LOEWS CORP
Form DEF 14A
March 25, 2005

667 Madison Avenue
New York, New York 10021-8087

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
To Be Held on May 10, 2005

To the Shareholders:

The Annual Meeting of Shareholders of Loews Corporation (the "Company") will be held at The Regency Hotel, 540 Park Avenue, New York, New York, on Tuesday, May 10, 2005, at 11:00 A.M. New York City time, for the following purposes:

· To elect eleven directors;

· To ratify the appointment of the Company's independent auditors for 2005;

· To consider and act upon a proposal to approve the amended and restated Loews Corporation 2000 Stock Option Plan;

· To consider and act upon a proposal to approve the amended and restated Loews Corporation Incentive Compensation Plan for Executive Officers;

· To consider and act upon four shareholder proposals; 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, 2005 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 25, 2005

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

LOEWS CORPORATION

PROXY STATEMENT

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of Loews Corporation (the "Company") of proxies to be voted at the Annual Meeting of Shareholders of the Company to be held on May 10, 2005. All properly executed proxies in the accompanying form received by the Company prior to the meeting will be voted at the meeting. Any proxy may be revoked at any time before it is exercised by giving notice in writing to the Secretary of the Company, by granting a proxy bearing a later date or by voting in person. The Company expects to mail proxy materials to the shareholders on or about March 25, 2005. The mailing address of the Company is 667 Madison Avenue, New York, NewYork 10021-8087.

Voting

The Company has two classes of common stock outstanding and eligible to vote at the meeting, namely its Common Stock ("Common Stock") and Carolina Group stock ("Carolina Group stock"). As of March 14, 2005, the record date for determination of shareholders entitled to notice of and to vote at the meeting, there were 185,622,949 shares of Common Stock and 68,027,309 shares of Carolina Group stock outstanding. Each outstanding share of Common Stock is entitled to one vote and each outstanding share of Carolina Group stock is entitled to 1/10 of a vote on all matters which may come before the meeting. The election of directors will be determined by a plurality of the votes cast by the holders of shares present in person or by proxy and entitled to vote. Consequently, the eleven nominees who receive the greatest number of votes cast for election as directors will be elected as directors of the Company. Shares present which are properly withheld as to voting with respect to any one or more nominees, and shares present with respect to which a broker indicates that it does not have authority to vote ("broker non-votes"), will not be counted. 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 which 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 are not counted as present.

The Board of Directors of the Company has adopted a policy of confidentiality regarding the voting of shares. Under this policy, all proxies, ballots and voting tabulations in relation to the meeting that identify how an individual shareholder has voted will be kept confidential from the Company and its employees, 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 the Company's transfer agent or another third party, and not employees of the Company.

Principal Shareholders

The following table contains certain information, at February 28, 2005 unless otherwise indicated, as to all persons who, to the knowledge of the Company, were the beneficial owners of 5% or more of the outstanding shares of any class of the Company's voting securities. All shares reported were owned beneficially by the persons indicated unless otherwise set forth below.

Name and Address	Title of Class	Amount Beneficially Owned	Percent of Class
Wilma S. Tisch (1) . . . . 980 Fifth Avenue New York, NY 10021-8087	Common Stock	30,109,996 (2)	16.2%
Preston R. Tisch (1) . . . . 667 Madison Avenue New York, NY 10021-8087	Common Stock	29,361,377 (3)	15.8
Davis Selected Advisers, L.P. (4) . . . . 2949 Elvira Road, Suite 101 Tucson, AZ 85706	Common Stock	15,857,071	8.5
Dodge & Cox (5) . . . . One Sansome St., 35th Floor San Francisco, CA 94104	Common Stock	13,758,317	7.4
Brandes Investment Partners, LLC (6) 11988 El Camino Real Suite 500 San Diego, CA 92130	Common Stock	10,109,948	5.4
FMR Corp. ("FMR") (7) . . . . 82 Devonshire Street Boston, MA 02109	Carolina Group stock	5,356,800	7.9
AXA Financial, Inc. (8) . . . . 1290 Avenue of the Americas New York, NY 10104	Carolina Group stock	4,155,176	6.1

(1) Preston R. Tisch is Chairman of the Board of the Company. Wilma S. Tisch was the wife of Mr. P.R. Tisch's late brother, Laurence A. Tisch. James S. Tisch, President and Chief Executive Officer and a director of the Company, and Andrew H. Tisch, Chairman of the Executive Committee and a director of the Company, are sons of Mrs. Tisch and nephews of Mr. P.R. Tisch. Jonathan M. Tisch, Chairman and Chief Executive Officer of Loews Hotels and a director

of the Company, is the son of Mr. P.R. Tisch. Each of Messrs. J.S. Tisch, A.H. Tisch and J.M. Tisch are members of the Company's Office of the President.

