UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2010

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Transition Period From ___________ to ___________

Commission File Number 1-6541

LOEWS CORPORATION

(Exact name of registrant as specified in its charter)

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

667 Madison Avenue, New York, N.Y. 10065-8087
(Address of principal executive offices) (Zip Code)

(212) 521-2000
(Registrant's telephone number, including area code)

NOT APPLICABLE
(Former name, former address and former fiscal year, if changed since last report)

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

Yes ☒ No ☐

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

Yes ☒ No ☐ Not Applicable ☐

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

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

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

Yes ☐ No ☒

Class	Outstanding at October 22, 2010
Common stock, $0.01 par value	416,215,016 shares

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

Loews Corporation and Subsidiaries
CONSOLIDATED CONDENSED BALANCE SHEETS
(Unaudited)

(Dollar amounts in millions, except per share data)	September 30, 2010	December 31, 2009
Assets:		
Investments:		
Fixed maturities, amortized cost of $36,668 and $35,824	$ 38,919	$ 35,816
Equity securities, cost of $937 and $943	1,078	1,007
Limited partnership investments	2,648	1,996
Other invested assets	98	
Short term investments	6,099	7,215
Total investments	48,842	46,034
Cash	132	190
Receivables	11,091	10,212
Property, plant and equipment	12,619	13,274
Deferred income taxes		627
Goodwill	856	856
Other assets	1,723	1,346
Deferred acquisition costs of insurance subsidiaries	1,096	1,108
Separate account business	462	423
Total assets	$ 76,821	$ 74,070
Liabilities and Equity:		
Insurance reserves:		
Claim and claim adjustment expense	$ 25,783	$ 26,816
Future policy benefits	8,372	7,981
Unearned premiums	3,265	3,274
Policyholders' funds	164	192
Total insurance reserves	37,584	38,263
Payable to brokers	968	540
Short term debt	647	10
Long term debt	8,829	9,475
Deferred income taxes	557	
Other liabilities	4,275	4,274
Separate account business	462	423
Total liabilities	53,322	52,985
Preferred stock, $0.10 par value:		
Authorized – 100,000,000 shares		
Common stock, $0.01 par value:		
Authorized – 1,800,000,000 shares		
Issued – 425,805,625 and 425,497,522 shares	4	4
Additional paid-in capital	3,758	3,637
Retained earnings	14,433	13,693
Accumulated other comprehensive income (loss)	1,017	(419)
	19,212	16,915
Less treasury stock, at cost (9,613,700 and 427,200 shares)	(353)	(16)
Total shareholders' equity	18,859	16,899
Noncontrolling interests	4,640	4,186
Total equity	23,499	21,085
Total liabilities and equity	$ 76,821	$ 74,070

See accompanying Notes to Consolidated Condensed Financial Statements.

Loews Corporation and Subsidiaries
CONSOLIDATED CONDENSED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	**2010**	2009
(In millions, except per share data)				
Revenues:				
Insurance premiums	**$ 1,645**	$ 1,707	**$ 4,868**	$ 5,035
Net investment income	**654**	726	**1,797**	1,908
Investment gains (losses):				
Other-than-temporary impairment losses	**(41)**	(232)	**(189)**	(1,330)
Portion of other-than-temporary impairment losses recognized in Other comprehensive income (loss)	**(3)**	84	**28**	173
Net impairment losses recognized in earnings	**(44)**	(148)	**(161)**	(1,157)
Other net investment gains	**106**	48	**255**	229
Total investment gains (losses)	**62**	(100)	**94**	(928)
Contract drilling revenues	**749**	885	**2,405**	2,664
Other	**591**	520	**1,736**	1,616
Total	**3,701**	3,738	**10,900**	10,295
Expenses:				
Insurance claims and policyholders' benefits	**1,343**	1,282	**3,798**	3,919
Amortization of deferred acquisition costs	**351**	365	**1,038**	1,063
Contract drilling expenses	**355**	307	**1,009**	907
Impairment of natural gas and oil properties				1,036
Other operating expenses (Note 5)	**1,267**	709	**2,714**	2,202
Interest	**127**	117	**384**	321
Total	**3,443**	2,780	**8,943**	9,448
Income before income tax	**258**	958	**1,957**	847
Income tax expense	**(84)**	(266)	**(619)**	(68)
Income from continuing operations	**174**	692	**1,338**	779
Discontinued operations, net (Note 5)	**(22)**	(1)	**(21)**	(2)
Net income	**152**	691	**1,317**	777
Amounts attributable to noncontrolling interests	**(116)**	(223)	**(495)**	(616)
Net income attributable to Loews Corporation	**$ 36**	$ 468	**$ 822**	$ 161
Net income attributable to:				
Loews common stock:				
Income from continuing operations	**$ 56**	$ 469	**$ 841**	$ 163
Discontinued operations, net	**(20)**	(1)	**(19)**	(2)
Net income	**$ 36**	$ 468	$ 822	$ 161
Basic and diluted net income per share:				
Income from continuing operations	**$ 0.13**	$ 1.08	**$ 2.00**	$ 0.37
Discontinued operations, net	**(0.04)**		**(0.04)**	
Net income	**$ 0.09**	$ 1.08	**$ 1.96**	$ 0.37
Dividends per share	**$ 0.0625**	$ 0.0625	**$ 0.1875**	$ 0.1875
Weighted-average shares outstanding:				
Common stock	**417.67**	432.75	**419.67**	434.30
Dilutive potential shares of common stock	**0.80**	0.73	**0.80**	0.59
Total weighted-average shares outstanding assuming dilution	**418.47**	433.48	**420.47**	434.89

See accompanying Notes to Consolidated Condensed Financial Statements.

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Loews Corporation and Subsidiaries
CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	**2010**	2009
(In millions)				
Net income	**$ 152**	$ 691	**$ 1,317**	$ 777
Other comprehensive income (loss)				
Changes in:				
Net unrealized gains (losses) on investments with other- than-temporary impairments	**39**	(36)	**81**	(70)
Net other unrealized gains on investments	**720**	1,893	**1,400**	3,784
Total unrealized gains on available-for-sale investments	**759**	1,857	**1,481**	3,714
Unrealized gains (losses) on cash flow hedges	**15**	(55)	**82**	(52)
Foreign currency	**38**	39	**44**	109
Pension liability	**(2)**	3	**2**	3
Other comprehensive income	**810**	1,844	**1,609**	3,774
Comprehensive income	**962**	2,535	**2,926**	4,551
Amounts attributable to noncontrolling interests	**(206)**	(424)	**(671)**	(1,024)
Total comprehensive income attributable to Loews Corporation	**$ 756**	$ 2,111	**$ 2,255**	$ 3,527

See accompanying Notes to Consolidated Condensed Financial Statements.

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Loews Corporation and Subsidiaries
CONSOLIDATED CONDENSED STATEMENT OF EQUITY
(Unaudited)

		Loews Corporation Shareholders					
	Total	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Common Stock Held in Treasury	Noncontrolling Interests
(In millions)							
Balance, January 1, 2010	$21,085	$ 4	$ 3,637	$ 13,693	$ (419)	$ (16)	$ 4,186
Sale of subsidiary common units	279		83		1		195
Net income	1,317			822			495
Other comprehensive income	1,609				1,433		176
Dividends paid	(476)			(79)			(397)
Purchase of Loews treasury stock	(337)					(337)	
Issuance of Loews common stock	5		5				
Stock-based compensation	17		15				2
Other	—		18	(3)	2		(17)
Balance, September 30, 2010	$23,499	$ 4	$ 3,758	$ 14,433	$ 1,017	$ (353)	$ 4,640

See accompanying Notes to Consolidated Condensed Financial Statements.

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Loews Corporation and Subsidiaries
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

Nine Months Ended September 30 (In millions)	2010	2009
Operating Activities:		
Net income	$ 1,317	$ 777
Adjustments to reconcile net income to net cash provided by operating activities, net	640	2,183
Changes in operating assets and liabilities, net:		
Reinsurance receivables	(545)	760
Other receivables	(38)	(217)
Deferred acquisition costs	12	(13)
Insurance reserves	(563)	(488)
Other liabilities	28	(184)
Trading securities	243	96
Other, net	(110)	(134)
Net cash flow operating activities – continuing operations	984	2,780
Net cash flow operating activities – discontinued operations	(89)	(16)
Net cash flow operating activities – total	895	2,764
Investing Activities:		
Purchases of fixed maturities	(12,981)	(18,099)
Proceeds from sales of fixed maturities	9,263	15,507
Proceeds from maturities of fixed maturities	2,891	2,568
Purchases of equity securities	(92)	(262)
Proceeds from sales of equity securities	215	511
Purchases of property, plant and equipment	(670)	(2,170)
Dispositions	789	37
Change in short term investments	629	(799)
Change in other investments	(552)	6
Other, net	7	(2)
Net cash flow investing activities – continuing operations	(501)	(2,703)
Net cash flow investing activities – discontinued operations	75	16
Net cash flow investing activities – total	(426)	(2,687)

See accompanying Notes to Consolidated Condensed Financial Statements.

Loews Corporation and Subsidiaries
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

Nine Months Ended September 30 (In millions)	2010	2009
Financing Activities:		
Dividends paid	$ (79)	$ (81)
Dividends paid to noncontrolling interests	(397)	(482)
Purchases of treasury shares	(351)	(143)
Issuance of common stock	5	5
Proceeds from sale of subsidiary stock	337	180
Principal payments on debt	(659)	(568)
Issuance of debt	645	1,014
Policyholders’ investment contract net deposits (withdrawals)	(8)	(7)
Other, net	(20)	22
Net cash flow financing activities – continuing operations	(527)	(60)
Net cash flow financing activities – discontinued operations		
Net cash flow financing activities – total	(527)	(60)
Effect of foreign exchange rate on cash		8
Net change in cash	(58)	25
Net cash transactions:		
From continuing operations to discontinued operations	(14)	
To discontinued operations from continuing operations	14	
Cash, beginning of period	190	131
Cash, end of period	$ 132	$ 156
Cash, end of period:		
Continuing operations	$ 132	$ 156
Discontinued operations		
Total	$ 132	$ 156

See accompanying Notes to Consolidated Condensed Financial Statements.

Loews Corporation and Subsidiaries
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(Unaudited)

1. Basis of Presentation

Loews Corporation is a holding company. Its subsidiaries are engaged in the following lines of business: commercial property and casualty insurance (CNA Financial Corporation ("CNA"), a 90% owned subsidiary); the operation of offshore oil and gas drilling rigs (Diamond Offshore Drilling, Inc. ("Diamond Offshore"), a 50.4% owned subsidiary); exploration, production and marketing of natural gas and natural gas liquids (HighMount Exploration & Production LLC ("HighMount"), a wholly owned subsidiary); the operation of interstate natural gas pipeline systems (Boardwalk Pipeline Partners, LP ("Boardwalk Pipeline"), a 66% owned subsidiary); and the operation of hotels (Loews Hotels Holding Corporation ("Loews Hotels"), a wholly owned subsidiary). In the first quarter of 2010 the Company sold 11.5 million common units of its subsidiary, Boardwalk Pipeline, for $333 million, reducing the Company's ownership interest from 72% to 66%. Unless the context otherwise requires, the terms "Company," "Loews" and "Registrant" as used herein mean Loews Corporation excluding its subsidiaries and the term "Net income (loss) – Loews" as used herein means Net income (loss) attributable to Loews Corporation.

In the opinion of management, the accompanying unaudited Consolidated Condensed Financial Statements reflect all adjustments (consisting of only normal recurring accruals) necessary to present fairly the financial position as of September 30, 2010 and December 31, 2009 and the results of operations and comprehensive income for the three and nine months ended September 30, 2010 and 2009 and changes in cash flows for the nine months ended September 30, 2010 and 2009.

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

Reference is made to the Notes to Consolidated Financial Statements in the 2009 Annual Report on Form 10-K which should be read in conjunction with these Consolidated Condensed Financial Statements.

The Company presents basic and diluted earnings per share on the Consolidated Condensed Statements of Income. Basic earnings per share excludes dilution and is computed by dividing net income (loss) attributable to common stock by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock. Stock appreciation rights ("SARs") of 2.6 million shares were not included in the diluted weighted average shares amount for the three and nine months ended September 30, 2010 due to the exercise price being greater than the average stock price. For the three and nine months ended September 30, 2009, 3.1 and 3.3 million shares, consisting of stock options and SARs, are not included in the diluted weighted average shares amount as their effects are antidilutive.

In August of 2010, CNA issued $500 million of 5.875% senior notes due August 15, 2020.

Sale of Assets – On April 30, 2010, HighMount completed the sale of exploration and production assets located in the Antrim Shale in Michigan and on May 28, 2010, HighMount completed the sale of exploration and production assets located in the Black Warrior Basin in Alabama. These sales did not have a material impact on the Consolidated Condensed Statements of Income. HighMount used the net proceeds from the sale, of approximately $500 million, to reduce the outstanding debt under its term loans.

On July 7, 2010, Diamond Offshore completed the sale of one of its high performance, premium jack-up drilling rigs, the *Ocean Shield*, and recognized a pretax gain of approximately $31 million in the third quarter of 2010.

Accounting changes – In March of 2010, the Financial Accounting Standards Board ("FASB") issued updated accounting guidance which amended the accounting and reporting requirements related to derivatives to provide clarifying language regarding when embedded credit derivative features, including those in synthetic collateralized debt and loan obligations, are considered embedded derivatives subject to potential bifurcation. The adoption of this updated accounting guidance as of July 1, 2010 did not have a material impact on the Company's financial condition or results of operations.

In June of 2009, the FASB issued updated accounting guidance which amended the requirements for determination of the primary beneficiary of a variable interest entity, required an ongoing assessment of whether an entity is the primary beneficiary and required enhanced interim and annual disclosures. The updated accounting guidance became effective for quarterly and annual reporting periods beginning after November 15, 2009, except for investment company type entities for which the requirements under this guidance have been deferred indefinitely. The adoption of this updated accounting guidance as of January 1, 2010 had no impact on the Company's financial condition or results of operations.

New accounting standards not yet adopted – In October of 2010, the FASB issued updated accounting guidance which limits the capitalization of costs incurred to acquire or renew insurance contracts to those that are incremental direct costs of successful contract acquisitions. The updated accounting guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2011 with prospective or retrospective application allowed. The Company is currently assessing the impact this updated accounting guidance will have on its financial condition and results of operations, and expects that amounts capitalized under the updated guidance will be less than under the Company's current accounting practice.

