Mr. J.S. Tisch owns beneficially 29,135 shares of Diamond Offshore, including 24,135 shares issuable upon the exercise of awards that are currently exercisable. He is also the managing trustee and beneficiary of a trust that owns beneficially 106,100 shares of CNA and is a trustee of trusts that own beneficially a 25% interest in general partnerships that own, in the aggregate, 324,200 common units of Boardwalk Pipeline.

(13) Includes 202,423 shares issuable upon the exercise of awards granted under our Stock Option Plan that are currently exercisable. Also includes 8,827,771 shares held by trusts of which Mr. J.M. Tisch is the managing trustee (inclusive of 5,240,917 shares held in trust for his benefit) and 150,000 shares held by a charitable foundation as to which Mr. J.M. Tisch has shared voting and investment power.

(14) Includes 1,022,400 shares issuable upon the exercise of awards granted under our Stock Option Plan that are currently exercisable.

Section 16(a) Beneficial Ownership Reporting Compliance

Based upon a review of filings with the Securities and Exchange Commission and written representations to us, we believe that during 2011 all of our directors and executive officers complied with the reporting requirements of Section 16(a) of the Securities Exchange Act of 1934 (the "Exchange Act").

ELECTION OF DIRECTORS (Proposal No. 1)

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

Information about each nominee for director and the nominee's age, principal occupation during the past five years and other background information and individual qualifications and attributes are set forth below. Unless otherwise noted below, no entity related to a nominee is affiliated with the Company.

Lawrence S. Bacow, 60 – Fellow, Harvard College and President in Residence, Harvard Graduate School of Education since 2011. Dr. Bacow served as President of Tufts University from 2001 to 2011. He is also a director of Boston Properties, Inc. He has been a director of the Company since 2011.

Dr. Bacow's experience as an educator and as the President of Tufts University, coupled with his experience as having served as a consultant to a variety of companies and his service as a director of a public company provides him with a wealth of knowledge and experience which are valuable to our Board in its deliberations.

Ann E. Berman, 59 – Senior advisor to the president of Harvard University from April 2006 until June 2009. Ms. Berman is also a director of Eaton Vance Corporation and Cantel Medical Corp. She has been a director of the Company since 2006.

Ms. Berman's experience, including having served as Vice President of Finance and Chief Financial Officer of Harvard University, has provided her with a deep knowledge of the complex financial issues faced by large institutions such as the Company. In addition, her past service on the board of the Harvard Management Company, which oversees the management of Harvard's endowment, gives her extensive experience in dealing with investment portfolios such as the large and diverse investment portfolios maintained by the Company and its subsidiaries. This knowledge and experience qualifies her to serve as one of the two financial experts on our Board's Audit Committee.

Joseph L. Bower, 73 – Baker Foundation Professor of Business Administration at Harvard University. Professor Bower is also a director of Anika Therapeutics, Inc. and New America High Income Fund, Inc. He was also a director of Sonesta International Hotels Corporation from 1984 until 2012, Brown Shoe Company, Inc. from 1987 until 2011, and T H Lee-Putnam EO Fund from 2001 until 2009. He has been a director of the Company since 2001.

Professor Bower has served as a Professor of Business Administration for over 45 years. For many years his scholarship has had a particular emphasis on corporate management, organization and leadership. His study and knowledge in this area serve to enhance our Board's ability to fulfill its oversight responsibility with respect to the Company's management.

Charles M. Diker, 77 – Managing Partner of Diker Management LLC, a registered investment adviser. Mr. Diker is also the Chairman of the Board of Cantel Medical Corp., a provider of infection prevention and control products and other medical devices. He has been a director of the Company since 2003.

Mr. Diker has had wide-ranging experience in the investment advisory field, as well as in the management or on the boards of several operating businesses. This combination of experiences as an investment professional and a key executive at operating companies is a valuable attribute which Mr. Diker brings to our Board, particularly in light of the Company's varied investment and business interests.

Jacob A. Frenkel, 69 – Chairman of the Group of Thirty, a nonprofit consultative group on international economic and monetary affairs, and since 2009, Chairman of JPMorgan Chase International, the international unit of bank JPMorgan Chase & Co., and a member of the International Council of JPMorgan Chase & Co. Dr. Frenkel served as Vice Chairman of insurer American International Group, Inc. from 2004 until October 2009. He is also a director of Boston Properties, Inc. He has been a director of the Company since 2009.

Dr. Frenkel brings to our Board broad experience in international economic and monetary affairs. He has held senior executive positions at large financial institutions and governmental bodies, served as Governor of the Bank of Israel and also has served as a Professor of International Economics at the University of Chicago. This wide-ranging experience has provided Dr. Frenkel with valuable knowledge and skills which allow him to make important contributions to the work of our Board.