(2) Includes 6,149,562 shares of Common Stock owned by Mrs. Tisch directly or as a nominated executrix of the estate of her late husband, Mr. L.A. Tisch. Also includes an aggregate of 23,960,434 shares of Common Stock beneficially owned by her sons, Andrew H. Tisch, Daniel R. Tisch, James S. Tisch and Thomas J. Tisch. Because of their family relationships, Mrs. Tisch and her sons have reported their ownership jointly, solely for informational purposes, in a statement on Schedule 13D filed with the Securities and Exchange Commission, but they have not affirmed that they constitute a "group" for any purpose, and each of them has expressly disclaimed beneficial ownership of any shares owned by the others.

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(3) Includes 1,292,915 shares owned beneficially by Mr. P.R. Tisch's wife, 4,419,072 shares held by Mr. P.R. Tisch as trustee of trusts for the benefit of his wife as to which he has sole voting and investment power and 4,000,000 shares held by a trust of which Mr. P.R. Tisch is the managing trustee and beneficiary.

(4) This information is as of December 31, 2004 and is based on a Schedule 13G report filed by Davis Selected Advisers, L.P., as an investment adviser.

(5) This information is as of December 31, 2004 and is based on a Schedule 13G report filed by Dodge & Cox. According to the report, the shares covered by this Schedule 13G are beneficially owned by clients of Dodge & Cox and Dodge & Cox has sole voting power only with respect to 13,566,917 shares.

(6) This information is as of December 31, 2004 and is based on a Schedule 13G report filed by Brandes Investment Partners, LLC. ("Brandes") as an investment adviser. This Schedule 13G report was filed jointly by Brandes and the following control persons of Brandes: Brandes Investment Partners, Inc., Brandes Worldwide Holdings, L.P., Charles H. Brandes, Glenn R. Carlson and Jeffrey A. Busby. Each of the control persons disclaims any direct ownership of the shares reported in the Schedule 13G, except for an amount that is substantially less than 1% of the Common Stock outstanding.

(7) This information is as of December 31, 2004 and is based on a Schedule 13G report filed by FMR Corp. ("FMR"). According to the report, Fidelity Management & Research Company ("Fidelity"), a subsidiary of FMR, acts as an investment advisor to various investment companies and is the beneficial owner of 5,243,000 of the shares reported, representing 7.7% of the Carolina Group stock outstanding. One such investment company, Fidelity Low Priced Stock Fund ("FLPSC"), owns 4,173,300 of these shares, representing 6.1% of the Carolina Group stock outstanding. This Schedule 13G report was filed jointly by FMR, Fidelity, FLPSC, Edward C. Johnson 3d and Abigail P. Johnson. Mr. Johnson is Chairman and Ms. Johnson is a director of FMR. Mr. Johnson owns 12.0% and Ms. Johnson owns 24.5% of the outstanding voting stock of FMR.

(8) This information is as of December 31, 2004 and is based on a Schedule 13G report filed by AXA Financial, Inc. According to the report, Alliance Capital Management L.P., a subsidiary of AXA Financial, Inc., acts as an investment advisor to various unaffiliated third-party client accounts and has sole voting power with respect to only 1,488,650 shares. This Schedule 13G report was filed jointly by AXA Financial, Inc., AXA and three French mutual insurance companies, as a group, as parent holding companies. Each of the filing parties disclaims beneficial ownership of the shares covered by this Schedule 13G.

Director and Officer Holdings

The following table sets forth certain information, at February 28, 2005, as to the shares of the Company's voting securities beneficially owned by each director and nominee, each executive officer named in the Summary Compensation Table below and all executive officers and directors of the Company as a group, based on data furnished by them.