2. Investments

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	**2010**	2009
(In millions)				
Net investment income consisted of:				
Fixed maturity securities	**$ 511**	$ 496	**$ 1,540**	$ 1,458
Short term investments	**4**	9	**18**	33
Limited partnerships	**91**	156	**178**	245
Equity securities	**7**	11	**26**	39
Income from trading portfolio (a)	**52**	65	**68**	163
Other	**3**	2	**8**	6
Total investment income	**668**	739	**1,838**	1,944
Investment expenses	**(14)**	(13)	**(41)**	(36)
Net investment income	**$ 654**	$ 726	**$ 1,797**	$ 1,908

(a) Includes net unrealized gains related to changes in fair value on trading securities still held of $55 million, $67 million, $52 million and $104 million for the respective periods.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	**2010**	2009
Investment gains (losses) are as follows:				
Fixed maturity securities	**$ 76**	$ (112)	**$ 169**	$ (862)
Equity securities	**(17)**	19	**(42)**	(133)
Derivative instruments	**(1)**	(13)	**(32)**	51
Short term investments	**1**	2	**5**	11
Other	**3**	4	**(6)**	5
Investment gains (losses) (a)	**$ 62**	$ (100)	**$ 94**	$ (928)

(a) Includes gross realized gains of $124 million, $168 million, $359 million and $449 million and gross realized losses of $65 million, $261 million, $232 million and $1,444 million on available-for-sale securities for the respective periods.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	**2010**	2009	**2010**	2009
Fixed maturity securities available-for-sale:				
Asset-backed securities:				
Residential mortgage-backed securities	**$ 18**	$ 108	**$ 55**	$ 376
Commercial mortgage-backed securities		4	**2**	185
Other asset-backed securities			**2**	31
Total asset-backed securities	**18**	112	**59**	592
States, municipalities and political subdivisions securities		12	**20**	27
Corporate and other bonds	**17**	24	**59**	308
Redeemable preferred stock				9
Total fixed maturities available-for-sale	**35**	148	**138**	936
Equity securities available-for-sale:				
Common stock	**5**		**10**	4
Preferred stock	**4**		**13**	217
Total equity securities available-for-sale	**9**	—	**23**	221
Net OTTI losses recognized in earnings	**$ 44**	$ 148	**$ 161**	$ 1,157

A security is impaired if the fair value of the security is less than its cost adjusted for accretion, amortization and previously recorded OTTI losses, otherwise defined as an unrealized loss. When a security is impaired, the impairment is evaluated to determine whether it is temporary or other-than-temporary.

Significant judgment is required in the determination of whether an OTTI loss has occurred for a security. CNA follows a consistent and systematic process for determining and recording an OTTI loss. CNA has established a committee responsible for the OTTI process. This committee, referred to as the Impairment Committee, is made up of three officers appointed by CNA's Chief Financial Officer. The Impairment Committee is responsible for evaluating securities in an unrealized loss position on at least a quarterly basis.

The Impairment Committee's assessment of whether an OTTI loss has occurred incorporates both quantitative and qualitative information. Fixed maturity securities that CNA intends to sell, or it more likely than not will be required to sell before recovery of amortized cost, are considered to be other-than-temporarily impaired and the entire difference between the amortized cost basis and fair value of the security is recognized as an OTTI loss in earnings. The remaining fixed maturity securities in an unrealized loss position are evaluated to determine if a credit loss exists. In order to determine if a credit loss exists, the factors considered by the Impairment Committee include: (i) the financial condition and near term prospects of the issuer, (ii) whether the debtor is current on interest and principal payments, (iii) credit ratings of the securities and (iv) general market conditions and industry or sector specific outlook. CNA also considers results and analysis of cash flow modeling for asset-backed securities, and when appropriate, other fixed maturity securities. The focus of the analysis for asset-backed securities is on assessing the sufficiency and quality of underlying collateral and timing of cash flows based on scenario tests. If the present value of the modeled expected cash flows equals or exceeds the amortized cost of a security, no credit loss is judged to exist and the asset-backed security is deemed to be temporarily impaired. If the present value of the expected cash flows is less than amortized cost, the security is judged to be other-than-temporarily impaired for credit reasons and that shortfall, referred to as the credit component, is recognized as an OTTI loss in earnings. The difference between the adjusted amortized cost basis and fair value, referred to as the non-credit component, is recognized as an OTTI loss in Other comprehensive income.

CNA performs the discounted cash flow analysis using stressed scenarios to determine future expectations regarding recoverability. For asset-backed securities, significant assumptions enter into these cash flow projections including delinquency rates, probable risk of default, loss severity upon a default, over collateralization and interest coverage triggers, credit support from lower level tranches and impacts of rating agency downgrades.

CNA applies the same impairment model as described above for the majority of non-redeemable preferred stock securities on the basis that these securities possess characteristics similar to debt securities and that the issuers maintain their ability to pay dividends. For all other equity securities, in determining whether the security is other-than-temporarily impaired, the Impairment Committee considers a number of factors including, but not limited to: (i) the length of time and the extent to which the fair value has been less than amortized cost, (ii) the financial condition and near term prospects of the issuer, (iii) the intent and ability of CNA to retain its investment for a period of time sufficient to allow for an anticipated recovery in value and (iv) general market conditions and industry or sector specific outlook.

Prior to adoption of the updated accounting guidance related to OTTI in the second quarter of 2009, OTTI losses were not bifurcated between credit and non-credit components. The difference between fair value and amortized cost was recognized in earnings for all securities for which the Company did not expect to recover the amortized cost basis, or for which the Company did not have the ability and intent to hold until recovery of fair value to amortized cost.

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

September 30, 2010	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Unrealized OTTI Losses
(In millions)					
Fixed maturity securities:					
U.S. Treasury securities and obligations of government agencies	$ 130	$ 18	$ 1	$ 147	
Asset-backed securities:					
Residential mortgage-backed securities	6,090	154	267	5,977	$ 214
Commercial mortgage-backed securities	1,032	34	65	1,001	
Other asset-backed securities	650	23	8	665	
Total asset-backed securities	7,772	211	340	7,643	214
States, municipalities and political subdivisions securities	7,782	472	246	8,008	
Foreign government securities	590	25		615	
Corporate and other bonds	20,035	2,189	69	22,155	
Redeemable preferred stock	47	6		53	
Fixed maturities available- for-sale	36,356	2,921	656	38,621	214
Fixed maturities, trading	312	2	16	298	
Total fixed maturities	36,668	2,923	672	38,919	214
Equity securities:					
Common stock	94	19	1	112	
Preferred stock	371	55	7	419	
Equity securities available-for-sale	465	74	8	531	
Equity securities, trading	472	110	35	547	
Total equity securities	937	184	43	1,078	—
Total	$ 37,605	$ 3,107	$ 715	$ 39,997	$ 214

December 31, 2009 (In millions)	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Unrealized OTTI Losses
Fixed maturity securities:					
U.S. Treasury securities and obligations of government agencies	$ 184	$ 16	$ 1	$ 199	
Asset-backed securities:					
Residential mortgage-backed securities	7,470	72	604	6,938	$ 246
Commercial mortgage-backed securities	709	10	135	584	3
Other asset-backed securities	858	14	40	832	
Total asset-backed securities	9,037	96	779	8,354	249
States, municipalities and political subdivisions securities	7,280	203	359	7,124	
Foreign government securities	467	14	2	479	
Corporate and other bonds	18,410	1,107	288	19,229	26
Redeemable preferred stock	51	4	1	54	
Fixed maturities available-for-sale	35,429	1,440	1,430	35,439	275
Fixed maturities, trading	395	3	21	377	
Total fixed maturities	35,824	1,443	1,451	35,816	275
Equity securities:					
Common stock	61	14	2	73	
Preferred stock	572	40	41	571	
Equity securities available-for-sale	633	54	43	644	—
Equity securities, trading	310	109	56	363	
Total equity securities	943	163	99	1,007	—
Total	$ 36,767	$ 1,606	$ 1,550	$ 36,823	$ 275

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

September 30, 2010 (In millions)	**Less than 12 Months**		**Greater than 12 Months**		**Total**	
	Estimated Fair Value	**Gross Unrealized Losses**	**Estimated Fair Value**	**Gross Unrealized Losses**	**Estimated Fair Value**	**Gross Unrealized Losses**
Fixed maturity securities:						
U.S. Treasury securities and obligations of government agencies			**$ 10**	**$ 1**	**$ 10**	**$ 1**
Asset-backed securities:						
Residential mortgage-backed securities	**$ 636**	**$ 10**	**2,086**	**257**	**2,722**	**267**
Commercial mortgage-backed securities	**122**	**1**	**321**	**64**	**443**	**65**
Other asset-backed securities	**24**		**60**	**8**	**84**	**8**
Total asset-backed securities	**782**	**11**	**2,467**	**329**	**3,249**	**340**
States, municipalities and political subdivisions securities	**151**	**4**	**1,344**	**242**	**1,495**	**246**
Corporate and other bonds	**472**	**9**	**745**	**60**	**1,217**	**69**
Total fixed maturities available-for-sale	**1,405**	**24**	**4,566**	**632**	**5,971**	**656**
Equity securities available-for-sale:						
Common stock	**13**	**1**	**1**		**14**	**1**
Preferred stock	**64**	**1**	**135**	**6**	**199**	**7**
Total equity securities available-for-sale	**77**	**2**	**136**	**6**	**213**	**8**
Total	**$ 1,482**	**$ 26**	**$ 4,702**	**$ 638**	**$ 6,184**	**$ 664**

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December 31, 2009	Less than 12 Months Estimated Fair Value	Less than 12 Months Gross Unrealized Losses	Greater than 12 Months Estimated Fair Value	Greater than 12 Months Gross Unrealized Losses	Total Estimated Fair Value	Total Gross Unrealized Losses
(In millions)						
Fixed maturity securities:						
U.S. Treasury securities and obligations of government agencies	$ 21	$ 1			$ 21	$ 1
Asset-backed securities:						
Residential mortgage-backed securities	1,945	43	$ 3,069	$ 561	5,014	604
Commercial mortgage-backed securities	21	1	456	134	477	135
Other asset-backed securities	170	1	119	39	289	40
Total asset-backed securities	2,136	45	3,644	734	5,780	779
States, municipalities and political subdivisions securities	1,036	30	2,086	329	3,122	359
Foreign government securities	154	1	7	1	161	2
Corporate and other bonds	2,395	44	1,948	244	4,343	288
Redeemable preferred stock	3		14	1	17	1
Total fixed maturities available- for-sale	5,745	121	7,699	1,309	13,444	1,430
Equity securities available-for-sale:						
Common stock	8	1	12	1	20	2
Preferred stock			426	41	426	41
Total equity securities available- for-sale	8	1	438	42	446	43
Total	$ 5,753	$ 122	$ 8,137	$ 1,351	$ 13,890	$ 1,473

The amount of pretax net unrealized gains on available-for-sale securities reclassified out of Accumulated other comprehensive income (“AOCI”) into earnings was $62 million and $133 million for the three and nine months ended September 30, 2010. The amount of pretax net unrealized losses on available-for-sale securities reclassified out of AOCI into earnings was $92 million and $989 million for the three and nine months ended September 30, 2009.

Activity for the three and nine months ended September 30, 2010 related to the pretax fixed maturity credit loss component reflected within Retained earnings for securities still held at September 30, 2010 was as follows:

	Three Months Ended September 30, 2010	**Nine Months Ended September 30, 2010**
(In millions)		
Beginning balance of credit losses on fixed maturity securities	**$ 171**	**$ 164**
Additional credit losses for which an OTTI loss was previously recognized	**4**	**26**
Credit losses for which an OTTI loss was not previously recognized	**1**	**9**
Reductions for securities sold during the period	**(27)**	**(50)**
Reductions for securities the Company intends to sell or more likely than not will be required to sell	**(8)**	**(8)**
Ending balance of credit losses on fixed maturity securities	**$ 141**	**$ 141**

Activity for the three months ended September 30, 2009 and for the period from April 1, 2009 to September 30, 2009 related to the pretax fixed maturity credit loss component reflected within Retained earnings for securities still held at September 30, 2009 was as follows:

(In millions)	Three Months Ended September 30, 2009	Period from April 1, 2009 to September 30, 2009
Beginning balance of credit losses on fixed maturity securities	$ 212	$ 192
Additional credit losses for which an OTTI loss was previously recognized	57	78
Credit losses for which an OTTI loss was not previously recognized	65	149
Reductions for securities sold during the period	(114)	(150)
Reductions for securities the Company intends to sell or more likely than not will be required to sell	(11)	(60)
Ending balance of credit losses on fixed maturity securities	$ 209	$ 209

Based on current facts and circumstances, the Company has determined that no additional OTTI losses related to the securities in an unrealized loss position presented in the table above are required to be recorded. A discussion of some of the factors reviewed in making that determination is presented below.

The classification between investment grade and non-investment grade presented in the discussion below is based on a ratings methodology that takes into account ratings from two major providers, Standard & Poor's and Moody's Investors Service, Inc. in that order of preference. If a security is not rated by these providers, the Company formulates an internal rating. For securities with credit support from third party guarantees, the rating reflects the greater of the underlying rating of the issuer or the insured rating.

Asset-Backed Securities

The fair value of total asset-backed holdings at September 30, 2010 was $7,643 million which was comprised of 2,095 different asset-backed structured securities. The fair value of these securities does not tend to be influenced by the credit of the issuer but rather the characteristics and projected cash flows of the underlying collateral. Each security has deal-specific tranche structures, credit support that results from the unique deal structure, particular collateral characteristics and other distinct security terms. As a result, seemingly common factors such as delinquency rates and collateral performance affect each security differently. Of these securities, 173 have underlying collateral that is either considered sub-prime or Alt-A in nature. The exposure to sub-prime residential mortgage collateral and Alternative A residential mortgages that have lower than normal standards of loan documentation collateral is measured by the original deal structure.

Residential mortgage-backed securities include 185 non-agency structured securities in a gross unrealized loss position. In addition, there were 49 agency mortgage-backed pass-through securities which are guaranteed by agencies of the U.S. Government in a gross unrealized loss position. The aggregate severity of the gross unrealized loss for residential mortgage-backed securities was approximately 8.9% of amortized cost.

Commercial mortgage-backed securities include 29 securities in a gross unrealized loss position. The aggregate severity of the gross unrealized loss was approximately 12.8% of amortized cost. Other asset-backed securities include 10 securities in a gross unrealized loss position. The aggregate severity of the gross unrealized loss was approximately 8.7% of amortized cost.

The asset-backed securities in a gross unrealized loss position by ratings distribution are as follows:

September 30, 2010 (In millions)	Amortized Cost	Estimated Fair Value	Gross Unrealized Losses
U.S. Government Agencies	$ 492	$ 486	$ 6
AAA	1,307	1,217	90
AA	235	204	31
A	286	240	46
BBB	243	210	33
Non-investment grade and equity tranches	1,026	892	134
Total	$ 3,589	$ 3,249	$ 340

The Company believes the unrealized losses are primarily attributable to broader economic conditions and wider than historical bid/ask spreads, and are not indicative of the quality of the underlying collateral. The Company has no current intent to sell these securities, nor is it more likely than not that it will be required to sell prior to recovery of amortized cost. Generally, non-investment grade securities consist of investments which were investment grade at the time of purchase but have subsequently been downgraded and primarily consist of holdings senior to the equity tranche. Additionally, the Company believes that the unrealized losses on these securities were not due to factors regarding the ultimate collection of amortized cost and interest, collateral shortfalls, or substantial changes in future cash flow expectations; accordingly, the Company has determined that there are no additional OTTI losses to be recorded at September 30, 2010.

States, Municipalities and Political Subdivisions Securities

The holdings in this portfolio consist of both tax-exempt and taxable special revenue and assessment bonds, representing 71.1% of the overall portfolio, followed by general obligation political subdivision bonds at 20.1% and state general obligation bonds at 8.8%.