Paul J. Fribourg, 58 – Chairman of the Board, President and Chief Executive Officer of Continental Grain Company, a producer of pork and poultry products and provider of cattle feeding services. Mr. Fribourg is also a director of Estee Lauder Companies, Inc., Burger King Holdings, Inc. and Apollo Global Management, LLC. He was also a director of Smithfield Foods, Inc. from 2007 until 2009, Power Corporation of Canada from 2005 until 2008, Premium Standard Farms, Inc. from 1998 until 2007 and Vivendi Universal, S.A. from 2003 until 2006. He has been a director of the Company since 1997.

Mr. Fribourg has had extensive and practical, hands-on experience as the chief executive officer of Continental Grain Company, a major industrial company with broad international operations. This background gives Mr. Fribourg particular insight into many of the business decisions which come before our Board.

Walter L. Harris, 60 – Vice Chairman of Alliant Insurance Services, Inc. and President of its wholly-owned subsidiary, T&H Group, Inc. ("Alliant"), an insurance brokerage firm, since December 2010. Prior to December 2010, Mr. Harris served as President and Chief Executive Officer of Tanenbaum-Harber Co., Inc., now known as T&H Brokers, Inc. and a wholly-owned subsidiary of Alliant. He has been a director of the Company since 2004.

Mr. Harris has extensive experience and knowledge regarding the commercial insurance industry, which is particularly valuable to our Board in light of the Company's significant interest in the insurance industry as represented by one of our principal subsidiaries, CNA.

Philip A. Laskawy, 70 – Retired Chairman and Chief Executive Officer of Ernst & Young LLP. Mr. Laskawy is also a director of General Motors Corporation, Henry Schein, Inc., Lazard Ltd. and Federal National Mortgage Association (Fannie Mae). He was also a director of Discover Financial Services from 2007 until 2008 and The Progressive Corporation from 2001 until 2007. He has been a director of the Company since 2003.

Mr. Laskawy brings to our Board extensive knowledge of and skills in financial and accounting matters, having served as chairman and chief executive officer of one of the largest public accounting firms in the United States. This

qualifies him to serve as one of the two financial experts on our Board's Audit Committee. Financial and accounting issues are critical to the Company. Mr. Laskawy's knowledge and skills are valuable to our Board in understanding and dealing with these issues.

Ken Miller, 69 – President and Chief Executive Officer of Ken Miller Capital, LLC, a merchant banking firm. He has been a director of the Company since 2008.

Mr. Miller has served as a financier and financial advisor for most of his business career. His experience in having served as a director of a variety of companies, as well as his skills in evaluating businesses and his experience in providing advice to third parties on financial transactions and capital markets, serve our Board well.

Gloria R. Scott, 73 – Owner of consulting services firm G. Randle Services. She has been a director of the Company since 1990.

Dr. Scott has extensive experience in management at educational institutions, including having served as the president of Bennett College in Greensboro, North Carolina. In addition, she has broad experience in working with non-profit and charitable organizations, including service on the board of the National Urban League and as President of Girl Scouts USA. Her knowledge and experience allow her to provide a unique perspective for our Board in its deliberations.

Andrew H. Tisch, 62 – Co-Chairman of the Board since 2006, Chairman of the Executive Committee and a member of the Office of the President of the Company. He is also Chairman of the Board of Directors of K12 Inc. and a director of CNA, Diamond Offshore and of the general partner of Boardwalk Pipeline. He has been a director of the Company since 1985.

Mr. Tisch has served as a member of the Company's Office of the President since 1999, and prior to that time had served the Company in a number of executive positions. This experience has provided him with broad knowledge of and insight into the Company, its operations and the businesses in which it is engaged, and has enabled him to be instrumental in providing the Company with both strategic direction and operational oversight. Our Board and its Nominating Committee believes that his direct experience in managing the Company's business, as well as his institutional knowledge, is of critical importance to our Board in fulfilling its responsibilities.

James S. Tisch, 59 – President and Chief Executive Officer and a member of the Office of the President of the Company. He is also a director of General Electric Company, CNA and Chairman of the Board of Diamond Offshore. Mr. Tisch served as Chief Executive Officer of Diamond Offshore until May 2008. He has been a director of the Company since 1986.

Mr. Tisch has served as a member of the Company's Office of the President since 1999, and prior to that time had served the Company in a number of executive positions, giving him wide-ranging knowledge of the Company, its operations and the businesses in which it is engaged, and enabling him to be instrumental in providing the Company with both strategic direction and operational oversight. Our Board and its Nominating Committee believes that his direct experience in managing the Company's business, as well as his institutional knowledge, is of critical importance to our Board in fulfilling its responsibilities.

Jonathan M. Tisch, 58 – Co-Chairman of the Board of the Company since 2006, Chairman of Loews Hotels and a member of the Office of the President of the Company. Prior to January 2012, Mr. Tisch also served as Chief Executive Officer of Loews Hotels. He has been a director of the Company since 1986.

Mr. Tisch has served as a member of the Company's Office of the President since 1999, and prior to that time had served the Company in a number of executive positions. This experience has provided him with extensive knowledge of and insight into the Company, its operations and business, and has enabled him to be instrumental in providing the Company with strategic direction and operational oversight. Our Board and its Nominating Committee believes that

his direct experience in managing the Company's business, as well as his institutional knowledge, is of critical importance to our Board in fulfilling its responsibilities.