Name	Title of Class	Amount Beneficially Owned (1)	Percent of Class
Joseph L. Bower	Common Stock	5,500 (2)	*
John Brademas	Common Stock	7,720 (3)	*
Charles M. Diker	Common Stock	3,700 (4)	*
Paul J. Fribourg	Common Stock	18,700 (5)	*
Walter L. Harris	Common Stock	2,000 (6)	*
Peter W. Keegan	Common Stock	52,500 (7)	*
Philip A. Laskawy	Common Stock	5,500 (8)	*
Arthur L. Rebell	Common Stock	37,500 (9)	*
Gloria R. Scott	Common Stock	5,100 (10)	*
Andrew H. Tisch	Common Stock	2,981,609 (11)	1.6%
James S. Tisch	Common Stock	3,182,608 (12)	1.7%
Jonathan M. Tisch	Common Stock	1,025,972 (13)	*
Preston R. Tisch	Common Stock	29,361,377 (14)	15.8%
All executive officers and directors as a group (15 persons including those listed above)	Common Stock	36,756,136 (15)	19.8%

* 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 5,500 shares issuable upon the exercise of options granted under the Loews Corporation 2000 Stock Option Plan (the "Stock Option Plan") which are currently exercisable.

(3) Includes 5,500 shares issuable upon the exercise of options granted under the Stock Option Plan which are currently exercisable.

(4) Includes 2,700 shares issuable upon the exercise of options granted under the Stock Option Plan which are currently exercisable.

(5) Includes 12,000 shares owned by an affiliate of ContiGroup Companies, Inc. ("ContiGroup"). Mr. Fribourg is an executive officer of ContiGroup. Mr. Fribourg disclaims beneficial ownership in these shares. Also includes 6,700 shares issuable upon the exercise of options granted under the Stock Option Plan which are currently exercisable.

(6) Includes 1,000 shares issuable upon the exercise of options granted under the Stock Option Plan which are currently exercisable. In addition, Mr. Harris owns beneficially 1,830 shares of CNA Financial Corporation, a 91% owned subsidiary of the Company ("CNA").

(7) Represents 52,500 shares issuable upon the exercise of options granted under the Stock Option Plan which are currently exercisable. In addition, Mr. Keegan owns beneficially 1,000 shares of Diamond Offshore Drilling, Inc., a 54% owned subsidiary of the Company ("Diamond Offshore").

(8) Includes 3,500 shares issuable upon the exercise of options granted under the Stock Option Plan which are currently exercisable and 2,000 shares owned beneficially by Mr. Laskawy's wife.

(9) Includes 37,500 shares issuable upon the exercise of options granted under the Stock Option Plan which are currently exercisable. In addition, Mr. Rebell owns beneficially 6,668 shares of CNA, including 1,654 shares with respect to which he has shared voting and investment power, and 8,000 shares of Diamond Offshore, including 7,500 shares issuable upon the exercise of options to purchase shares of Diamond Offshore which are currently exercisable.

(10) Represents 5,100 shares issuable upon the exercise of options granted under the Stock Option Plan which are currently exercisable.

(11) Includes 70,000 shares issuable upon the exercise of options granted under the Stock Option Plan which are currently exercisable. Also includes 1,844,783 shares held by trusts of which Mr. A.H. Tisch is the managing trustee and 50,000 shares held by a charitable foundation as to which Mr. A.H. Tisch has shared voting and investment power.

(12) Includes 70,000 shares issuable upon the exercise of options granted under the Stock Option Plan which are currently exercisable. Also includes 2,177,611 shares held by trusts of which Mr. J.S. Tisch is the managing trustee and 95,000 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 87,500 shares of Diamond Offshore, including 82,500 shares of Diamond Offshore issuable upon the exercise of options which are currently exercisable, and 6,100 shares of CNA held by a trust of which Mr. J.S. Tisch is the managing trustee and beneficiary.

(13) Includes 70,000 shares issuable upon the exercise of options granted under the Stock Option Plan which are currently exercisable. Also includes 750,972 shares held by a trust of which Mr. J.M. Tisch is the managing trustee and beneficiary and 105,000 shares held by a charitable foundation as to which Mr. J.M. Tisch has shared voting and investment power.

(14) Includes 1,292,915 shares owned beneficially by Mr. P.R. Tisch's wife, 4,419,072 shares held by Mr. P.R. Tisch as trustee of trusts for the benefit of his wife as to which he has sole voting and investment power and 4,000,000 shares held by a trust of which Mr. P.R. Tisch is the managing trustee and beneficiary.