The unrealized losses on the Company’s investments in this portfolio are due to market conditions in certain sectors or states that continued to lag behind the broader municipal market performance. Yields for certain issuers and types of securities, such as zero coupon bonds, auction rate securities and tobacco securitizations, continue to be higher than historical norms relative to after tax returns on similar fixed income alternatives. The holdings for all securities in this category include 148 securities in a gross unrealized loss position. The aggregate severity of the gross unrealized losses was approximately 14.1% of amortized cost.

The states, municipalities and political subdivisions securities in a gross unrealized loss position by ratings distribution are as follows:

September 30, 2010 (In millions)	Amortized Cost	Estimated Fair Value	Gross Unrealized Losses
AAA	$ 632	$ 597	$ 35
AA	447	359	88
A	156	148	8
BBB	484	370	114
Non-investment grade	22	21	1
Total	$ 1,741	$ 1,495	$ 246

The largest exposures at September 30, 2010 as measured by gross unrealized losses were special revenue bonds issued by several states backed by tobacco settlement funds with gross unrealized losses of $109 million, and several separate issues of Puerto Rico sales tax revenue bonds with gross unrealized losses of $70 million. All of these securities are rated investment grade.

The Company has no current intent to sell these securities, nor is it more likely than not that it will be required to sell prior to recovery of amortized cost. Additionally, the Company believes that the unrealized losses on these securities were not due to factors regarding the ultimate collection of principal and interest; accordingly, the Company has determined that there are no additional OTTI losses to be recorded at September 30, 2010.

Contractual Maturity

The following table summarizes available-for-sale fixed maturity securities by contractual maturity at September 30, 2010 and December 31, 2009. Actual maturities may differ from contractual maturities because certain securities may be called or prepaid with or without call or prepayment penalties. Securities not due at a single date are allocated based on weighted average life.

	September 30, 2010		December 31, 2009	
	Amortized Cost	**Estimated Fair Value**	Amortized Cost	Estimated Fair Value
(In millions)				
Due in one year or less	**$ 1,198**	**$ 1,200**	$ 1,240	$ 1,219
Due after one year through five years	**10,948**	**11,528**	10,046	10,244
Due after five years through ten years	**10,234**	**10,830**	10,647	10,539
Due after ten years	**13,976**	**15,063**	13,496	13,437
Total	**$ 36,356**	**$ 38,621**	$ 35,429	$ 35,439

Investment Commitments

As of September 30, 2010, the Company had committed approximately $210 million to future capital calls from various third-party limited partnership investments in exchange for an ownership interest in the related partnerships.

The Company invests in various privately placed debt securities, including bank loans, as part of its overall investment strategy and has committed to additional future purchases and sales. The purchase and sale of these investments are recorded on the date that the legal agreements are finalized and cash settlements are made. As of September 30, 2010, the Company had commitments to purchase $242 million and sell $85 million of such investments.

3. Fair Value

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

— Level 1 – Quoted prices for identical instruments in active markets.

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

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

The Company attempts to establish fair value as an exit price in an orderly transaction consistent with normal settlement market conventions. The Company is responsible for the valuation process and seeks to obtain quoted market prices for all securities. When quoted market prices in active markets are not available, the Company uses a number of methodologies to establish fair value estimates, including discounted cash flow models, prices from recently executed transactions of similar securities or broker/dealer quotes, utilizing market observable information to the extent possible. In conjunction with modeling activities, the Company may use external data as inputs. The modeled inputs are consistent with observable market information, when available, or with the Company's assumptions as to what market participants would use to value the securities. The Company also uses pricing services as a significant source of data. The Company monitors all the pricing inputs to determine if the markets from which the data is gathered are active. As further validation of the Company's valuation process, the Company samples past fair value estimates and compares the valuations to actual transactions executed in the market on similar dates.

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

September 30, 2010	Level 1	Level 2	Level 3	Total
(In millions)				
Fixed maturity securities:				
U.S. Treasury securities and obligations of government agencies	$ 87	$ 60		$ 147
Asset-backed securities:				
Residential mortgage-backed securities		5,331	$ 646	5,977
Commercial mortgage-backed securities		923	78	1,001
Other asset-backed securities		419	246	665
Total asset-backed securities	—	6,673	970	7,643
States, municipalities and political subdivisions securities		7,550	458	8,008
Foreign government securities	115	500		615
Corporate and other bonds		21,555	600	22,155
Redeemable preferred stock	3	49	1	53
Fixed maturities available-for-sale	205	36,387	2,029	38,621
Fixed maturities, trading	25	85	188	298
Total fixed maturities	$ 230	$36,472	$ 2,217	$38,919
Equity securities available-for-sale	$ 376	$ 133	$ 22	$ 531
Equity securities, trading	547			547
Total equity securities	$ 923	$ 133	$ 22	$ 1,078
Short term investments	$ 5,252	$ 845	$ 2	$ 6,099
Other invested assets			28	28
Receivables		104	3	107
Life settlement contracts			136	136
Separate account business	36	385	41	462
Payable to brokers	(84)	(90)	(16)	(190)
Discontinued operations investments, included in Other liabilities	7	66		73

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December 31, 2009 (In millions)	Level 1	Level 2	Level 3	Total
Fixed maturity securities:				
U.S. Treasury securities and obligations of government agencies	$ 145	$ 54		$ 199
Asset-backed securities:				
Residential mortgage-backed securities		6,309	$ 629	6,938
Commercial mortgage-backed securities		461	123	584
Other asset-backed securities		484	348	832
Total asset-backed securities	—	7,254	1,100	8,354
States, municipalities and political subdivisions securities		6,368	756	7,124
Foreign government securities	139	340		479
Corporate and other bonds		18,620	609	19,229
Redeemable preferred stock	3	49	2	54
Fixed maturities available-for-sale	287	32,685	2,467	35,439
Fixed maturities, trading	102	78	197	377
Total fixed maturities	$ 389	$32,763	$ 2,664	$35,816
Equity securities available-for-sale	$ 503	$ 130	$ 11	$ 644
Equity securities, trading	363			363
Total equity securities	$ 866	$ 130	$ 11	$ 1,007
Short term investments	$ 6,818	$ 397		$ 7,215
Receivables		53	$ 2	55
Life settlement contracts			130	130
Separate account business	43	342	38	423
Payable to brokers	(87)	(135)	(50)	(272)
Discontinued operations investments, included in Other liabilities	19	106	16	141

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The tables below present reconciliations for all assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the three months ended September 30, 2010 and 2009:

2010	Balance, July 1	Net Realized Gains (Losses) and Net Change in Unrealized Gains (Losses)		Purchases, Sales, Issuances and Settlements	Transfers into Level 3	Transfers out of Level 3	Balance, September 30	Unrealized Gains (Losses) Recognized in Net Income on Level 3 Assets and Liabilities Held at September 30
		Included in Net Income	Included in OCI					
(In millions)								
Fixed maturity securities:								
Asset-backed securities:								
Residential mortgage-backed securities	$ 659	$ 1	$ (9)	$ (5)			$ 646	
Commercial mortgage-backed securities	95		3			$ (20)	78	
Other asset-backed securities	306	(1)	7	(66)			246	
Total asset-backed securities	1,060		1	(71)		(20)	970	
States, municipalities and political subdivisions securities	539		3	(84)			458	
Corporate and other bonds	718	1	18	(83)		(54)	600	$ (1)
Redeemable preferred stock	1						1	
Fixed maturities available-for-sale	2,318	1	22	(238)		(74)	2,029	(1)
Fixed maturities, trading	191	(2)		(1)			188	(2)
Total fixed maturities	$ 2,509	$ (1)	$ 22	$ (239)	$ —	$ (74)	$ 2,217	$ (3)
Equity securities available-for-sale	$ 4	$ (3)		$ 15	$ 6		$ 22	$ (4)
Short term investments	21			(8)		$ (11)	2	
Other invested assets	—	2		26			28	2
Life settlement contracts	134	8		(6)			136	4
Separate account business	37			4			41	
Derivative financial instruments, net	4	(3)	$ (15)	1			(13)	

2009	Balance, July 1	Net Realized Gains (Losses) and Net Change in Unrealized Gains (Losses)		Purchases, Sales, Issuances and Settlements	Transfers into Level 3	Transfers out of Level 3	Balance, September 30	Unrealized Gains (Losses) Recognized in Net Income on Level 3 Assets and Liabilities Held at September 30
		Included in Net Income	Included in OCI					
(In millions)								
Fixed maturity securities:								
Asset-backed securities:								
Residential mortgage-backed securities	$ 808	$ 1	$ 62	$ 20		$ (154)	$ 737	$ (1)
Commercial mortgage-backed securities	175	(3)	28	11			211	(3)
Other asset-backed securities	141	1	14	132			288	
Total asset-backed securities	1,124	(1)	104	163		(154)	1,236	(4)
States, municipalities and political subdivisions securities	785		19	(34)			770	
Corporate and other bonds	730	(10)	67	43	$ 5	(83)	752	(10)
Redeemable preferred stock	1		1				2	
Fixed maturities available-for-sale	2,640	(11)	191	172	5	(237)	2,760	(14)
Fixed maturities, trading	229	5		(18)			216	3
Total fixed maturities	$ 2,869	$ (6)	$ 191	$ 154	$ 5	$ (237)	$ 2,976	$ (11)
Equity securities available-for-sale	$ 209					$ (199)	$ 10	
Short term investments	—		$ 1	$ 7			8	
Life settlement contracts	126	$ 8		(5)			129	$ 5
Separate account business	38			3		(1)	40	
Discontinued operations investments	13		3				16	
Derivative financial instruments, net	(7)	(12)	(10)	12			(17)	(4)

The tables below present reconciliations for all assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the nine months ended September 30, 2010 and 2009:

2010	Balance, January 1	Net Realized Gains (Losses) and Net Change in Unrealized Gains (Losses)		Purchases, Sales, Issuances and Settlements	Transfers into Level 3	Transfers out of Level 3	Balance, September 30	Unrealized Gains (Losses) Recognized in Net Income on Level 3 Assets and Liabilities Held at September 30
		Included in Net Income	Included in OCI					
(In millions)								
Fixed maturity securities:								
Asset-backed securities:								
Residential mortgage-backed securities	$ 629	$ (7)	$ 20	$ 50		$ (46)	$ 646	$ (10)
Commercial mortgage-backed securities	123	(1)	1	6	$ 7	(58)	78	(2)
Other asset-backed securities	348	3	29	(89)		(45)	246	(1)
Total asset-backed securities	1,100	(5)	50	(33)	7	(149)	970	(13)
States, municipalities and political subdivisions securities	756		9	(307)			458	
Corporate and other bonds	609	10	56	29	23	(127)	600	(2)
Redeemable preferred stock	2	6		(7)			1	
Fixed maturities available-for-sale	2,467	11	115	(318)	30	(276)	2,029	(15)
Fixed maturities, trading	197	6		(15)			188	5
Total fixed maturities	$ 2,664	$ 17	$ 115	$ (333)	$ 30	$ (276)	$ 2,217	$ (10)
Equity securities available-for-sale	$ 11	$ (4)		$ 14	$ 8	$ (7)	$ 22	$ (5)
Short term investments	—			12	1	(11)	2	
Other invested assets	—	2		26			28	2
Life settlement contracts	130	25		(19)			136	11
Separate account business	38			3			41	
Discontinued operations investments	16		$ 1	(2)		(15)	—	
Derivative financial instruments, net	(48)	(18)	27	26			(13)	

2009	Balance, January 1	Net Realized Gains (Losses) and Net Change in Unrealized Gains (Losses) Included in Net Income	Net Realized Gains (Losses) and Net Change in Unrealized Gains (Losses) Included in OCI	Purchases, Sales, Issuances and Settlements	Transfers into Level 3	Transfers out of Level 3	Balance, September 30	Unrealized Gains (Losses) Recognized in Net Income on Level 3 Assets and Liabilities Held at September 30
(In millions)								
Fixed maturity securities:								
Asset-backed securities:								
Residential mortgage-backed securities	$ 782	$ (22)	$ 98	$ (28)	$ 71	$ (164)	$ 737	$ (13)
Commercial mortgage-backed securities	186	(168)	170	(3)	26		211	(166)
Other asset-backed securities	139	(29)	54	90	153	(119)	288	(31)
Total asset-backed securities	1,107	(219)	322	59	250	(283)	1,236	(210)
States, municipalities and political subdivisions securities	750		74	(54)			770	
Foreign government securities	6					(6)		
Corporate and other bonds	616	(15)	113	110	23	(95)	752	(15)
Redeemable preferred stock	13	(9)	9	7		(18)	2	(9)
Fixed maturities available-for-sale	2,492	(243)	518	122	273	(402)	2,760	(234)
Fixed maturities, trading	218	14		(20)	4		216	7
Total fixed maturities	$ 2,710	$ (229)	$ 518	$ 102	$ 277	$ (402)	$ 2,976	$ (227)
Equity securities available-for-sale	$ 210		$ (1)			$ (199)	$ 10	
Short term investments	—		1	$ 7			8	
Life settlement contracts	129	$ 24		(24)			129	$ 7
Separate account business	38			3		(1)	40	
Discontinued operations investments	15		3	(2)			16	
Derivative financial instruments, net	(72)	23	(22)	54			(17)	(11)

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

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

Securities shown in the Level 3 tables may be transferred in or out based on the availability of observable market information used to verify pricing sources or used in pricing models. The availability of observable market information varies based on market conditions and trading volume and may cause securities to move in and out of Level 3 from reporting period to reporting period. The Company's policy is to recognize transfers between levels at the beginning of the reporting period.

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

Fixed Maturity Securities

Level 1 securities include highly liquid government bonds within the U.S. Treasury securities category and securities issued by foreign governments for which quoted market prices are available. The remaining fixed maturity securities are valued using pricing for similar securities, recently executed transactions, cash flow models with yield curves, broker/dealer quotes and other pricing models utilizing observable inputs. The valuation for most fixed maturity securities is classified as Level 2. Securities within Level 2 include certain corporate bonds, states, municipalities and political subdivisions securities, foreign provincial and local government bonds, asset-backed securities, mortgage-backed pass-through securities and redeemable preferred stock. Level 2 securities may also include securities that have firm sale commitments and prices that are not recorded until the settlement date. Securities are generally assigned to Level 3 in cases where broker/dealer quotes are significant inputs to the valuation and there is a lack of transparency as to whether these quotes are based on information that is observable in the marketplace. These securities include certain corporate bonds, asset-backed securities, states, municipalities and political subdivisions securities and redeemable preferred stock. Within corporate bonds and states, municipalities and political subdivisions securities, Level 3 securities also include tax-exempt and taxable auction rate certificates. Fair value of auction rate securities is determined utilizing a pricing model with three primary inputs. The interest rate and spread inputs are observable from like instruments while the maturity date assumption is unobservable due to the uncertain nature of the principal prepayments prior to maturity.

Equity Securities

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

Derivative Financial Instruments

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

Short Term Investments

The valuation of securities that are actively traded or have quoted prices are classified as Level 1. These securities include money market funds and treasury bills. Level 2 primarily includes commercial paper, for which all inputs are observable. Level 3 securities include bank debt securities purchased within one year of maturity where broker/dealer quotes are significant inputs to the valuation and there is a lack of transparency to the market inputs used.

Life Settlement Contracts

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

Discontinued Operations Investments

Assets relating to CNA's discontinued operations include fixed maturity securities and short term investments. The valuation methodologies for these asset types have been described above.