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Director Independence

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

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

- during the past three years the director has been an employee, or an immediate family member has been an executive officer, of the Company;
- the director or an immediate family member received, during any twelve month period within the past three years, more than \$120,000 in direct compensation from the Company, excluding director and committee fees, pension payments and certain forms of deferred compensation;
- the director is a current partner or employee or an immediate family member is a current partner of a firm that is the Company’s internal or external auditor, an immediate family member is a current employee of such a firm and personally works on the Company’s audit, or, within the last three years, the director or an immediate family member was a partner or employee of such a firm and personally worked on the Company’s audit within that time;
- the director or an immediate family member has at any time during the past three years been employed as an executive officer of another company where any of the Company’s present executive officers at the same time serves or served on that company’s compensation committee; or
- the director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three years, exceeded the greater of \$1 million, or 2% of the other company’s consolidated gross revenues.

In considering Dr. Frenkel’s independence, the Board noted that Dr. Frenkel serves as Chairman of JPMorgan Chase International, a unit of JPMorgan Chase & Co., where he concentrates on international strategy and global economic issues. From time to time, for many years, the Company has had commercial banking and investment banking relationships with JPMorgan Chase & Co. Dr. Frenkel has not had, and is not expected to have, any role in any current or potential future relationships between the Company and JPMorgan Chase & Co., or any material direct or indirect interest therein.

In considering Mr. Harris’s independence, the Board noted that Mr. Harris is an executive officer of Alliant, an insurance brokerage firm which provides services to Diamond Offshore and insurance company subsidiaries of CNA. Mr. Harris has informed the Company that the payments received by Alliant and Tanenbaum-Harber Co., Inc. from Diamond Offshore and CNA and its subsidiaries during each of the last three years were less than the greater of \$1 million or 2% of the consolidated gross revenues of Alliant for such years.

Committees of the Board

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

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

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

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

Nominating and Governance Committee. The primary functions of our Nominating and Governance Committee are to identify individuals qualified to become members of our Board of Directors, recommend to our Board a slate of director nominees for election at our next annual meeting of shareholders and develop and recommend to our Board a set of corporate governance principles. These corporate governance principles are set forth in our Corporate Governance Guidelines which can be found on our website at www.loews.com and are available in print to any shareholder who requests a copy by writing to our Corporate Secretary. The members of our Nominating and Governance Committee are Paul J. Fribourg (Chairman), Joseph L. Bower, Walter L. Harris, Ken Miller and Gloria R. Scott, each of whom is an Independent Director.

Code of Ethics

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

Executive Sessions of Non-Management Directors

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

Director Attendance at Meetings

During 2011 there were five meetings of our Board of Directors, six meetings of our Audit Committee, three meetings of our Compensation Committee and two meetings of our Nominating and Governance Committee. During 2011, each of our directors attended not less than 75% of the total number of meetings of our Board of Directors and committees of our Board on which that director served during 2011. Our Board encourages all directors to attend our annual meetings of shareholders, but recognizes that circumstances may prevent attendance from time to time. All of our directors then serving, except Jacob A. Frenkel, attended our 2011 Annual Meeting of Shareholders.

2011 Director Compensation

During 2011, our non-management directors received a retainer of \$25,000 and 1,500 SAR awards per quarter. In addition, members of our Audit Committee are paid \$2,000, and members of our Compensation Committee and Nominating and Governance Committee are paid \$1,000, for each committee meeting attended. In November 2011, our Board of Directors increased the grant of SAR awards to our non-management directors to 2,250 per quarter and established a retainer of \$5,000 per quarter for the chair of our Audit Committee and \$2,500 per quarter for the chair of each of our Compensation and Nominating and Government Committees, effective as of January 1, 2012. The following table shows information regarding the compensation of our non-management directors during the year ended December 31, 2011.

Name	Fees Earned or Paid in Cash	Option/SAR Awards (1)	Total
L.S. Bacow	\$50,000	\$29,532	\$79,532
A.E. Berman	112,000	54,192	166,192
J.L. Bower	117,000	54,192	171,192
C.M. Diker	113,000	54,192	167,192
J.A. Frenkel	100,000	54,192	154,192
P.J. Fribourg	115,000	54,192	169,192
W.L. Harris	114,000	54,192	168,192
P.A. Laskawy	112,000	54,192	166,192
K. Miller	114,000	54,192	168,192
G.R. Scott	114,000	54,192	168,192

(1) These amounts represent full grant date fair value of these awards, in accordance with the Financial Accounting Standards Board's ("FASB") ASC Topic 718. Assumptions used in the calculation of dollar amounts of these awards are included in Note 15 to our audited financial statements for the fiscal year ended December 31, 2011 included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 22, 2012 (our "2011

Annual Report”). At December 31, 2011, the aggregate number of stock option and SAR awards outstanding for each non-management director was as follows: Dr. L.S. Bacow, 3,000; Ms. A.E. Berman, 36,000; Prof. J.L. Bower, 53,700; Mr. C.M. Diker, 50,100; Dr. J.A. Frenkel, 13,500; Mr. P.J. Fribourg, 57,300; Mr. W.L. Harris, 45,000; Mr. P.A. Laskawy, 52,500; Mr. K. Miller, 21,000; and Dr. G.R. Scott, 15,000.