(15) Includes 396,350 shares issuable upon the exercise of options granted under the Stock Option Plan which 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 that no other reports were required, the Company believes that during 2004 all of its directors and executive officers complied with the reporting requirements of Section 16(a) of the Securities Exchange Act of 1934.

ELECTION OF DIRECTORS
(Proposal No. 1)

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

Joseph L. Bower, 67 - Donald K. David Professor of Business Administration at Harvard University. Professor Bower is also a director of Anika Therapeutics, Inc., Brown Shoe Company, Inc., New America High Income Fund, Inc., Sonesta International Hotels Corporation and T H Lee-Putnam EO Fund. He has been a director of the Company since 2001.

John Brademas, 78 - President Emeritus of New York University. Dr. Brademas is also a director of Kos Pharmaceuticals, Inc. He has been a director of the Company since 1982.

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Charles M. Diker, 70 - Managing Partner of Diker Management LLC, a registered investment adviser. Mr. Diker is also the Chairman of the Board of Cantel Medical Corp., a provider of infection prevention and control products and other medical devices. He has been a director of the Company since 2003.

Paul J. Fribourg, 51 - Chairman of the Board, President and Chief Executive Officer of ContiGroup, a producer of pork and poultry products and provider of cattle feeding services. Mr. Fribourg is also a director of Premium Standard Farms, Inc. and Vivendi Universal, S.A. He has been a director of the Company since 1997.

Walter L. Harris, 53 - President and Chief Executive Officer of Tanenbaum-Harber Co., Inc., an insurance brokerage firm. He has been a director of the Company since 2004.

Philip A. Laskawy, 63 - Retired Chairman and Chief Executive Officer of Ernst & Young. Mr. Laskawy held the positions of Chairman and Chief Executive Officer of Ernst & Young until his retirement in 2001. Mr. Laskawy is also a director of General Motors Corporation, Henry Schein, Inc. and The Progressive Corporation. He has been a director of the Company since 2003.

Gloria R. Scott, 66 - Owner of consulting services firm G. Randle Services. Dr. Scott served as President of Bennett College in Greensboro, North Carolina until 2001. She has been a director of the Company since 1990.

Andrew H. Tisch, 55 - Chairman of the Executive Committee and a member of the Office of the President of the Company. Mr. Tisch is also a director of Texas Gas Transmission, LLC and Boardwalk Pipelines, LLC, each of which is a wholly owned subsidiary of the Company. He has been a director of the Company since 1985.

James S. Tisch, 52 - President and Chief Executive Officer and a member of the Office of the President of the Company. He is also a director of BKF Capital Group, Inc. and CNA and Chairman of the Board and Chief Executive Officer of Diamond Offshore. He has been a director of the Company since 1986.

Jonathan M. Tisch, 51 - Chairman and Chief Executive Officer of Loews Hotels since 2001 and a member of the Office of the President of the Company. Prior to 2001, Mr. Tisch had been President and Chief Executive Officer of Loews Hotels. He has been a director of the Company since 1986.

Preston R. Tisch, 78 - Chairman of the Board of the Company. Mr. Tisch is also a director of CNA. He has been a director of the Company since 1960, except for a period from 1986 to 1988 during which he resigned to serve as Postmaster General of the United States.

Director Independence

The Board of Directors has determined that the following directors, constituting a majority of the Company's directors and nominees, are independent under the listing standards of the New York Stock Exchange ("Independent Directors"): Joseph L. Bower, John Brademas, Charles M. Diker, Paul J. Fribourg, Walter L. Harris, Philip A. Laskawy and Gloria R. Scott. The Board considered all relevant facts and circumstances and applied the independence guidelines described below in determining that none of the Independent Directors has any material relationship with the Company or its subsidiaries.