Separate Account Business

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

Financial Assets and Liabilities Not Measured at Fair Value

The carrying amount and estimated fair value of the Company's financial instrument assets and liabilities which are not measured at fair value on the Consolidated Condensed Balance Sheets are listed in the table below.

	September 30, 2010		December 31, 2009	
	Carrying Amount	**Estimated Fair Value**	Carrying Amount	Estimated Fair Value
(In millions)				
Financial assets:				
Other invested assets	**$ 70**	**$ 71**		
Financial liabilities:				
Premium deposits and annuity contracts	**$ 100**	**$ 105**	$ 105	$ 106
Short term debt	**647**	**669**	10	10
Long term debt	**8,829**	**9,463**	9,475	9,574

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

The fair value of other invested assets is based on the present value of the expected future cash flows discounted at the current interest rate for similar financial instruments.

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

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

4. Derivative Financial Instruments

The Company invests in certain derivative instruments for a number of purposes, including: (i) asset and liability management activities, (ii) income enhancements for its portfolio management strategy and (iii) to benefit from anticipated future movements in the underlying markets. If such movements do not occur as anticipated, then significant losses may occur.

Monitoring procedures include senior management review of daily detailed reports of existing positions and valuation fluctuations to ensure that open positions are consistent with the Company's portfolio strategy.

The Company does not believe that any of the derivative instruments utilized by it are unusually complex, nor do these instruments contain embedded leverage features which would expose the Company to a higher degree of risk.

The Company uses derivatives in the normal course of business, primarily in an attempt to reduce its exposure to market risk (principally interest rate risk, equity price risk, commodity price risk and foreign currency risk) stemming from various assets and liabilities and credit risk (the ability of an obligor to make timely payment of principal and/or interest). The Company's principal objective under such risk strategies is to achieve the desired reduction in economic risk, even if the position does not receive hedge accounting treatment.

CNA's use of derivatives is limited by statutes and regulations promulgated by the various regulatory bodies to which it is subject, and by its own derivative policy. The derivative policy limits the authorization to initiate derivative transactions to certain personnel. Derivatives entered into for hedging, regardless of the choice to designate hedge accounting, shall have a maturity that effectively correlates to the underlying hedged asset or liability. The policy prohibits the use of derivatives containing greater than one-to-one leverage with respect to changes in the underlying price, rate or index. The policy also prohibits the use of borrowed funds, including funds obtained through securities lending, to engage in derivative transactions.

The Company has exposure to economic losses due to interest rate risk arising from changes in the level of, or volatility of, interest rates. The Company attempts to mitigate its exposure to interest rate risk in the normal course of portfolio management, which includes rebalancing its existing portfolios of assets and liabilities. In addition, various derivative financial instruments are used to modify the interest rate risk exposures of certain assets and liabilities. These strategies include the use of interest rate swaps, interest rate caps and floors, options, futures, forwards and commitments to purchase securities. These instruments are generally used to lock interest rates or market values, to shorten or lengthen durations of fixed maturity securities or investment contracts, or to hedge (on an economic basis) interest rate risks associated with investments and variable rate debt. The Company infrequently designates these types of instruments as hedges against specific assets or liabilities.

The Company has exposure to equity price risk as a result of its investment in equity securities and equity derivatives. Equity price risk results from changes in the level or volatility of equity prices, which affect the value of equity securities, or instruments that derive their value from such securities. The Company attempts to mitigate its exposure to such risks by limiting its investment in any one security or index. The Company may also manage this risk by utilizing instruments such as options, swaps, futures and collars to protect appreciation in securities held.

The Company has exposure to credit risk arising from the uncertainty associated with a financial instrument obligor's ability to make timely principal and/or interest payments. The Company attempts to mitigate this risk by limiting credit concentrations, practicing diversification, and frequently monitoring the credit quality of issuers and counterparties. In addition, the Company may utilize credit derivatives such as credit default swaps ("CDS") to modify the credit risk inherent in certain investments. CDS involve a transfer of credit risk from one party to another in exchange for periodic payments.

Foreign currency risk arises from the possibility that changes in foreign currency exchange rates will impact the fair value of financial instruments denominated in a foreign currency. The Company's foreign transactions are primarily denominated in Australian dollars, Brazilian reais, British pounds, Canadian dollars and the European Monetary Unit. The Company typically manages this risk via asset/liability currency matching and through the use of foreign currency forwards. In May of 2009, Diamond Offshore began a hedging strategy and designated certain of its qualifying foreign currency forward exchange contracts as cash flow hedges.

In addition to the derivatives used for risk management purposes described above, the Company may also use derivatives for purposes of income enhancement. Income enhancement transactions are entered into with the intention of providing additional income or yield to a particular portfolio segment or instrument. Income enhancement transactions are limited in scope and primarily involve the sale of covered options in which the Company receives a premium in exchange for selling a call or put option.

The Company will also use CDS to sell credit protection against a specified credit event. In selling credit protection, CDS are used to replicate fixed income securities when credit exposure to certain issuers is not available or when it is economically beneficial to transact in the derivative market compared to the cash market alternative. Credit risk includes both the default event risk and market value exposure due to fluctuations in credit spreads. In selling CDS protection, the Company receives a periodic premium in exchange for providing credit protection on a single name reference obligation or a credit derivative index. If there is an event of default as defined by the CDS agreement, the Company is required to pay the counterparty the referenced notional amount of the CDS contract and in exchange the Company is entitled to receive the referenced defaulted security or the cash equivalent.

The tables below summarize open CDS contracts where the Company sold credit protection as of September 30, 2010 and December 31, 2009. The fair value of the contracts represents the amounts that the Company would receive or pay at those dates to exit the derivative positions. The maximum amount of future payments assumes no residual value in the defaulted securities that the Company would receive as part of the contract terminations and is equal to the notional value of the CDS contracts.

September 30, 2010	**Fair Value of Credit Default Swaps**	**Maximum Amount of Future Payments under Credit Default Swaps**	**Weighted Average Years To Maturity**
(In millions)			
BB-rated		**$ 5**	**2.7**
B-rated		**3**	**1.7**
Total	**$ —**	**$ 8**	**2.4**
December 31, 2009			
B-rated		$ 8	3.1
Total	$ —	$ 8	3.1

Credit exposure associated with non-performance by the counterparties to derivative instruments is generally limited to the uncollateralized fair value of the asset related to the instruments recognized on the Consolidated Condensed Balance Sheets. The Company attempts to mitigate the risk of non-performance by monitoring the creditworthiness of counterparties and diversifying derivatives to multiple counterparties. The Company generally requires that all over-the-counter derivative contracts be governed by an International Swaps and Derivatives Association ("ISDA") Master Agreement, and exchanges collateral under the terms of these agreements with its derivative investment counterparties depending on the amount of the exposure and the credit rating of the counterparty. The Company does not offset its net derivative positions against the fair value of the collateral provided. The fair value of cash collateral provided by the Company was $2 million at September 30, 2010 and $7 million at December 31, 2009. The fair value of cash collateral received from counterparties was $1 million at September 30, 2010 and December 31, 2009.

The agreements governing HighMount's derivative instruments contain certain covenants, including a maximum debt to capitalization ratio reviewed quarterly. If HighMount does not comply with these covenants, the counterparties to the derivative instruments could terminate the agreements and request payment on those derivative instruments in net liability positions. The aggregate fair value of HighMount's derivative instruments that are in a liability position was $103 million at September 30, 2010. HighMount was not required to post any collateral under the governing agreements. At September 30, 2010, HighMount was in compliance with all of its covenants under the derivatives agreements.

See Note 3 for information regarding the fair value of derivative instruments.

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A summary of the aggregate contractual or notional amounts and gross estimated fair values related to derivative financial instruments follows. Equity options purchased are included in Equity securities, and all other derivative assets are reported as Receivables. Derivative liabilities are included in Payable to brokers on the Consolidated Condensed Balance Sheets. The contractual or notional amounts for derivatives are used to calculate the exchange of contractual payments under the agreements and may not be representative of the potential for gain or loss on these instruments.

	September 30, 2010			December 31, 2009		
	Contractual/ Notional Amount	**Estimated Fair Value Asset**	**Estimated Fair Value (Liability)**	Contractual/ Notional Amount	Estimated Fair Value Asset	Estimated Fair Value (Liability)
(In millions)						
With hedge designation						
Interest rate risk:						
Interest rate swaps	**$ 1,095**		**$ (90)**	$ 1,600		$ (135)
Commodities:						
Forwards – short	**492**	**$ 105**	**(12)**	715	$ 50	(39)
Foreign exchange:						
Currency forwards – short	**27**	**2**		114	3	
Other				13	2	
Without hedge designation						
Equity markets:						
Options – purchased	**170**	**29**		242	45	
Options – written	**263**		**(10)**	282		(9)
Interest rate risk:						
Interest rate swaps	**5**		**(1)**	9		
Credit default swaps – purchased protection	**25**		**(3)**	116		(11)
Credit default swaps – sold protection	**8**			8		
Futures – short	**28**			132		

Derivatives without hedge designation – For derivatives not held in a trading portfolio, new derivative transactions entered into totaled approximately $342 million and $1.1 billion in notional value while derivative termination activity totaled approximately $361 million and $1.1 billion during the three and nine months ended September 30, 2010. This activity was primarily attributable to interest rate futures and forward commitments for mortgage-backed securities. During the three and nine months ended September 30, 2009, new derivative transactions entered into totaled approximately $7.7 billion and $18.2 billion in notional value while derivative termination activity totaled approximately $8.1 billion and $19.5 billion. This activity was primarily attributable to interest rate futures, interest rate options and interest rate swaps.

A summary of the recognized gains (losses) related to derivative financial instruments without hedge designation follows. Changes in the fair value of derivatives not held in a trading portfolio are reported in Investment gains (losses) and changes in the fair value of derivatives held for trading purposes are reported in Net investment income on the Consolidated Condensed Statements of Income.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	**2010**	2009
(In millions)				
Included in Net investment income:				
Equity risk:				
Equity options – purchased	**$ (7)**	$ (19)	**$ (10)**	$ (39)
Equity options – written	**10**	17	**15**	47
Futures – long	**(3)**	2	**(6)**	13
Futures – short	**(1)**		**(4)**	
Foreign exchange:				
Currency forwards – long	**2**			(6)
Currency forwards – short	**(8)**	1	**(9)**	8
Currency options – short	**1**		**(1)**	
Interest rate risk:				
Credit default swaps – purchased protection		(20)		(8)
Credit default swaps – sold protection		20		12
Options on government securities – short	**(66)**	(7)	**(66)**	7
Futures – long	**4**		**(14)**	5
Futures – short	**14**	(5)	**14**	(16)
Other		(9)	**(2)**	(3)
	(54)	(20)	**(83)**	20
Included in Investment gains (losses):				
Equity options – written				15
Interest rate risk:				
Interest rate swaps			**(44)**	59
Credit default swaps – purchased protection	**(1)**	(11)	**(1)**	(46)
Credit default swaps – sold protection				2
Futures – short		(2)		21
Commodity forwards – short			**13**	
	(1)	(13)	**(32)**	51
Included in Other revenues:				
Currency forwards – short				9
Total	**$ (55)**	$ (33)	**$ (115)**	$ 80

Cash flow hedges – A significant portion of the Company's hedge strategies represents cash flow hedges of the variable price risk associated with the purchase and sale of natural gas and other energy-related products. As of September 30, 2010, approximately 78.6 billion cubic feet of natural gas equivalents was hedged by qualifying cash flow hedges. The effective portion of these commodity hedges is reclassified from AOCI into earnings when the anticipated transaction affects earnings. Approximately 19% of these derivatives have settlement dates in 2010 and 61% have settlement dates in 2011. As of September 30, 2010, the estimated amount of net unrealized gains associated with commodity contracts that will be reclassified into earnings during the next twelve months was $78 million. However, these amounts are likely to vary materially as a result of changes in market conditions. Diamond Offshore uses foreign currency forward exchange contracts to reduce exposure to foreign currency losses on future foreign currency expenditures. The effective portion of these hedges is reclassified from AOCI into earnings when the hedged transaction affects earnings or it is determined that the hedged transaction will not occur. As of

September 30, 2010, the estimated amount of net unrealized gains associated with these contracts that will be reclassified into earnings over the next twelve months was $2 million. The Company also uses interest rate swaps to hedge its exposure to variable interest rates or risk attributable to changes in interest rates on long term debt. The effective portion of the hedges is amortized to interest expense over the term of the related notes. As of September 30, 2010, the estimated amount of net unrealized losses associated with interest rate swaps that will be reclassified into earnings during the next twelve months was $54 million. However, this is likely to vary as a result of changes in LIBOR. For the three and nine months ended September 30, 2010 and 2009, the net amounts recognized due to ineffectiveness were less than $1 million.

In the first quarter of 2010, HighMount determined that a portion of the expected underlying transactions related to its hedging activities were no longer probable of occurring and discontinued hedge accounting treatment for a portion of its interest rate cash flow hedges and its commodity price swaps. HighMount entered into definitive sales agreements for exploration and production assets in the Antrim Shale in Michigan in March 2010 and Black Warrior Basin in Alabama in April 2010. As a result, HighMount recognized losses of $36 million in Investment gains (losses) in the Consolidated Condensed Statements of Income for the nine months ended September 30, 2010, reflecting the reclassification of net derivative losses from AOCI to earnings. These amounts are reflected in the table below.

The following table summarizes the effective portion of the net derivative gains or losses included in OCI and the amount reclassified into Income for derivatives designated as cash flow hedges and for the de-designated hedges:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	**2010**	2009
(In millions)				
Amount of gain (loss) recognized in OCI				
Commodities	**$ 34**	$ (13)	**$ 151**	$ 90
Foreign exchange	**6**	2	**1**	8
Interest rate	**(10)**	(23)	**(44)**	(19)
Total	**$ 30**	$ (34)	**$ 108**	$ 79
Amount of gain (loss) reclassified from AOCI into income				
Commodities	**$ 23**	$ 67	**$ 71**	$ 206
Foreign exchange		2	**1**	2
Interest rate	**(13)**	(19)	**(92)**	(50)
Total	**$ 10**	$ 50	**$ (20)**	$ 158

Location of gain (loss) reclassified from AOCI into income:

Type of cash flow hedge	Consolidated Condensed Statements of Income line items
Commodities	Other revenues and Investment gains (losses)
Foreign exchange	Contract drilling expenses
Interest rate	Interest and Investment gains (losses)

The Company also enters into short sales as part of its portfolio management strategy. Short sales are commitments to sell a financial instrument not owned at the time of sale, usually done in anticipation of a price decline. Short sales of equity securities resulted in proceeds of $67 million and $66 million with fair value liabilities of $73 million and $78 million at September 30, 2010 and December 31, 2009. These positions are marked to market and investment gains or losses are included in Net investment income in the Consolidated Condensed Statements of Income.

5. Claim and Claim Adjustment Expense Reserves

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

Establishing claim and claim adjustment expense reserves, including claim and claim adjustment expense reserves for catastrophic events that have occurred, is an estimation process. Many factors can ultimately affect the final settlement of a claim and, therefore, the necessary reserve. Changes in the law, results of litigation, medical costs, the cost of repair materials and labor rates can all affect ultimate claim costs. In addition, time can be a critical part of reserving determinations since the longer the span between the incidence of a loss and the payment or settlement of the claim, the more variable the ultimate settlement amount can be. Accordingly, short-tail claims, such as property damage claims, tend to be more reasonably estimable than long-tail claims, such as workers' compensation, general liability and professional liability claims. Adjustments to prior year reserve estimates, if necessary, are reflected in the results of operations in the period that the need for such adjustments is determined.