Director Nominating Process

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

In identifying, evaluating and nominating individuals to serve as directors, our Board and its Nominating and Governance Committee do not rely on any preconceived diversity guidelines or rules. Rather, our Board and its Nominating and Governance Committee believe that the Company is best served by directors with a wide range of perspectives, professional experiences, skills and other individual qualities and attributes.

Board Leadership Structure

Our Board's leadership structure consists of two Co-Chairmen of the Board, Andrew H. Tisch and Jonathan M. Tisch, both of whom are members of the Office of the President, and a Lead Director, who is also Chairman of its Nominating and Governance Committee, presently Paul J. Fribourg. The Company's Chief Executive Officer and third member of its Office of the President, James S. Tisch, does not serve in a formal leadership capacity on our Board.

Our Board believes that this structure provides input and guidance for the Board from both senior management, as represented by the members of the Office of the President, and the non-management directors, as represented by the Lead Director, which enable the Board to fulfill its oversight role. Our Board also believes that the exclusion of the Company's Chief Executive Officer from its leadership structure helps to achieve an appropriate balance between the differing perspectives of management and non-management directors during the course of its proceedings.

The Lead Director plays an important role in our Board's leadership structure. The non-management directors meet in executive session after each regular meeting of our Board. The Lead Director chairs these meetings of the non-management directors, in addition to serving as Chairman of the Nominating and Governance Committee, the principal Board committee charged with responsibility for the Board's leadership structure. In this dual role, the Lead Director facilitates the ability of non-management directors to fulfill their responsibilities and provides a structure for communicating any concerns that the non-management directors may have directly to the Company's senior management.

Board Oversight of Risk Management

Our Board recognizes the importance of understanding, evaluating and, to the extent practicable, managing enterprise risk in the financial health of all business enterprises, including the Company. As part of its oversight responsibility, at our Board's request the Company's management provides periodic reports to our Board which, among other things, seek to systematically identify the principal risks facing the Company and its subsidiaries, identify and evaluate policies and practices which promote a culture that actively balances risk and reward, and evaluate risk management practices. These reports enable the non-management directors to conduct meaningful and substantive discussions concerning these issues with senior management through the conduit of the Lead Director and during full Board deliberations.

AUDIT COMMITTEE REPORT

As discussed above under the heading “Committees of the Board – Audit Committee,” the primary role of the Board’s Audit Committee is to oversee the Company’s financial reporting process and manage its relationship with the independent auditors. In fulfilling its responsibilities, the Audit Committee has reviewed and discussed the Company’s audited financial statements for the year ended December 31, 2011 with the Company’s management and independent auditors. The Audit Committee has also discussed with the Company’s independent auditors the matters required to be

discussed by Statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1, AU Section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T regarding “Communication with Audit Committees.” In addition, the Audit Committee has discussed with the independent auditors their independence in relation to the Company and its management, including the matters in the written disclosures provided to the Audit Committee as required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent auditors’ communications with the Audit Committee concerning independence, and has determined that the provision of non-audit services provided by the auditors is compatible with maintaining the auditors’ independence. For more information about services provided by the auditors, please read “Audit Fees and Services,” below.

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

Based upon the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2011, which has been filed with the Securities and Exchange Commission.

By the Audit Committee:

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

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Overview: Pay for Performance. The objective of our executive compensation program is to attract and retain highly qualified executive officers and motivate them to provide a high level of performance for our shareholders.

The principal components of compensation for our Named Executive Officers (see the Summary Compensation Table, below) are:

- base salary;
- performance-based incentive compensation awards;
- equity-based stock appreciation rights; and

- retirement, medical and related benefits.

We believe in recognizing the performance of our executive officers primarily through fair and reasonable cash compensation made up of a fixed base salary and incentive compensation. The fixed base salary generally comprises less than half of the total potential cash compensation with the balance coming from our performance-based incentive compensation plan. In setting potential awards under that plan our Compensation Committee sets what it believes are reasonable target levels, but reserves to itself broad discretion to reduce or eliminate incentive compensation or to pay incentive compensation subject to pre-established maximums. In selecting these elements of executive compensation,

we have considered our historical compensation policies as they have evolved over the years, national surveys of executive compensation at comparable sized companies and the executive compensation programs of various companies engaged in businesses similar to ours and our principal subsidiaries' (although we do not benchmark our compensation to any particular group of companies), as well as applicable tax and accounting impacts of executive compensation. In addition, we have considered the advisory vote of our shareholders at the 2011 Annual Meeting approving our executive compensation program and have not implemented any material changes to our program.