The Board has established guidelines to assist it in determining director independence. Under the Board's guidelines, a director would not be considered independent if any of the following relationships exists: (i) during the past three years the director has been an employee, or an immediate family member has been an executive officer, of the Company; (ii) the director or an immediate family member received, during any twelve month period within the past three years, more than $100,000 in direct compensation from the Company, excluding director and committee fees, pension payments and certain forms of deferred compensation; (iii) the director is a current partner or employee or an immediate family member is a current partner of a firm that is the Company's internal or external auditor, or an immediate family member is a current employee of such a firm and participates in the firm's audit, assurance or tax compliance (but not tax planning) practice or, within the last three years, the director or an immediate family member was a partner or

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employee of such a firm and personally worked on the Company's audit within that time; (iv) 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 (v) the director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three years, exceeds the greater of $1 million, or 2% of the other company's consolidated gross revenues.

In making its determination, the Board also considered the commercial relationship of certain of the Company's subsidiaries and affiliates with Tanenbaum-Harber Co. Inc., of which Walter L. Harris is President and Chief Executive Officer, and certain of its affiliates, and determined that Mr. Harris meets all of the requirements described above for Independent Directors and does not otherwise have a material relationship with the Company.

Committees of the Board

The Company's Board of Directors has a standing Audit Committee, Compensation Committee, Nominating and Governance Committee, Executive Committee and Finance Committee. Each of the Audit Committee, Compensation Committee and Nominating and Governance Committee has a written charter which can be found on the Company's website at *www.loews.com* and is available in print to any shareholder who requests a copy by writing to the Company's Corporate Secretary.

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

The members of the Audit Committee are Paul J. Fribourg (Chairman), Charles M. Diker, Philip A. Laskawy 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. The Board has determined that Mr. Laskawy is a "financial expert" under the rules of the Securities and Exchange Commission and that his simultaneous service on the audit committees of three public companies, in addition to the Company's Audit Committee, does not impair his ability to effectively serve on the Company's Audit Committee.

Compensation Committee. The primary function of the Compensation Committee is to assist the Board of Directors in discharging its responsibilities relating to compensation of the Company's executives. These responsibilities include reviewing the Company's 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. The Compensation Committee determines and approves compensation for the Company's Chief Executive Officer and administers the Company's incentive and equity-based compensation plans. The members of the Compensation Committee are John Brademas (Chairman), Joseph L. Bower, Charles M. Diker and Paul J. Fribourg, each of whom is an Independent Director.

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

Director Nominating Process

In evaluating potential director nominees, including those identified by shareholders, for recommendation to the Board of Directors, the 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 the Company. 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. The 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. The Nominating and Governance Committee will retain full discretion in considering its nomination recommendations to the Board.

Executive Sessions of Non-Management Directors

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

Director Attendance at Meetings

During 2004 there were eight meetings of the Board of Directors, thirteen meetings of the Audit Committee, three meetings of the Compensation Committee and two meetings of the Nominating and Governance Committee. During 2004, each director of the Company attended not less than 75% of the total number of meetings of the Board of Directors and committees of the Board on which that director served. The Board encourages all directors to attend the Company's annual meeting of shareholders, but recognizes that circumstances may prevent attendance from time to time. All but one of the Company's directors then serving attended its 2004 Annual Meeting of Shareholders.

Director Compensation

Each director who is not an employee of the Company receives the following annual compensation: (i) a cash retainer of $50,000, payable in equal quarterly installments of $12,500 each; and (ii) options to purchase 2,000 shares of the Company's Common Stock, awarded in equal quarterly grants of 500 options each. In addition, members of the Audit Committee are paid $2,000 and members of the Compensation Committee and Nominating and Governance Committee are paid $1,000 for each committee meeting attended.

Code of Ethics

The Company has a Code of Business Conduct and Ethics which applies to all of the Company's directors, officers and employees, including the Company's principal executive officer, principal financial officer and principal accounting officer. This Code can be found on the Company's website at *www.loews.com* and is available in print to any shareholder who requests a copy by writing to the Company's Corporate Secretary. The Company intends to post changes to or waivers of this Code for its principal executive officer, principal financial officer and principal accounting officer on its website.

AUDIT COMMITTEE REPORT

As discussed above under the heading "Committees of the Board - Audit Committee," the primary role of the Board's Audit Committee is to oversee the Company's financial reporting process and manage its relationship with the independent auditors. In fulfilling its responsibilities, the Audit Committee has reviewed and discussed the Company's audited financial statements for the year ended December 31, 2004 with the Company's management and independent auditors. The Audit Committee has also discussed with the Company's independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61, "Communication with Audit Committees," as amended. In addition, the Audit Committee has discussed with the independent auditors their independence in relation to the Company and its management, including the matters in the written disclosures provided to the Audit Committee as required by Independence Standards Board Standard No. 1, "Independence Discussions with Audit Committees," and has determined that the provision of non-audit services provided by the auditors is compatible with maintaining the auditors' independence. (See "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, 2004, which has been filed with the Securities and Exchange Commission.