Catastrophes are an inherent risk of the property and casualty insurance business and have contributed to material period-to-period fluctuations in the Company's results of operations and/or equity. CNA reported catastrophe losses, net of reinsurance, of $12 million and $100 million for the three and nine months ended September 30, 2010. Catastrophe losses in 2010 related primarily to wind and thunderstorms. CNA reported catastrophe losses, net of reinsurance, of $23 million and $79 million for the three and nine months ended September 30, 2009. There can be no assurance that CNA's ultimate cost for catastrophes will not exceed current estimates.

The following provides discussion of CNA's Asbestos and Environmental Pollution ("A&EP") reserves.

A&EP Reserves

On August 31, 2010, Continental Casualty Company together with several of CNA's insurance subsidiaries completed a transaction with National Indemnity Company ("NICO"), a subsidiary of Berkshire Hathaway Inc., under which substantially all of CNA's legacy A&EP liabilities were ceded to NICO.

Under the terms of the NICO transaction, effective January 1, 2010 CNA ceded approximately $1.6 billion of net A&EP claim and allocated claim adjustment expense reserves to NICO under a retroactive reinsurance agreement with an aggregate limit of $4.0 billion ("Loss Portfolio Transfer"). Included in the $1.6 billion of net A&EP claim and allocated claim adjustment expense reserves was approximately $90 million of net claim and allocated claim adjustment expense reserves relating to CNA's discontinued operations. The $1.6 billion of claim and allocated claim adjustment expense reserves ceded to NICO is net of $1.2 billion of ceded claim and allocated claim adjustment expense reserves under existing third party reinsurance contracts. The NICO aggregate reinsurance limit also covers credit risk on the existing third party reinsurance related to these liabilities. However, unallocated claim adjustment expenses are not subject to the aggregate reinsurance limit.

CNA paid NICO a reinsurance premium of $2.0 billion and transferred to NICO billed third party reinsurance receivables related to A&EP claims with a net book value of $215 million. As of August 31, 2010, NICO deposited approximately $2.2 billion in a collateral trust account as security for its obligations to CNA. This $2.2 billion will be reduced by the amount of net A&EP claim and allocated claim adjustment expense payments. In addition, Berkshire Hathaway Inc. guaranteed the payment obligations of NICO up to the full aggregate reinsurance limit as well as certain of NICO's performance obligations under the trust agreement. NICO is responsible for claims handling and billing and collection from third party reinsurers related to CNA's A&EP claims.

The following table displays the impact of the Loss Portfolio Transfer on the Consolidated Condensed Statements of Income:

(In millions)		2010
Other operating expenses	**$**	**(529)**
Income tax benefit		**185**
Loss from continuing operations, included in the Other Insurance segment		**(344)**
Loss from discontinued operations		**(21)**
Net loss		**(365)**
Amounts attributable to noncontrolling interests		**37**
Net loss attributable to Loews Corporation	**$**	**(328)**

In connection with the transfer of billed third party reinsurance receivables related to A&EP claims and the coverage of credit risk afforded under the terms of the Loss Portfolio Transfer, CNA reduced its allowance for uncollectible reinsurance receivables on billed third party reinsurance receivables and ceded claim and allocated claim adjustment expense reserves by $200 million. This reduction is reflected in Other operating expenses presented above.

At September 30, 2010, the gross A&EP claim and allocated claim adjustment expense reserves were $2.5 billion which were ceded under the Loss Portfolio Transfer and other existing third party reinsurance agreements. At September 30, 2010, the remaining amount available under the $4.0 billion aggregate limit of the Loss Portfolio Transfer was $2.4 billion on an incurred basis. The net ultimate losses paid under the Loss Portfolio Transfer were $172 million through September 30, 2010.

The Loss Portfolio Transfer is considered a retroactive reinsurance contract. In the event that the cumulative claim and allocated claim adjustment expenses ceded under the Loss Portfolio Transfer exceed the consideration paid, the resulting gain from such excess would be deferred. A cumulative amortization adjustment would be recognized in earnings in the period such excess arises so that the resulting deferred gain would reflect the balance that would have existed if the revised estimate was available at the inception date of the Loss Portfolio Transfer.

Net Prior Year Development

The following tables and discussion include the net prior year development recorded for CNA Specialty, CNA Commercial and Other Insurance. Unfavorable net prior year development of $26 million was recorded in the Life & Group Non-Core segment for the three months ended September 30, 2010. There was no net prior year development recorded in the Life & Group Non-Core segment for the nine months ended September 30, 2010. For the three and nine months ended September 30, 2009 for the Life & Group Non-Core segment, favorable net prior year development of $81 million and $75 million was recorded. These amounts included the impact of a settlement reached in September 2009 with Willis Limited that resolved litigation related to the placement of personal accident reinsurance. Under the settlement agreement, Willis Limited agreed to pay CNA a total of $130 million, which was reported as a loss recovery of $94 million, net of reinsurance.

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Three Month Comparison

Three Months Ended September 30, 2010 (In millions)	CNA Specialty	CNA Commercial	Other Insurance	Total
Pretax (favorable) unfavorable net prior year claim and allocated claim adjustment expense reserve development:				
Core (Non-A&EP)	**$ (65)**	**$ (26)**	**$ 2**	**$ (89)**
Pretax (favorable) unfavorable premium development	**(2)**	**(2)**		**(4)**
Total pretax (favorable) unfavorable net prior year development	**$ (67)**	**$ (28)**	**$ 2**	**$ (93)**

Three Months Ended September 30, 2009				
Pretax (favorable) unfavorable net prior year claim and allocated claim adjustment expense reserve development:				
Core (Non-A&EP)	$ (39)	$ (21)	$ 1	$ (59)
Pretax (favorable) unfavorable premium development	3	9		12
Total pretax (favorable) unfavorable net prior year development	$ (36)	$ (12)	$ 1	$ (47)

2010 Net Prior Year Development

CNA Specialty

The favorable claim and allocated claim adjustment expense reserve development was primarily due to surety and professional liability coverages.

Favorable claim and allocated claim adjustment expense reserve development of approximately $38 million was recorded for surety coverages primarily due to a decrease in the estimated loss on a large national contractor in accident year 2005 and lower than expected claim emergence in accident years 2007 and prior.

Favorable claim and allocated claim adjustment expense reserve development of approximately $27 million was recorded for directors & officers and errors & omissions coverages for large firms. This favorable development was primarily the result of reviews of large claims in accident years 2007 and prior.

Both favorable and unfavorable claim and allocated claim adjustment expense reserve development was recorded for medical professional liability coverages. Favorable development was recorded in nursing home liability business, primarily in accident years 2007 and prior due to favorable incurred emergence. Unfavorable development was recorded for products liability coverage in accident years 2008 and 2009 due to increased frequency of large losses related to medical products.

Both favorable and unfavorable claim and allocated claim adjustment expense reserve development occurred in professional liability lines primarily related to errors & omission and employment practice liability coverages. The favorable development primarily related to accident years 2007 and prior and was the result of decreased severity and a decrease in excess loss expectations. The unfavorable development in accident years 2008 and 2009 was driven by the economic recession and higher unemployment.

CNA Commercial

The favorable claim and allocated claim adjustment expense reserve development was primarily due to favorable experience in general liability, umbrella, property and marine coverages, partially offset by unfavorable experience in workers' compensation.

Favorable claim and allocated claim adjustment expense reserve development of approximately $70 million was recorded for general liability and umbrella coverages primarily due to better than expected loss emergence in accident years 2006 and prior.

Favorable claim and allocated claim adjustment expense reserve development of approximately $28 million was recorded for property and marine coverages in CNA's international commercial book due to lower than expected frequency of large claims primarily in accident year 2009.

Favorable claim and allocated claim adjustment expense reserve development of approximately $23 million was recorded for marine business. This development was primarily the result of decreased claim frequency, favorable salvage recoveries in accident year 2008 for cargo business and lower severity for excess liability in accident years 2005 and prior.

Unfavorable claim and allocated claim adjustment expense reserve development of approximately $60 million was recorded for excess workers' compensation primarily due to increased frequency in accident years 2004 and prior.

Unfavorable claim and allocated claim adjustment expense reserve development of approximately $42 million was related to increased severity of indemnity losses relative to expectations on workers' compensation claims related to Defense Base Act contractors primarily in accident years 2008 and prior.

2009 Net Prior Year Development

CNA Specialty

The favorable claim and allocated claim adjustment expense reserve development was primarily due to favorable experience in professional liability, directors & officers and surety business.

Approximately $20 million of favorable development was recorded for professional liability coverages driven by lower than expected large claim frequency, primarily related to accountants and lawyers in accident years 2004 through 2006. Approximately $11 million of favorable development was primarily related to directors & officers coverages in accident years 2003 through 2006. This favorable development related primarily to lower than expected large claim frequency. An additional $7 million of favorable development was recorded for surety business primarily in accident years 2004, due to claims closing favorable to expectations, and 2006, due to lower than expected claim frequency.

CNA Commercial

The favorable claim and allocated claim adjustment expense reserve development was primarily due to favorable experience in general liability, partially offset by unfavorable experience in workers' compensation.

Approximately $56 million of favorable development was primarily due to claims closing favorable to expectations on non-construction defect general liability exposures in accident years 2003 and prior.

Approximately $47 million of unfavorable development was due to increased paid and incurred severity on worker's compensation business, primarily in accident years 2004, 2007 and 2008 on small and middle market business.

Nine Month Comparison

Nine Months Ended September 30, 2010 (In millions)	CNA Specialty	CNA Commercial	Other Insurance	Total
Pretax (favorable) unfavorable net prior year claim and allocated claim adjustment expense reserve development:				
Core (Non-A&EP)	**$ (215)**	**$ (229)**	**$ 5**	**$ (439)**
Pretax (favorable) unfavorable premium development	**(5)**	**54**	**(3)**	**46**
Total pretax (favorable) unfavorable net prior year development	**$ (220)**	**$ (175)**	**$ 2**	**$ (393)**

Nine Months Ended September 30, 2009	CNA Specialty	CNA Commercial	Other Insurance	Total
Pretax (favorable) unfavorable net prior year claim and allocated claim adjustment expense reserve development:				
Core (Non-A&EP)	$ (103)	$ (148)	$ 6	$ (245)
Pretax (favorable) unfavorable premium development		85	(3)	82
Total pretax (favorable) unfavorable net prior year development	$ (103)	$ (63)	$ 3	$ (163)

2010 Net Prior Year Development

CNA Specialty

The favorable claim and allocated claim adjustment expense reserve development was primarily due to professional liability and surety coverages.

Favorable claim and allocated claim adjustment expense reserve development of approximately $164 million was recorded for errors & omissions and directors & officers’ coverages due to several factors, including reduced frequency of large claims, primarily in accident years 2007 and prior, and the result of reviews of large claims in accident years 2007 and prior.

Favorable claim and allocated claim adjustment expense reserve development of approximately $52 million was recorded for medical professional liability coverages. Favorable development was primarily due to favorable incurred emergence, primarily in accident years 2007 and prior. Unfavorable development in accident years 2008 and 2009 was due to increased frequency of large losses related to medical products.

Favorable claim and allocated claim adjustment expense reserve development of approximately $49 million was recorded for surety coverages primarily due to a decrease in the estimated loss on a large national contractor in accident year 2005 and lower than expected claim emergence in accident years 2007 and prior.

Unfavorable claim and allocated claim adjustment expense reserve development of approximately $66 million was recorded for employment practices liability and errors & omissions coverages. The unfavorable development in accident years 2008 and 2009 was driven by the economic recession and higher unemployment.

CNA Commercial

The favorable claim and allocated claim adjustment expense reserve development was primarily due to favorable experience in property, general liability, umbrella, auto and international casualty coverages.

Favorable claim and allocated claim adjustment expense reserve development of approximately $109 million was recorded for property coverages. Favorable development of $53 million was due to favorable incurred loss emergence, primarily in accident years 2008 and 2009 related to catastrophes. Additional favorable development of approximately $56 million was due to decreased severity in accident years 2009 and prior related to non-catastrophes.

Favorable claim and allocated claim adjustment expense reserve development of approximately $79 million was recorded for international commercial coverages. Approximately $32 million of favorable development was recorded due to decreased frequency across several lines within CNA's Hawaiian affiliate, primarily in accident years 2008 and prior. Approximately $23 million of favorable development was primarily due to a commutation within CNA's European affiliate's book of renewable energy business. Approximately $26 million of favorable development was recorded for property and marine coverages in CNA's international commercial book due to lower than expected frequency of large claims primarily in accident year 2009.

Favorable claim and allocated claim adjustment expense reserve development of approximately $78 million was recorded for general liability and umbrella coverages primarily due to better than expected loss emergence in accident years 2006 and prior.

Favorable claim and allocated claim adjustment expense reserve development of approximately $62 million was recorded for commercial auto coverages primarily due to decreased frequency and severity trends in accident years 2009 and prior.

Favorable claim and allocated claim adjustment expense reserve development of approximately $25 million was recorded for marine business. This development was primarily the result of decreased claim frequency, favorable salvage recoveries in recent accident years and lower severity for excess liability in accident years 2005 and prior.

Unfavorable claim and allocated claim adjustment expense reserve development of approximately $60 million was recorded for excess workers' compensation primarily due to increased frequency in accident years 2004 and prior.

Unfavorable claim and allocated claim adjustment expense reserve development of approximately $44 million was related to increased severity of indemnity losses relative to expectations on workers' compensation claims related to Defense Base Act contractors primarily in accident years 2008 and prior.

Unfavorable claim and allocated claim adjustment expense reserve development of approximately $35 million was due to increased claim frequency in a portion of CNA's primary casualty surplus lines book in accident years 2008 and 2009.

Unfavorable premium development of approximately $54 million was recorded due to a change in ultimate premium estimates relating to retrospectively rated policies and return premium on auditable policies due to reduced exposures.

2009 Net Prior Year Development

CNA Specialty

The favorable claim and allocated claim adjustment expense reserve development was primarily due to favorable experience in medical professional liability, professional liability, directors & officers and surety business.

Favorable development of approximately $25 million for medical professional liability was primarily due to better than expected frequency and severity in accident years 2005 and prior, including claims closing favorable to expectations. Additional favorable development of $35 million was recorded for professional liability coverages. This favorable experience was related to several items, including favorable experience on a number of large claims related to financial institutions in accident years 2003 and prior, decreased frequency of large claims in accident years 2007 and prior related to financial institutions, and lower than expected large claim frequency related to accountants and lawyers in accident years 2004 through 2006. Approximately $30 million of favorable development was primarily related to directors & officers coverages in accident years 2003 through 2006. This favorable development related primarily to lower than expected large claim frequency. An additional $7 million of favorable development was recorded for surety business primarily in accident years 2004, due to claims closing favorable to expectations, and 2006, due to lower than expected claim frequency. An additional $4 million of favorable development was a result of favorable outcomes on claims relating to catastrophes in accident year 2005.