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

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

Base Salary. The base salary for each of our Named Executive Officers has remained unchanged at approximately \$1 million per annum for at least the last five years. This reflects the impact of provisions of the Internal Revenue Code which limit the amount of compensation we may deduct for federal income tax purposes to \$1 million for each of certain of the Named Executive Officers, except to the extent such compensation is considered to be "performance-based," and the Compensation Committee's policy of maximizing the deductibility of compensation. See "Deductibility of Compensation under the Internal Revenue Code," below. In addition, the relative lower weight of base salary to performance-based compensation is consistent with the Compensation Committee's belief that performance-based compensation should be the greater part of the compensation of each of our Named Executive Officers.

Incentive Compensation Awards. The largest portion of the compensation of our Named Executive Officers in 2011 came from awards under our Incentive Compensation Plan for Executive Officers ("Incentive Compensation Plan"). This element of our compensation program makes a significant portion of the executive's annual compensation dependent on the Company's attainment of a pre-established level of net income. Under the Incentive Compensation Plan the Compensation Committee employs both quantitative factors – our attainment of the performance goal discussed below, and qualitative factors – the Committee's assessment of the individual's performance.

As more fully described below, under the terms of the Incentive Compensation Plan, the Compensation Committee in granting awards establishes a target amount and maximum award for each participant and retains full negative discretion to reduce awards despite the fact that funds may be available in the performance based pool. This allows the

Committee to review and evaluate each participant's performance in light of the year end results which, we believe, serves to discourage excessive risk taking. We believe the features of the Incentive Compensation Plan help align the interests of our executive officers with those of our shareholders.

Under the Incentive Compensation Plan, during the first quarter of each year our Compensation Committee establishes an annual performance bonus pool, expressed as a percentage of our Performance Based Income for that year. The performance bonus pool is not an expectation of the amount of bonuses that will, in fact, be paid. Performance Based Income is defined in the Incentive Compensation Plan to mean our consolidated net income as adjusted by the Committee

in its sole discretion to take into account specific factors that may impact our business, but which the Committee deems reasonable and appropriate to exclude or include. Among other things, the Committee may take into account the potential impact on our earnings of realized and unrealized investment gains and losses, accounting changes, acquisitions and dispositions, charges relating to litigation, charges relating to reserve strengthening and adverse development associated with prior accident years at CNA, catastrophes and changes in legislation or regulation.

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

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

For 2011, the Compensation Committee established a performance bonus pool of 4% of Performance Based Income, which it determined was an appropriate level to give it the ability to recognize the performance of plan participants, which includes all of the Company's executive officers, including the Named Executive Officers, while not unduly burdening the Company's financial position with potentially excessive compensation. There is no expectation that the entire performance bonus pool will, in fact, be awarded and paid out. The Committee's practice has been to pay bonuses amounting to only a fraction of the performance bonus pool. The potential for excessive compensation is further limited by the setting of target levels as well as absolute maximum amounts for each Named Executive Officer.

In allocating the performance bonus pool and setting the target award and maximum award for each Named Executive Officer, the Committee takes into account the factors described in "Overview: Pay for Performance" above, including primarily the individual's duties, expected performance of those duties and compensation history and the Company's goal of increasing shareholder value and reasonably rewarding superior performance while eschewing formula-driven plans which have the potential of providing unreasonably high compensation levels. With respect to each Named Executive Officer, other than the Chief Executive Officer, the Compensation Committee gives great weight to the recommendations of the Chief Executive Officer. The Committee relies on these qualitative factors, together with its discretion to reduce awards below the target award as well as to pay awards up to the maximum amount, and has determined not to establish specific, quantitative criteria or numerical formulas of performance measures. The 2011 target and maximum awards and the share of the performance bonus pool allocated to each Named Executive Officer are as follows:

Share of
4%

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Name	Bonus Pool Allocated	Target Award	Maximum Award
James S. Tisch	15.7%	\$2,975,000	\$3,950,000
Andrew H. Tisch	13.4	2,385,000	3,385,000
Jonathan M. Tisch	13.4	2,385,000	3,385,000
David B. Edelson	14.5	2,750,000	3,650,000
Peter W. Keegan	10.7	1,910,000	2,700,000

The Compensation Committee determined that Performance Based Income for 2011 would mean our consolidated net income, without taking into account the impact of several items. In making this determination, the Committee concluded that the impact of these items would not be appropriate in measuring performance, but, by reserving to itself the ability to exercise negative discretion to reduce an award otherwise earned, the Committee in effect retains the ability to take these items, and any other factors it deems relevant, into account in awarding incentive compensation. For 2011, Performance Based Income amounted to \$1,153 million compared to consolidated net income of \$1,064 million. The adjustments identified for 2011 and the reason for such adjustments, were:

- (1) The effect of accounting changes. This item was excluded for the following reasons: (i) by its nature it is not a cash item; (ii) it is not within the control of the Company or any Named Executive Officer, and (iii) it has the possibility of increasing or decreasing net income in ways that may not be predictable when Performance Based Income is established.
- (2) Net losses attributed to the impairment of goodwill. This item was excluded for the following reasons: (i) it is not a cash item, and (ii) under generally accepted accounting principles goodwill is accounted for under an impairment based model under which goodwill is subject to reduction, resulting in charges to income, based on a decline in fair value, but cannot be increased in subsequent periods if fair values rise.
- (3) Net losses attributed to any charges resulting from the application of the full cost ceiling limitation in relation to the valuation of proved reserves at HighMount Exploration & Production LLC (“HighMount”). This item was excluded for the following reasons: (i) it is not a cash item; (ii) it is based upon a measurement of proved reserves reflecting a price which does not take into account the long-lived nature of HighMount’s reserves; and (iii) like goodwill impairments, it cannot be increased in subsequent periods should prices rise.
- (4) Charges relating to reserve strengthening and adverse dividend or premium development at CNA associated with accident years prior to 2000 related to mass tort claims. The Compensation Committee determined to exclude these charges because it believes that reserve practices and decisions made prior to 2000 in this claim category where there has been significant and unanticipated adverse developments is not an appropriate measure of current performance.
- (5) Any net loss attributable to an increase in the asbestos and environmental pollution reserves, and related adverse dividend or premium development, associated with accident years prior to 2000, and any net income resulting from recognition of reinsurance benefits from the loss portfolio transfer transaction entered into by CNA in 2010 relating to asbestos and environmental pollution claims. In 2010, CNA entered into a loss portfolio transfer transaction pursuant to which virtually all of its legacy asbestos and environmental pollution liabilities were ceded to a reinsurer. Accordingly, the Compensation Committee determined that any remaining charges related to this pre-2001 legacy business, as well as any net income which may result from the reinsurance benefits relating to the lost portfolio transfer transaction, should not be considered when measuring current performance.
- (6) Charges relating to a loss portfolio transfer or other transaction that fixes or limits CNA’s exposure to its long term care liabilities. CNA placed its individual long term care business into run off in 2003 and, with limited exceptions, ceased writing group long term care policies for new group customers in 2004. The Compensation Committee believes that any charges from a transaction which would substantially mitigate CNA’s exposure from this legacy business should not be taken into account in measuring performance in 2011.
- (7) Realized gains and losses. The Compensation Committee determined to exclude both realized gains and realized losses since, at least to a certain extent, the decision to realize a gain or a loss could be a discretionary decision. Accordingly, by excluding realized gains and losses, any implication that an individual could be wrongly motivated in taking or failing to take a gain or loss in an effort to impact consolidated net income would be removed. In addition, a

significant component of the Company's realized investment gains and losses in recent years has included "other-than-temporary-impairments" of investment securities. As is the case with respect to goodwill impairments and charges relating to the ceiling test, these impairments can only result in charges; any subsequent increase in the market value of an impaired security can only be recognized if that security is sold.

(8) Catastrophe losses of CNA in excess of CNA's 2011 budgeted amount, but not less than such budgeted amount. The level of catastrophes that impact a property and casualty insurer is, of course, unpredictable and, accordingly, not an appropriate way to measure performance. On the other hand, Performance Based Income should not be increased just because of a low level of catastrophes in any year. The Compensation Committee believes that the amount for catastrophe losses budgeted at the beginning of each year – which at times has been higher or lower than the actual level of catastrophe losses – is preferable for measuring performance.

(9) Charges relating to the disposition, by judgment or settlement, of smoking and health related litigation. The Company's former subsidiary, Lorillard, Inc., has been subject to numerous claims for damages related to its cigarette business allegedly resulting from actions taken many years ago. In connection with the 2008 spin-off of Lorillard, Inc., Lorillard indemnified the Company from any and all claims relating to the operation of its business, including smoking and health claims. In light of this, the Compensation Committee determined that any charges of this nature would not be appropriate in determining Performance Based Income in awarding incentive compensation.

(10) Net income or loss attributable to changes in deferred income tax assets and liabilities resulting from a change in income tax rates in 2011. Several of the Company's subsidiaries, by the nature of their business, recognize significant deferred income tax assets and liabilities, which have accumulated over many years. A change in the income tax rate could have a significant impact on these deferred tax items and on the Company's net income since the impact in the year of this change would take into account the entire historical balance of deferred tax assets or liabilities. The Compensation Committee determined to exclude this item since any change in income tax rates is, of course, unpredictable and not within the Company's control, and the resulting impact on net income and loss would not be a suitable indication of an individual's performance.

(11) Gain or loss on disposal of discontinued operations (but not income from operations of the discontinued operations). The Compensation Committee determined to exclude both gains and losses from the disposal of discontinued operations in the belief that the results from a disposition, whether positive or negative, relate to the generally multi-year holding period of the asset disposed of even though recognized in the year of disposal. Thus any such gains or losses could distort net income in the year of disposition.