By the Audit Committee:

Paul J. Fribourg, Chairman
Charles M. Diker
Philip A. Laskawy
Gloria R. Scott

EXECUTIVE COMPENSATION

The following table sets forth information for the years indicated regarding the compensation of the Chief Executive Officer and each of the other four most highly compensated executive officers of the Company as of December 31, 2004 (the "Named Executive Officers") for services in all capacities to the Company and its subsidiaries.

SUMMARY COMPENSATION TABLE

		Annual Compensation		Long Term Compensation	
Name and Position	**Year**	**Salary (1)**	**Bonus**	**Securities Underlying Options**	**All Other Compensation (2)**
J.S. Tisch Chief Executive Officer, Office of the President	2004	$1,279,831(3)	$ 1,050,000(4)	20,000	$ 49,705(5)
	2003	1,108,619(3)	250,000(4)	20,000	48,711(5)
	2002	1,208,711(3)	850,000(4)	20,000	48,336(5)
A.H. Tisch Chairman of the Executive Committee, Office of the President	2004	979,831	1,050,000(4)	20,000	7,641
	2003	808,619	250,000(4)	20,000	8,368
	2002	908,711	850,000(4)	20,000	8,547
J.M. Tisch Chairman and Chief Executive Officer of Loews Hotels, Office of the President	2004	979,831	1,050,000(4)	20,000	7,524
	2003	808,619	250,000(4)	20,000	8,276
	2002	908,711	850,000(4)	20,000	7,826
A.L. Rebell Senior Vice President (6)	2004	980,144	2,000,000(7)	15,000	6,900
	2003	981,696	200,000(7)	15,000	8,000
	2002	982,121	1,650,000(7)	15,000	7,700
P.W. Keegan Senior Vice President, Chief Financial Officer	2004	995,253	500,000(8)	15,000	6,877
	2003	995,322	150,000(8)	15,000	8,000
	2002	995,672	75,000(8)	15,000	7,677

(1) Salary includes payments to the Named Executive Officer based on benefit choices under the Company's flexible benefits plan.

(2) Except as otherwise noted, represents the annual contribution under the Company's Employees Savings Plan and any related allocation under the Company's Benefit Equalization Plan.

(3) Includes annual compensation for services as chief executive officer of Diamond Offshore of $300,000.

(4) Represents unfunded supplemental retirement credits of $250,000 each (exclusive of interest and pay-based credits) in 2002, 2003 and 2004 pursuant to a supplemental retirement agreement (see “Pension Plan,” below) and payouts of $800,000 and $600,000 for 2004 and 2002, respectively, under the Company’s Incentive Compensation Plan for Executive Officers (the “Incentive Compensation Plan”).

(5) Also includes director’s fees paid by CNA amounting to $35,000 for 2004 and $33,000 for each of 2003 and 2002, and insurance premiums and retirement plan contributions paid by Diamond Offshore of $7,181, $7,434 and $7,509 for 2004, 2003 and 2002, respectively.

(6) Prior to July 2003, Mr. Rebell was also the Company's Chief Investment Officer.

(7) Represents unfunded supplemental retirement credits of $1,000,000 and $200,000 (exclusive of interest and pay-based credits) in 2004 and 2003, respectively, pursuant to a supplemental retirement agreement, and payouts of $1,000,000 and $1,650,000 for 2004 and 2002, respectively, under the Incentive Compensation Plan.

(8) Represents unfunded supplemental retirement credits of $500,000 and $150,000 (exclusive of interest based credits) in 2004 and 2003, respectively, pursuant to a supplemental retirement agreement, and a payout of $75,000 for 2002 under the Incentive Compensation Plan.

Equity Compensation Plan Information

The following tables provide information regarding securities authorized for issuance under the Company's equity compensation plans as of December 31, 2004.

EQUITY COMPENSATION PLAN INFORMATION
FOR COMMON STOCK

	Number of Securities