CNA Commercial

The favorable net prior year development was primarily due to favorable experience in property and general liability, partially offset by unfavorable experience in workers' compensation.

Favorable claim and allocated claim adjustment expense reserve development of approximately $81 million was primarily due to experience in property coverages. Prior year catastrophe reserves decreased approximately $64 million, driven by the favorable settlement of several claims primarily in accident years 2005 and 2007, and better than expected frequency and severity on claims relating to catastrophes in accident year 2008. An additional $17 million of favorable development was due to non-catastrophe related favorable loss emergence on large property coverages, primarily in accident years 2007 and 2008. Additional favorable development of approximately $81 million was related to general liability exposures. Of this, $25 million was due to decreased frequency and severity trends related to construction defect exposures in accident years 2003 and prior. The remaining favorable development was primarily due to claims closing favorable to expectations on non-construction defect general liability exposures in accident years 2003 and prior.

Approximately $51 million of unfavorable claim and allocated claim adjustment expense reserve development was due to increased paid and incurred severity on workers' compensation business primarily in accident years 2004, 2007 and 2008 on small and middle markets business.

Approximately $40 million of unfavorable premium development was related to changes in estimated ultimate premium on retrospectively rated coverages. Additional unfavorable premium development was due to an estimated liability for an assessment related to a reinsurance association and less premium processing on auditable policies than expected.

6. Benefit Plans

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

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

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

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

The components of net periodic benefit cost are as follows:

	Pension Benefits			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	**2010**	2009
(In millions)				
Service cost	**$ 7**	$ 6	**$ 20**	$ 19
Interest cost	**42**	42	**125**	128
Expected return on plan assets	**(44)**	(39)	**(132)**	(117)
Amortization of unrecognized net loss	**7**	8	**21**	22
Net periodic benefit cost	**$ 12**	$ 17	**$ 34**	$ 52

(In millions)	Other Postretirement Benefits Three Months Ended September 30, 2010	2009	Nine Months Ended September 30, 2010	2009
Service cost	**$ 1**	$ 1	**$ 2**	$ 2
Interest cost	**3**	4	**9**	10
Expected return on plan assets	**(1)**	(1)	**(3)**	(3)
Amortization of unrecognized net loss			**2**	1
Amortization of unrecognized prior service benefit	**(6)**	(6)	**(18)**	(18)
Regulatory asset decrease	**1**	1	**4**	4
Net periodic benefit cost	**$ (2)**	$ (1)	**$ (4)**	$ (4)

7. Business Segments

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

CNA's core property and casualty commercial insurance operations are reported in two business segments: CNA Specialty and CNA Commercial. CNA Specialty provides a broad array of professional, financial and specialty property and casualty products and services, primarily through insurance brokers and managing general underwriters. CNA Commercial includes property and casualty coverages sold to small businesses and middle market entities and organizations primarily through an independent agency distribution system. CNA Commercial also includes commercial insurance and risk management products sold to large corporations primarily through insurance brokers.

CNA's non-core operations are managed in two segments: Life & Group Non-Core and Other Insurance. Life & Group Non-Core primarily includes the results of the life and group lines of business that are in run-off. Other Insurance primarily includes certain corporate expenses, including interest on corporate debt, and the results of certain property and casualty business primarily in run-off, including CNA Re and A&EP.

Diamond Offshore's business primarily consists of operating 46 offshore drilling rigs that are chartered on a contract basis for fixed terms by companies engaged in exploration and production of hydrocarbons. Offshore rigs are mobile units that can be relocated based on market demand. On September 30, 2010, Diamond Offshore's drilling rigs were located offshore twelve countries in addition to the United States. On July 7, 2010, Diamond Offshore completed the sale of one of its high performance, premium jack-up drilling rigs, the *Ocean Shield*.

HighMount's business consists primarily of natural gas exploration and production operations located in the Permian Basin in Texas. In the second quarter of 2010, HighMount sold its exploration and production assets located in the Antrim Shale in Michigan and the Black Warrior Basin in Alabama. The Michigan and Alabama properties represented approximately 17%, in aggregate, of HighMount's total proved reserves as of December 31, 2009.

Boardwalk Pipeline is engaged in the interstate transportation and storage of natural gas. This segment consists of three interstate natural gas pipeline systems originating in the Gulf Coast area and running north and east through Texas, Louisiana, Mississippi, Alabama, Florida, Arkansas, Tennessee, Kentucky, Indiana, Ohio, Illinois and Oklahoma.

Loews Hotels owns and/or operates 19 hotels, 17 of which are in the United States and two are in Canada. The Loews Atlanta Hotel, which is operated under a management contract, opened on April 1, 2010.

The Corporate and other segment consists primarily of corporate investment income, including investment gains (losses) from non-insurance subsidiaries, corporate interest expenses and other unallocated expenses.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies in Note 1 of the Notes to Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2009. In addition, CNA does not maintain a distinct investment portfolio for each of its insurance segments, and accordingly, allocation of assets to each segment is not performed. Therefore,

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net investment income and investment gains (losses) are allocated based on each segment's carried insurance reserves, as adjusted.

The following tables set forth the Company's consolidated revenues and income (loss) attributable to Loews Corporation by business segment:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	**2010**	2009
(In millions)				
Revenues (a):				
CNA Financial:				
CNA Specialty	**$ 899**	$ 859	**$ 2,640**	$ 2,336
CNA Commercial	**1,069**	1,095	**3,123**	2,885
Life and Group Non-Core	**351**	341	**992**	794
Other Insurance	**44**	45	**156**	59
Total CNA Financial	**2,363**	2,340	**6,911**	6,074
Diamond Offshore	**833**	919	**2,518**	2,762
HighMount	**98**	144	**351**	466
Boardwalk Pipeline	**264**	206	**821**	631
Loews Hotels	**74**	67	**230**	213
Corporate and other	**69**	62	**69**	149
Total	**$ 3,701**	$ 3,738	**$ 10,900**	$ 10,295
Income (loss) before income tax and noncontrolling interests (a):				
CNA Financial:				
CNA Specialty	**$ 250**	$ 205	**$ 768**	$ 407
CNA Commercial	**188**	105	**538**	73
Life and Group Non-Core	**(59)**	83	**(125)**	(199)
Other Insurance	**(545)**	(3)	**(538)**	(89)
Total CNA Financial	**(166)**	390	**643**	192
Diamond Offshore	**298**	474	**1,023**	1,445
HighMount	**30**	66	**105**	(894)
Boardwalk Pipeline	**55**	16	**196**	85
Loews Hotels	**(1)**	(26)	**4**	(49)
Corporate and other	**42**	38	**(14)**	68
Total	**$ 258**	$ 958	**$ 1,957**	$ 847
Net income (loss) - Loews (a):				
CNA Financial:				
CNA Specialty	**$ 139**	$ 118	**$ 432**	$ 237
CNA Commercial	**109**	64	**309**	61
Life and Group Non-Core	**(38)**	58	**(58)**	(88)
Other Insurance	**(313)**	3	**(303)**	(37)
Total CNA Financial	**(103)**	243	**380**	173
Diamond Offshore	**93**	170	**333**	514
HighMount	**19**	40	**56**	(572)
Boardwalk Pipeline	**21**	9	**80**	39
Loews Hotels	**(2)**	(15)	**1**	(30)
Corporate and other	**28**	22	**(9)**	39
Income (loss) from continuing operations	**56**	469	**841**	163
Discontinued operations	**(20)**	(1)	**(19)**	(2)
Total	**$ 36**	$ 468	**$ 822**	$ 161

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	**2010**	2009
Revenues and Income (loss) before income tax and noncontrolling interests:				
CNA Financial:				
CNA Specialty	**$ 15**	$ (35)	**$ 60**	$ (227)
CNA Commercial	**21**	(69)	**29**	(438)
Life & Group Non-Core	**20**	21	**15**	(156)
Other Insurance	**6**	(17)	**21**	(108)
Total CNA Financial	**62**	(100)	**125**	(929)
Corporate and other			**(31)**	1
Total	**$ 62**	$ (100)	**$ 94**	$ (928)
Net income (loss) - Loews:				
CNA Financial:				
CNA Specialty	**$ 8**	$ (21)	**$ 35**	$ (135)
CNA Commercial	**13**	(42)	**13**	(260)
Life & Group Non-Core	**11**	12	**7**	(91)
Other Insurance	**5**	(10)	**13**	(63)
Total CNA Financial	**37**	(61)	**68**	(549)
Corporate and other			**(19)**	
Total	**$ 37**	$ (61)	**$ 49**	$ (549)

8. Legal Proceedings

In August 2005, CNA and certain insurance subsidiaries were joined as defendants, along with other insurers and brokers, in multidistrict litigation pending in the United States District Court for the District of New Jersey, *In re Insurance Brokerage Antitrust Litigation*, Civil No. 04-5184 (GEB). The plaintiffs' consolidated class action complaint alleges bid rigging and improprieties in the payment of contingent commissions in connection with the sale of insurance that violated federal and state antitrust laws, the federal Racketeer Influenced and Corrupt Organizations ("RICO") Act and state common law. After discovery, the District Court dismissed the federal antitrust claims and the RICO claims, and declined to exercise supplemental jurisdiction over the state law claims. The plaintiffs appealed the dismissal of their complaint to the Third Circuit Court of Appeals. In August 2010, the Court of Appeals affirmed the District Court's dismissal of the antitrust claims and the RICO claims against CNA and certain insurance subsidiaries, but vacated the dismissal of those claims against other parties. The Court of Appeals also vacated and remanded the dismissal of the state law claims against CNA and certain insurance subsidiaries and other parties to allow for further proceedings before the District Court. The District Court has ordered that the briefing on any further motions to dismiss the remanded claims be completed in November, 2010. CNA believes it has meritorious defenses to this action and intends to defend the case vigorously.

The extent of losses beyond any amounts that may be accrued are not readily determinable at this time. However, based on facts and circumstances presently known, in the opinion of management, an unfavorable outcome will not materially affect the equity of the Company, although results of operations may be adversely affected.

The Company has been named as a defendant in the following three cases alleging substantial damages based on alleged health effects caused by smoking cigarettes or exposure to tobacco smoke, all of which also name a former subsidiary, Lorillard, Inc. or one of its subsidiaries, as a defendant. In *Cypret vs. The American Tobacco Company, Inc. et al.* (1998, Circuit Court, Jackson County, Missouri), the Company would contest jurisdiction and make use of all available defenses in the event it receives personal service of this action. In *Clalit vs. Philip Morris, Inc., et al.* (1998, Jerusalem District Court of Israel), the court initially permitted plaintiff to serve the Company outside the jurisdiction but it cancelled the leave of service in response to the Company's application, and plaintiff's appeal is pending. In *Young vs. The American Tobacco Company, Inc. et al.* (1997, Civil District Court, Orleans Parish, Louisiana), the Company filed an exception for lack of personal jurisdiction during 2000, which remains pending.

The Company does not believe it is a proper defendant in any tobacco related cases and as a result, does not believe the outcome will have a material affect on its results of operations or equity. Further, pursuant to the Separation Agreement dated May 7, 2008 between the Company and Lorillard Inc. and its subsidiaries, Lorillard, Inc.

and its subsidiaries have agreed to indemnify and hold the Company harmless from all costs and expenses based upon or arising out of the operation or conduct of Lorillard's business, including among other things, smoking and health claims and litigation such as the three cases described above. Please read Item 1. Business - Separation of Lorillard and Note 19. Legal Proceedings of the Notes to the Consolidated Financial Statements in the Form 10-K for the year ended December 31, 2009 for additional information.

While the Company intends to defend vigorously all tobacco products liability litigation, it is not possible to predict the outcome of any of this litigation. Litigation is subject to many uncertainties. It is possible that one or more of the pending actions could be decided unfavorably.

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

9. Commitments and Contingencies

Guarantees

In the course of selling business entities and assets to third parties, CNA has agreed to indemnify purchasers for losses arising out of breaches of representation and warranties with respect to the business entities or assets being sold, including, in certain cases, losses arising from undisclosed liabilities or certain named litigation. Such indemnification provisions generally survive for periods ranging from nine months following the applicable closing date to the expiration of the relevant statutes of limitation. As of September 30, 2010, the aggregate amount of quantifiable indemnification agreements in effect for sales of business entities, assets and third party loans was $719 million.

In addition, CNA has agreed to provide indemnification to third party purchasers for certain losses associated with sold business entities or assets that are not limited by a contractual monetary amount. As of September 30, 2010, CNA had outstanding unlimited indemnifications in connection with the sales of certain of its business entities or assets that included tax liabilities arising prior to a purchaser's ownership of an entity or asset, defects in title at the time of sale, employee claims arising prior to closing and in some cases losses arising from certain litigation and undisclosed liabilities. These indemnification agreements survive until the applicable statutes of limitation expire, or until the agreed upon contract terms expire.

10. Consolidating Financial Information

The following schedules present the Company's consolidating balance sheet information at September 30, 2010 and December 31, 2009, and consolidating statements of income information for the nine months ended September 30, 2010 and 2009. These schedules present the individual subsidiaries of the Company and their contribution to the consolidated condensed financial statements. Amounts presented will not necessarily be the same as those in the individual financial statements of the Company's subsidiaries due to adjustments for purchase accounting, income taxes and noncontrolling interests. In addition, many of the Company's subsidiaries use a classified balance sheet which also leads to differences in amounts reported for certain line items.

The Corporate and Other column primarily reflects the parent company's investment in its subsidiaries, invested cash portfolio and corporate long term debt. The elimination adjustments are for intercompany assets and liabilities, interest and dividends, the parent company's investment in capital stocks of subsidiaries, and various reclasses of debit or credit balances to the amounts in consolidation. Purchase accounting adjustments have been pushed down to the appropriate subsidiary.