An integral part of the implementation of the Incentive Compensation Plan by the Compensation Committee is the retention by the Committee of negative discretion with respect to the award to each executive officer, allowing the Committee to reduce or eliminate any award notwithstanding the existence of Performance Based Income. This gives the Committee the flexibility to appropriately evaluate the performance of each executive officer in light of, not only the level of Performance Based Income, but in relation to the Company's consolidated net income and the individual's performance.

The Compensation Committee's determination to grant awards for each Named Executive Officer in the exercise of its business judgment is essentially qualitative, rather than formula-driven, and is based on the Committees' overall judgment of the individual's performance. However, in making its determination regarding the payment of awards for 2011, the Committee also considered, in addition to the factors used in setting the award levels at the beginning of the performance period, the following factors: (i) the fact that the Company's performance during the year reflected an increase in book value; (ii) the Committee's compensation philosophy against excessive or unreasonable compensation levels; (iii) an emphasis on consistent, long term, superior performance by the individual; (iv) the Committee's evaluation of the performance of each Named Executive Officer based on the direct observation of such performance, since each Named Executive Officer regularly reports to the Board on the Company's operations; (v) with respect to each Named Executive Officer, other than the Chief Executive Officer, executive sessions with the Chief Executive Officer in which each Named Executive Officer's performance is reviewed and evaluated; (vi) the ability of each Named Executive Officer and particularly the Chief Executive Officer, to demonstrate leadership and to encourage

growth initiatives at our subsidiaries; and (vii) the favorable rating agency actions with respect to the Company and CNA.

Based upon these factors, the Compensation Committee granted incentive compensation awards under the Incentive Compensation Plan to our Named Executive Officers at amounts equal to the 2011 targets. The amount awarded to our Named Executive Officers and to all participants in the Plan amounted to approximately 26.9% and 37.2%, respectively,

of the total amount available in the performance bonus pool. The awards under this Plan for each of the Named Executive Officers are included in the column entitled "Non-Equity Incentive Plan Compensation" on the Summary Compensation Table, below.

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

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

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

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

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

Employment Agreements. It has been our practice to maintain employment agreements with each member of the Office of the President: James S. Tisch, Andrew H. Tisch and Jonathan M. Tisch. Consistent with our compensation policies and our goal of maximizing the deductibility of compensation for federal income tax purposes, base salary under each employment agreement has been limited to \$975,000 per annum for each individual. The agreements provide that each individual shall participate in our Incentive Compensation Plan; however, the amount of any award which may be granted remains subject to the discretion of the Compensation Committee. In February 2012, the employment agreement with each of the members of the Office of the President was extended for an additional term of one year, to expire March 31, 2013. Our employment agreements with the members of the Office of the President contain no provision for severance on termination, or payment upon a change in control, nor do such agreements require us to provide any perquisites. We have no employment or other agreement relating to severance or payment upon a change of control with any of our other Named Executive Officers. Information concerning automobile-related perquisites provided to certain Named Executive Officers is provided in the Summary Compensation Table, below.

Employee Benefits. Our Company's Named Executive Officers also participate in benefit programs available to salaried employees generally, including our Employees Savings Plan under Section 401 (k) of the Internal Revenue Code, Retirement Plan and Benefit Equalization Plan. In addition, from time to time we have provided one or more Named Executive Officers with unfunded supplemental retirement benefits pursuant to the Supplemental Retirement Agreements that are described under the heading "Pension Plans" below. No supplemental retirement benefits were granted in 2011.

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

Deductibility of Compensation Under the Internal Revenue Code. Provisions of the Internal Revenue Code limit the amount of compensation paid to each of certain of our Named Executive Officers that we may deduct for federal income tax purposes to \$1 million, unless such compensation qualifies as “performance based” and meets other requirements under the Internal Revenue Code. Our policy is to maximize the deductibility of compensation to the extent reasonably practical and our Incentive Compensation Plan and Stock Option Plan are intended to meet the Internal Revenue Code requirement for deductibility. However, where the Compensation Committee, in the exercise of its business judgment, believes the performance of one or more of our Named Executive Officers warrants it, it may approve compensation, including bonuses, which is not deductible for tax purposes.

COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

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

By the Compensation Committee:

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

Compensation Committee Interlocks and Insider Participation

None of the members of our Compensation Committee has ever been an officer or employee of the Company, or is a participant in a transaction disclosed, or required to be disclosed, under the heading “Transactions with Related Persons,” below. None of our executive officers serves as a member of the compensation committee or board of directors of any entity that has an executive officer serving on our Compensation Committee or as a director of the Company.

2011 Summary Compensation Table

The following table shows information for the years indicated regarding the compensation of our Chief Executive Officer, Chief Financial Officer and each of our three other most highly compensated executive officers as of December 31, 2011, whom we refer to in this Proxy Statement as our “Named Executive Officers,” for services in all capacities to us and our subsidiaries.