Loews Corporation
Consolidating Balance Sheet Information

September 30, 2010	CNA Financial	Diamond Offshore	HighMount	Boardwalk Pipeline	Loews Hotels	Corporate and Other	Eliminations	Total
(In millions)								
Assets:								
Investments	$ 43,526	$ 956	$ 125	$ 83	$ 51	$ 4,101		$48,842
Cash	82	29	2	6	10	3		132
Receivables	10,140	651	142	67	32	165	$ (106)	11,091
Property, plant and equipment	288	4,291	1,324	6,330	350	36		12,619
Deferred income taxes	400		550				(950)	—
Goodwill	86	20	584	163	3			856
Investments in capital stocks of subsidiaries						16,277	(16,277)	—
Other assets	748	566	18	352	27	12		1,723
Deferred acquisition costs of insurance subsidiaries	1,096							1,096
Separate account business	462							462
Total assets	$ 56,828	$ 6,513	$ 2,745	$ 7,001	$ 473	$ 20,594	$ (17,333)	$76,821
Liabilities and Equity:								
Insurance reserves	$ 37,584							$37,584
Payable to brokers	753		$ 117			$ 98		968
Short term debt	400				$ 72	175		647
Long term debt	2,251	$ 1,487	1,100	$ 3,251	148	692	$ (100)	8,829
Deferred income taxes		553		387	57	510	(950)	557
Other liabilities	2,865	711	90	401	18	196	(6)	4,275
Separate account business	462							462
Total liabilities	44,315	2,751	1,307	4,039	295	1,671	(1,056)	53,322
Total shareholders’ equity	10,838	1,909	1,438	1,850	178	18,923	(16,277)	18,859
Noncontrolling interests	1,675	1,853		1,112				4,640
Total equity	12,513	3,762	1,438	2,962	178	18,923	(16,277)	23,499
Total liabilities and equity	$ 56,828	$ 6,513	$ 2,745	$ 7,001	$ 473	$ 20,594	$ (17,333)	$76,821

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Loews Corporation
Consolidating Balance Sheet Information

December 31, 2009	CNA Financial	Diamond Offshore	HighMount	Boardwalk Pipeline	Loews Hotels	Corporate and Other	Eliminations	Total
(In millions)								
Assets:								
Investments	$ 41,996	$ 739	$ 80	$ 46	$ 61	$ 3,112		$46,034
Cash	140	39	3	4	2	2		190
Receivables	9,104	794	97	110	27	202	$ (122)	10,212
Property, plant and equipment	304	4,442	1,778	6,348	362	40		13,274
Deferred income taxes	1,368		636				(1,377)	627
Goodwill	86	20	584	163	3			856
Investments in capital stocks of subsidiaries						15,276	(15,276)	—
Other assets	712	220	47	343	19	5		1,346
Deferred acquisition costs of insurance subsidiaries	1,108							1,108
Separate account business	423							423
Total assets	$ 55,241	$ 6,254	$ 3,225	$ 7,014	$ 474	$ 18,637	$ (16,775)	$74,070
Liabilities and Equity:								
Insurance reserves	$ 38,263							$38,263
Payable to brokers	253		$ 196			$ 91		540
Short term debt		$ 4			$ 6			10
Long term debt	2,303	1,487	1,600	$ 3,100	218	867	$ (100)	9,475
Deferred income taxes		539		369	38	431	(1,377)	—
Other liabilities	2,889	560	112	416	38	281	(22)	4,274
Separate account business	423							423
Total liabilities	44,131	2,590	1,908	3,885	300	1,670	(1,499)	52,985
Total shareholders' equity	9,674	1,864	1,317	2,179	174	16,967	(15,276)	16,899
Noncontrolling interests	1,436	1,800		950				4,186
Total equity	11,110	3,664	1,317	3,129	174	16,967	(15,276)	21,085
Total liabilities and equity	$ 55,241	$ 6,254	$ 3,225	$ 7,014	$ 474	$ 18,637	$ (16,775)	$74,070

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Loews Corporation
Consolidating Statement of Income Information

Nine Months Ended September 30, 2010	CNA Financial	Diamond Offshore	HighMount	Boardwalk Pipeline	Loews Hotels	Corporate and Other	Eliminations	Total
(In millions)								
Revenues:								
Insurance premiums	$ 4,868							$ 4,868
Net investment income	1,692	$ 2			$ 1	$ 102		1,797
Intercompany interest and dividends						582	$ (582)	—
Investment gains (losses)	125		$ (31)					94
Contract drilling revenues		2,405						2,405
Other	226	111	351	$ 821	229	(2)		1,736
Total	6,911	2,518	320	821	230	682	(582)	10,900
Expenses:								
Insurance claims and policyholders' benefits	3,798							3,798
Amortization of deferred acquisition costs	1,038							1,038
Contract drilling expenses		1,009						1,009
Other operating expenses	1,319	420	197	513	219	46		2,714
Interest	113	66	49	112	7	43	(6)	384
Total	6,268	1,495	246	625	226	89	(6)	8,943
Income before income tax	643	1,023	74	196	4	593	(576)	1,957
Income tax expense	(185)	(336)	(37)	(51)	(3)	(7)		(619)
Income from continuing operations	458	687	37	145	1	586	(576)	1,338
Discontinued operations, net	(21)							(21)
Net income	437	687	37	145	1	586	(576)	1,317
Amounts attributable to noncontrolling interests	(76)	(354)		(65)				(495)
Net income attributable to Loews Corporation	$ 361	$ 333	$ 37	$ 80	$ 1	$ 586	$ (576)	$ 822

Loews Corporation
Consolidating Statement of Income Information

Nine Months Ended September 30, 2009	CNA Financial	Diamond Offshore	HighMount	Boardwalk Pipeline	Loews Hotels	Corporate and Other	Eliminations	Total
(In millions)								
Revenues:								
Insurance premiums	$ 5,035							$ 5,035
Net investment income	1,755	$ 4				$ 149		1,908
Intercompany interest and dividends						714	$ (714)	—
Investment gains (losses)	(929)	1						(928)
Contract drilling revenues		2,664						2,664
Other	213	94	$ 466	$ 631	$ 213	(1)		1,616
Total	6,074	2,763	466	631	213	862	(714)	10,295
Expenses:								
Insurance claims and policyholders' benefits	3,919							3,919
Amortization of deferred acquisition costs	1,063							1,063
Contract drilling expenses		907						907
Impairment of natural gas and oil properties			1,036					1,036
Other operating expenses	805	383	264	451	255	44		2,202
Interest	95	27	60	95	7	37		321
Total	5,882	1,317	1,360	546	262	81	—	9,448
Income (loss) before income tax	192	1,446	(894)	85	(49)	781	(714)	847
Income tax (expense) benefit	27	(387)	322	(21)	19	(28)		(68)
Income (loss) from continuing operations	219	1,059	(572)	64	(30)	753	(714)	779
Discontinued operations, net	(2)							(2)
Net income (loss)	217	1,059	(572)	64	(30)	753	(714)	777
Amounts attributable to noncontrolling interests	(46)	(545)		(25)				(616)
Net income (loss) attributable to Loews Corporation	$ 171	$ 514	$ (572)	$ 39	$ (30)	$ 753	$ (714)	$ 161

Note 11. Subsequent Event

CNA currently owns 62% of CNA Surety Corporation ("CNA Surety") which is publicly-traded. CNA Surety is included in the consolidated condensed financial statements of the Company, with the minority common shareholders' proportionate share of CNA Surety's net income and net equity presented as Amounts attributable to noncontrolling interests. On November 1, 2010, CNA announced that it has proposed to acquire all of the outstanding shares of common stock of CNA Surety that it does not currently own for $22.00 per share. Any amount paid to acquire the common shares of CNA Surety not currently owned above or below the noncontrolling interest reflected in the Company's equity would be reflected as an adjustment to the Company's Additional paid-in capital. The noncontrolling interest in the Company's equity related to CNA Surety at September 30, 2010 is $357 million. There can be no assurance that this transaction will be consummated at the price indicated above or at all.

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

Management's discussion and analysis of financial condition and results of operations ("MD&A") should be read in conjunction with our Consolidated Condensed Financial Statements included in Item 1 of this Report, Risk Factors included in Part II, Item 1A of this Report, and the Consolidated Financial Statements, Risk Factors, and MD&A included in our Annual Report on Form 10-K for the year ended December 31, 2009. This MD&A is comprised of the following sections:

OVERVIEW

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

— commercial property and casualty insurance (CNA Financial Corporation ("CNA"), a 90% owned subsidiary);

— operation of offshore oil and gas drilling rigs (Diamond Offshore Drilling, Inc. ("Diamond Offshore"), a 50.4% owned subsidiary);

— exploration, production and marketing of natural gas, natural gas liquids and, to a lesser extent, oil (HighMount Exploration & Production LLC ("HighMount"), a wholly owned subsidiary);

— operation of interstate natural gas transmission pipeline systems (Boardwalk Pipeline Partners, LP ("Boardwalk Pipeline"), a 66% owned subsidiary); and

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

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

Consolidated Financial Results

Net income for the third quarter of 2010 amounted to $36 million, or $0.09 per share, compared to net income of $468 million, or $1.08 per share, for the 2009 period. Net income for the nine months ended September 30, 2010 was $822 million, or $1.96 per share compared to $161 million, or $0.37 per share, for the 2009 period.

The decrease in net income for the third quarter of 2010 primarily reflects a charge of $328 million (after tax and noncontrolling interests) related to the previously announced Loss Portfolio Transfer agreement under which CNA ceded legacy asbestos and environmental pollution liabilities to National Indemnity Company. Excluding the Loss Portfolio Transfer transaction, net income as adjusted for the third quarter of 2010 amounted to $364 million as compared to $468 million. Income from continuing operations, excluding the Loss Portfolio Transfer transaction, amounted to $365 million as compared to $469 million. The decrease is primarily due to lower net investment income from reduced limited partnership income at CNA and lower earnings at Diamond Offshore reflecting reduced utilization and the impact of the drilling moratorium in the Gulf of Mexico. Results in 2009 also included a $55 million gain (after tax and noncontrolling interests) at CNA from a settlement that resolved litigation related to the placement of personal accident reinsurance at CNA. These declines were partially offset by improved results from net investment gains and increased favorable net prior year development at CNA.

Income from continuing operations included net investment gains of $37 million (after tax and noncontrolling interests) in the third quarter of 2010 compared to net investment losses of $61 million for the 2009 period. Net investment gains in the third quarter of 2010 were driven by net trading activity and lower other-than-temporary impairment ("OTTI") losses at CNA compared to the 2009 period.

Income from continuing operations for the first nine months of 2010 amounted to $841 million (after tax and noncontrolling interests), compared to $163 million for the 2009 period. The prior year period included a non-cash impairment charge of $1.0 billion ($660 million after tax) related to the carrying value of HighMount's natural gas and oil properties. This charge reflected declines in commodity prices. Excluding the prior year charge and the charge for CNA's Loss Portfolio Transfer transaction in the three months ended September 30, 2010 discussed above, results for the first nine months of 2010 improved due to significantly lower OTTI losses at CNA. The improvement was partially offset by reduced results as discussed in the three months comparison above.

Net investment gains amounted to $49 million (after tax and noncontrolling interests) in the first nine months of 2010 compared to net investment losses of $549 million for the 2009 period. Net investment gains in the first nine months of 2010 reflected OTTI losses at CNA of $94 million (after tax and noncontrolling interests) compared to $677 million for the 2009 period.

Book value per share increased to $45.31 at September 30, 2010, compared to $43.53 at June 30, 2010 and $39.76 at December 31, 2009.

Parent Company Structure

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

CRITICAL ACCOUNTING ESTIMATES

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

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

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

— Insurance Reserves

— Reinsurance

— Litigation

— Valuation of Investments and Impairment of Securities

— Long Term Care Products

— Payout Annuity Contracts

— Pension and Postretirement Benefit Obligations

— Valuation of HighMount's Proved Reserves

— Impairment of Long-lived Assets

— Goodwill

— Income Taxes

Due to the inherent uncertainties involved with these types of judgments, actual results could differ significantly from estimates, which may have a material adverse impact on our results of operations or equity. See the Critical Accounting Estimates section and the Results of Operations by Business Segment – CNA Financial – Reserves – Estimates and Uncertainties section of our MD&A included under Item 7 of our Form 10-K for the year ended December 31, 2009 for further information.

RESULTS OF OPERATIONS BY BUSINESS SEGMENT

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

CNA Financial

The following table summarizes the results of operations for CNA for the three and nine months ended September 30, 2010 and 2009 as presented in Note 10 of the Notes to Consolidated Condensed Financial Statements included in Item 1 of this Report:

	Three Months Ended September 30,		**Nine Months Ended September 30,**	
	2010	2009	**2010**	2009
(In millions)				
Revenues:				
Insurance premiums	**$ 1,645**	$ 1,707	**$ 4,868**	$ 5,035
Net investment income	**581**	660	**1,692**	1,755
Investment gains (losses)	**62**	(100)	**125**	(929)
Other revenue	**75**	73	**226**	213
Total	**2,363**	2,340	**6,911**	6,074
Expenses:				
Insurance claims and policyholders' benefits	**1,343**	1,282	**3,798**	3,919
Amortization of deferred acquisition costs	**351**	365	**1,038**	1,063
Other operating	**795**	269	**1,319**	805
Interest	**40**	34	**113**	95
Total	**2,529**	1,950	**6,268**	5,882
Income (loss) before income tax	**(166)**	390	**643**	192
Income tax (expense) benefit	**64**	(110)	**(185)**	27
Net income (loss) from continuing operations	**(102)**	280	**458**	219
Discontinued operations	**(22)**	(1)	**(21)**	(2)
Net income (loss)	**(124)**	279	**437**	217
Amounts attributable to noncontrolling interests	**1**	(37)	**(76)**	(46)
Net income (loss) attributable to Loews Corporation	**$ (123)**	$ 242	**$ 361**	$ 171

Loss Portfolio Transfer Reinsurance Agreement

On August 31, 2010, CNA completed a transaction with National Indemnity Company ("NICO"), a subsidiary of Berkshire Hathaway Inc., under which CNA's legacy asbestos and environmental pollution ("A&EP") liabilities were ceded to NICO. Under the terms of the transaction, effective January 1, 2010 CNA ceded approximately $1.6 billion of net A&EP liabilities to NICO under a retroactive reinsurance agreement with an aggregate limit of $4.0 billion. CNA paid NICO a reinsurance premium of $2.0 billion and transferred to NICO the right to collect billed third party reinsurance receivables with a net book value of $215 million. As of August 31, 2010, NICO deposited approximately $2.2 billion in a collateral trust for CNA's benefit. In addition, Berkshire Hathaway Inc. guaranteed the payment obligations of NICO up to the full aggregate reinsurance limit as well as certain of NICO's performance obligations under the trust agreement. At September 30, 2010, the Company recognized a loss of $328 million, after tax and noncontrolling interests, related to this transaction.

Three Months Ended September 30, 2010 Compared to 2009

Net results decreased $365 million for the three months ended September 30, 2010 as compared to the 2009 period. This decrease was driven by the loss associated with the Loss Portfolio Transfer, partially offset by improved net investment results of $162 million ($98 million after tax and noncontrolling interests). See the Investments section of this MD&A for further discussion of net realized investment results and net investment income. Favorable net prior year development of $93 million and $47 million was recorded for the three months ended September 30, 2010 and 2009. Further information on net prior year development for the three months ended September 30, 2010 and 2009 is included in Note 5 of the Notes to Consolidated Condensed Financial Statements included under Item 1. Net earned premiums decreased $62 million for the three months ended September 30, 2010 as compared to the 2009 period, driven by a $55 million decrease in CNA Commercial. See the CNA Segment Results section of this MD&A for further discussion. Net loss from discontinued operations increased $21 million for the three months ended September 30, 2010 as compared to the 2009 period, due to the loss associated with the Loss Portfolio Transfer.

Nine Months Ended September 30, 2010 Compared to 2009

Net income increased $190 million for the nine months ended September 30, 2010 as compared to the 2009 period. This improvement was driven by significantly improved net investment results of $1,054 million ($617 million after tax and noncontrolling interests), partially offset by the loss associated with the Loss Portfolio Transfer. See the Investments section of this MD&A for further discussion of net realized investment results and net investment income. Favorable net prior year development of $393 million and $163 million was recorded for the nine months ended September 30, 2010 and 2009. Further information on net prior year development for the nine months ended September 30, 2010 and 2009 is included in Note 5 of the Notes to Consolidated Condensed Financial Statements included under Item 1. Net earned premiums decreased $167 million for the nine months ended September 30, 2010 as compared to the 2009 period, driven by a $142 million decrease in CNA Commercial. See the CNA Segment Results section of this MD&A for further discussion. Net loss from discontinued operations increased $19 million for the nine months ended September 30, 2010 as compared to the 2009 period, due to the loss associated with the Loss Portfolio Transfer.