Name and Position	Year	Salary	Option/SAR Awards (1)	Non-Equity Incentive Plan Compensation (2)	Changes in Pension Value and Nonqualified Deferred Compensation		All Other Compensation	Total
					Nonqualified Deferred Compensation (3)	All Other Compensation		
J.S. Tisch President, Chief Executive Officer, Office of the President	2011	\$975,000	\$1,103,931 (4)	\$2,975,000	\$4,220,119	\$816,178 (5)(6)		\$10,090,228
	2010	975,000	1,308,828 (4)	2,725,000	2,483,894	960,431		8,453,153
	2009	975,000	1,410,141 (4)	2,575,000	3,416,396	886,361		9,262,898
P.W. Keegan Chief Financial Officer, Senior Vice President	2011	990,000	400,782	1,910,000	417,528	23,700 (7)		3,742,010
	2010	990,000	386,955	1,710,000	415,934	23,700		3,526,589
	2009	990,000	491,660	1,570,000	473,928	23,700		3,549,288
A.H. Tisch Co-Chairman of the Board, Chairman of the Executive Committee, Office of the President	2011	975,000	549,784 (8)	2,385,000	3,554,323	101,116 (5)(9)		7,565,223
	2010	975,000	515,940	2,260,000	2,039,133	106,875		5,896,948
	2009	975,000	655,547	2,160,000	3,111,006	117,545		7,019,098
J.M. Tisch Co-Chairman of the Board, Chairman of Loews Hotels, Office of the President	2011	975,000	534,375	2,385,000	3,338,750	81,844 (5)(10)		7,314,969
	2010	975,000	515,940	2,260,000	1,921,801	70,533		5,743,274
	2009	975,000	655,547	2,160,000	3,508,027	62,361		7,360,935
D.B. Edelson	2011	975,000	400,782	2,750,000	373,495	23,550 (11)		4,522,827

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Senior Vice President	2010	975,000	386,955	2,600,000	234,160	23,550	4,219,665
	2009	975,000	491,660	2,500,000	260,222	23,550	4,250,432

(1) These amounts represent the aggregate grant date fair value computed in accordance with FASB ASC Topic 718, of awards granted pursuant to our Stock Option Plan through December 31, 2011, 2010 and 2009, respectively. Assumptions used in the calculation of dollar amounts of the 2011 awards are included in Note 15 to our audited financial statements for the fiscal year ended December 31, 2011 included in our 2011 Annual Report.

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

(3) These amounts represent the actuarial increase in the present value of each Named Executive Officer's retirement benefits under our retirement plans and supplemental retirement agreements as of December 31, 2011, 2010 and 2009 over the value of those benefits as of December 31, 2010, 2009 and 2008, respectively, all as determined using the same interest rate and other assumptions as those used in our financial statements.

(4) Includes \$569,556, \$792,888 and \$754,594, representing the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 for the fiscal years ended on December 31, 2011, 2010 and 2009, respectively, of awards pursuant to Diamond Offshore's stock option plan granted as compensation for service as chairman of the board of Diamond Offshore during 2011, 2010 and 2009, respectively. The aggregate grant date fair value of these awards was estimated using the Black-Scholes pricing model, assuming, with respect to the awards granted in each of 2011, 2010 and 2009 (a) an expected life of five (5) years; (b) an expected volatility of 30.37%, 35.99% and 37.24%, respectively; (c) a dividend yield of 0.76%, 0.70% and 0.62% respectively; and (d) a risk free interest rate of 1.54%, 1.88%, and 2.17%, respectively. Expected life and volatility of awards is based on historical data. The dividend yield is based on the current approved regular dividend rate in effect and the current market price at the time of grant. Risk free interest rates are determined using the U.S. Treasury yield curve at time of grant with a term equal to the expected life of the options and SARs. This information has been provided by Diamond Offshore.

(5) Includes the portion of the expense of a car and driver we provide to each member of our Office of the President attributable to personal use during 2011, as follows: (a) \$14,034 for Mr. J.S. Tisch; (b) \$18,441 for Mr. A.H. Tisch; and (c) \$58,294 for Mr. J.M. Tisch. These amounts represent

approximately 12%, 16% and 52% of our annual costs associated with the car and driver provided for Messrs. J.S. Tisch, A.H. Tisch and J.M. Tisch, respectively, in 2011.

(6) Includes (a) \$9,800, representing our contributions under our Employees Savings Plan for 2011; (b) \$13,750, representing additional cash compensation paid or applied to the cost of benefit choices under our flexible benefits plan, which may include, among other things, premiums on medical, dental, vision, life and disability insurance policies, for 2011; (c) \$60,000, representing director's fees paid by CNA for 2011; and (d) \$718,594 representing payments of cash made pursuant to anti-dilution adjustments under the terms of Diamond Offshore's stock option plan.

(7) Includes (a) \$9,800, representing our contributions under our Employees Savings Plan for 2011; and (b) \$13,900, representing additional cash compensation paid or applied to the cost of benefit choices under our flexible benefits plan, which may include, among other things, premiums on medical,