In 2010, CNA commenced a program to significantly transform its IT organization and delivery model. CNA anticipates that the total costs for this program will be approximately $41 million, of which $34 million was incurred through the third quarter of 2010. When the results of this program are fully operational, CNA anticipates annual savings based on its current annual level of IT spending. A significant portion of the annual savings is anticipated to be achieved in 2011 with full annual savings in 2012. Some or all of these estimated savings may be invested in IT or other enhancements necessary to support CNA's business strategies.

CNA Segment Results

CNA utilizes the net operating income financial measure to monitor its operations. Net operating income is calculated by excluding from net income (loss) after tax and noncontrolling interests the effects of (i) net realized investment gains or losses, (ii) income or loss from discontinued operations and (iii) any cumulative effects of changes in accounting guidance. See further discussion regarding how CNA manages its business in Note 7 of the Notes to Consolidated Condensed Financial Statements included under Item 1. In evaluating the results of the CNA Specialty and CNA Commercial segments, CNA utilizes the loss ratio, the expense ratio, the dividend ratio and the combined ratio. These ratios are calculated using GAAP financial results. The loss ratio is the percentage of net incurred claim and claim adjustment expenses to net earned premiums. The expense ratio is the percentage of insurance underwriting and acquisition expenses, including the amortization of deferred acquisition costs, to net earned premiums. The dividend ratio is the ratio of policyholders' dividends incurred to net earned premiums. The combined ratio is the sum of the loss, expense and dividend ratios.

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CNA Specialty

The following table summarizes the results of operations for CNA Specialty:

(In millions, except %)	Three Months Ended September 30, 2010	Three Months Ended September 30, 2009	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
Net written premiums	**$ 706**	$ 690	**$ 2,009**	$ 2,017
Net earned premiums	**679**	687	**1,998**	2,014
Net investment income	**148**	154	**420**	396
Net operating income	**131**	139	**397**	372
Net realized investment gains (losses)	**8**	(21)	**35**	(135)
Net income	**139**	118	**432**	237
Ratios:				
Loss and loss adjustment expense	**57.8%**	59.8%	**55.8%**	60.1%
Expense	**30.4**	28.8	**30.5**	28.7
Dividend	**0.3**	0.2	**0.3**	0.4
Combined	**88.5%**	88.8%	**86.6%**	89.2%

Three Months Ended September 30, 2010 Compared to 2009

Net written premiums for CNA Specialty increased $16 million for the three months ended September 30, 2010 as compared to the 2009 period. Net written premiums increased in CNA's professional management and liability lines of business. This increase was partially offset by continued decreased insured exposures and lower rates in CNA's architects & engineers and CNA HealthPro lines of business due to current economic and competitive market conditions. These conditions may continue to put ongoing pressure on premium and income levels and the expense ratio. Net earned premiums decreased $8 million as compared to the 2009 period, due to the impact of decreased net written premiums in prior quarters.

CNA Specialty's average rate decreased 2% and 1% for the three months ended September 30, 2010 and 2009 for the policies that renewed during those periods. Retention rates of 86% and 85% were achieved for those policies that were available for renewal in each period.

Net income increased $21 million for the three months ended September 30, 2010 as compared to the 2009 period. This increase was due to improved net realized investment results, partially offset by lower net operating income. See the Investments section of this MD&A for further discussion of net realized investment results.

Net operating income decreased $8 million for the three months ended September 30, 2010 as compared to the 2009 period. This decrease was primarily due to decreased current accident year underwriting results and lower net investment income, partially offset by increased favorable net prior year development.

The combined ratio improved 0.3 points for the three months ended September 30, 2010 as compared to the 2009 period. The loss ratio improved 2.0 points, primarily due to increased favorable net prior year development, partially offset by the impact of a higher current accident year loss ratio. The expense ratio increased 1.6 points, primarily related to higher underwriting expenses.

Favorable net prior year development of $67 million was recorded for the three months ended September 30, 2010, compared to favorable net prior year development of $36 million for the 2009 period. Further information on CNA Specialty's net prior year development for the three months ended September 30, 2010 and 2009 is included in Note 5 of the Notes to Consolidated Condensed Financial Statements included under Item 1.

Nine Months Ended September 30, 2010 Compared to 2009

Net written premiums for CNA Specialty decreased $8 million and net earned premiums decreased $16 million for the nine months ended September 30, 2010 as compared to the 2009 period, driven by decreased insured exposures and lower rates as discussed in the three month comparison above.

CNA Specialty's average rate decreased 2% for the nine months ended September 30, 2010 and 2009 for the policies that renewed during those periods. Retention rates of 86% and 85% were achieved for those policies that were available for renewal in each period.

Net income improved $195 million for the nine months ended September 30, 2010 as compared to the 2009 period. This improvement was due to improved net realized investment results and improved net operating income. See the Investments section of this MD&A for further discussion of net realized investment results.

Net operating income increased $25 million for the nine months ended September 30, 2010 as compared to the 2009 period, primarily due to increased favorable net prior year development and improved net investment income, partially offset by decreased current accident year underwriting results.

The combined ratio improved 2.6 points for the nine months ended September 30, 2010 as compared to the 2009 period. The loss ratio improved 4.3 points, primarily due to increased favorable net prior year development, partially offset by the impact of a higher current accident year loss ratio. The expense ratio increased 1.8 points primarily related to higher underwriting expenses and higher commission rates. Underwriting expenses were unfavorably impacted by IT Transformation costs. See the CNA Consolidated section of this MD&A for further discussion of IT Transformation costs.

Favorable net prior year development of $220 million was recorded for the nine months ended September 30, 2010 compared to favorable net prior year development of $103 million for the 2009 period. Further information on CNA Specialty's net prior year development for the nine months ended September 30, 2010 and 2009 is included in Note 5 of the Notes to Consolidated Condensed Financial Statements included under Item 1.

The following table summarizes the gross and net carried reserves for CNA Specialty:

(In millions)	**September 30, 2010**	December 31, 2009
Gross Case Reserves	**$ 2,329**	$ 2,208
Gross IBNR Reserves	**4,584**	4,714
Total Gross Carried Claim and Claim Adjustment Expense Reserves	**$ 6,913**	$ 6,922
Net Case Reserves	**$ 1,941**	$ 1,781
Net IBNR Reserves	**4,024**	4,085
Total Net Carried Claim and Claim Adjustment Expense Reserves	**$ 5,965**	$ 5,866

CNA Commercial

The following table summarizes the results of operations for CNA Commercial:

	Three Months Ended September 30,		**Nine Months Ended September 30,**	
(In millions, except %)	**2010**	2009	**2010**	2009
Net written premiums	**$ 763**	$ 787	**$ 2,430**	$ 2,647
Net earned premiums	**819**	874	**2,432**	2,574
Net investment income	**214**	276	**613**	703
Net operating income	**96**	106	**296**	321
Net realized investment gains (losses)	**13**	(42)	**13**	(260)
Net income	**109**	64	**309**	61
Ratios:				
Loss and loss adjustment expense	**70.2%**	73.4%	**68.3%**	71.9%
Expense	**35.1**	36.8	**35.8**	34.7
Dividend	**0.4**	0.4	**0.4**	0.2
Combined	**105.7%**	110.6%	**104.5%**	106.8%

Three Months Ended September 30, 2010 Compared to 2009

Net written premiums for CNA Commercial decreased $24 million for the three months ended September 30, 2010 as compared to the 2009 period. Premiums written were unfavorably impacted by decreased insured exposures and decreased new business as a result of competitive market conditions. Current economic conditions have led to decreased insured exposures, such as in the construction industry due to smaller payrolls and reduced project volume. These conditions may continue to put ongoing pressure on premium and income levels and the expense ratio. Net earned premiums decreased $55 million for the three months ended September 30, 2010 as compared to the 2009 period, consistent with the trend of lower net written premiums.

CNA Commercial's average rate was flat for the three months ended September 30, 2010 and 2009 for the policies that renewed during those periods. Retention rates of 81% and 80% were achieved for those policies that were available for renewal in each period.

Net income increased by $45 million for the three months ended September 30, 2010 as compared to the 2009 period. This improvement was due to improved net realized investment results, partially offset by lower net operating income. See the Investments section of this MD&A for further discussion of net realized investment results and net investment income.

Net operating income decreased $10 million for the three months ended September 30, 2010 as compared to the 2009 period. This decrease was primarily due to lower net investment income, driven by less favorable limited partnership income, partially offset by increased favorable net prior year development.

The combined ratio improved 4.9 points for the three months ended September 30, 2010 as compared to the 2009 period. The loss ratio improved 3.2 points, primarily due to increased favorable net prior year development and decreased catastrophe losses. Catastrophe losses were $11 million, or 1.4 points of the loss ratio, for the three months ended September 30, 2010 as compared to $21 million, or 2.4 points of the loss ratio, for the 2009 period.

The expense ratio improved 1.7 points for the three months ended September 30, 2010 as compared to the 2009 period, primarily due to the favorable impact of a reduction in the allowance for uncollectible insurance receivables and decreased unfavorable changes in estimates for insurance-related assessments. These favorable impacts were partially offset by the unfavorable impact of the lower net earned premium base.

Favorable net prior year development of $28 million was recorded for the three months ended September 30, 2010, compared to favorable net prior year development of $12 million for the 2009 period. Further information on CNA Commercial net prior year development for the three months ended September 30, 2010 and 2009 is included in Note 5 of the Notes to Consolidated Condensed Financial Statements included under Item 1.

Nine Months Ended September 30, 2010 Compared to 2009

Net written premiums for CNA Commercial decreased $217 million and net earned premiums decreased $142 million for the nine months ended September 30, 2010 as compared to the 2009 period, primarily due to the same reasons discussed above in the three month comparison.

CNA Commercial's average rate increased 1% for the nine months ended September 30, 2010 as compared to a decrease of 1% for the 2009 period for the policies that renewed during those periods. Retention rates of 79% and 81% were achieved for those policies that were available for renewal in each period.

Net income improved $248 million for the nine months ended September 30, 2010 as compared to the 2009 period, due to the same reasons discussed above in the three month comparison.

Net operating income decreased $25 million for the nine months ended September 30, 2010 as compared to the 2009 period. This decrease was primarily due to lower net investment income, driven by less favorable limited partnership income, and decreased current accident year underwriting results, including higher catastrophe losses. These unfavorable items were partially offset by increased favorable net prior year development.

The combined ratio improved 2.3 points for the nine months ended September 30, 2010 as compared to the 2009 period. The loss ratio improved 3.6 points, primarily due to 4.9 points of increased favorable net prior year development, partially offset by increased catastrophe losses and the impact of a higher current accident year non-catastrophe loss ratio. Catastrophe losses were $94 million, or 3.9 points of the loss ratio, for the nine months ended September 30, 2010, as compared to $73 million, or 2.8 points of the loss ratio, for the 2009 period.

The expense ratio increased 1.1 points for the nine months ended September 30, 2010 as compared to the 2009 period, primarily due to increased underwriting expenses and the unfavorable impact of the lower net earned premium base. Underwriting expenses were unfavorably impacted by IT Transformation costs. See the CNA Consolidated section of this MD&A for further discussion of IT Transformation costs.

Favorable net prior year development of $175 million was recorded for the nine months ended September 30, 2010, compared to favorable net prior year development of $63 million for the 2009 period. Further information on CNA Commercial net prior year development for the nine months ended September 30, 2010 and 2009 is included in Note 5 of the Notes to Consolidated Condensed Financial Statements included under Item 1.

The following table summarizes the gross and net carried reserves for CNA Commercial:

(In millions)		**September 30, 2010**		December 31, 2009
Gross Case Reserves	**$**	**6,443**	$	6,510
Gross IBNR Reserves		**6,092**		6,495
Total Gross Carried Claim and Claim Adjustment Expense Reserves	**$**	**12,535**	$	13,005
Net Case Reserves	**$**	**5,270**	$	5,269
Net IBNR Reserves		**5,218**		5,580
Total Net Carried Claim and Claim Adjustment Expense Reserves	**$**	**10,488**	$	10,849

Life & Group Non-Core

The following table summarizes the results of operations for Life & Group Non-Core:

	Three Months Ended September 30,				**Nine Months Ended September 30,**			
(In millions)		**2010**		2009		**2010**		2009
Net earned premiums	**$**	**145**	$	149	**$**	**436**	$	447
Net investment income		**182**		169		**531**		496
Net operating income (loss)		**(49)**		46		**(65)**		3
Net realized investment gains (losses)		**11**		12		**7**		(91)
Net income (loss)		**(38)**		58		**(58)**		(88)

Three Months Ended September 30, 2010 Compared to 2009

Net earned premiums for Life & Group Non-Core decreased $4 million for the three months ended September 30, 2010 as compared to the 2009 period. Net earned premiums relate primarily to the individual and group long term care businesses.

Net results decreased $96 million for the three months ended September 30, 2010 as compared to the 2009 period. This decrease was primarily due to the favorable impact in 2009 of a $55 million gain (after tax and noncontrolling interests) arising from a settlement reached with Willis Limited that resolved litigation related to the placement of personal accident reinsurance. Also contributing to the decrease in net results was a $39 million increase to payout annuity benefit reserves resulting from unlocking assumptions due to loss recognition, and less favorable performance on CNA's pension deposit business.

Certain of the separate account investment contracts related to CNA's pension deposit business guarantee principal and an annual minimum rate of interest, for which CNA recorded an additional pretax liability in Policyholders' funds during 2008 based on the results of the investments supporting this business at that time. During the third quarter of 2009, CNA decreased this pretax liability by $18 million based on improved results from these investments. During the third quarter of 2010, CNA decreased the remaining pretax liability by $7 million based on the results from these investments. CNA no longer carries an additional liability in Policyholders' funds for these separate account investment contracts.

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Nine Months Ended September 30, 2010 Compared to 2009

Net earned premiums for Life & Group Non-Core decreased $11 million for the nine months ended September 30, 2010 as compared to the 2009 period.

Net results increased $30 million for the nine months ended September 30, 2010 as compared to the 2009 period. This improvement was primarily due to improved net realized investment results. See the Investments section of this MD&A for further discussion of net realized investment results. In addition, 2009 results included the unfavorable impact of a $25 million legal accrual (after tax and noncontrolling interests). Partially offsetting these favorable impacts was the unfavorable Willis Limited settlement and the increase in the payout annuity benefit reserves as discussed above in the three month comparison, as well as unfavorable results in CNA's long term care business.

Other Insurance

The following table summarizes the results of operations for the Other Insurance segment, including A&EP and intrasegment eliminations:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	**2010**	2009
(In millions)				
Net investment income	**$ 37**	$ 61	**$ 128**	$ 161
Net operating income (loss)	**(318)**	13	**(316)**	26
Net realized investment gains (losses)	**5**	(10)	**13**	(63)
Net income (loss)	**(313)**	3	**(303)**	(37)

Three Months Ended September 30, 2010 Compared to 2009

Net results decreased $316 million for the three months ended September 30, 2010 as compared to the 2009 period, driven by the net loss of $328 million as a result of the Loss Portfolio Transfer, as previously discussed in this MD&A. Net results were also impacted by lower net investment income and higher interest expense. Partially offsetting these unfavorable items were improved net realized investment results. See the Investments section of this MD&A for further discussion of net investment income and net realized investment results.

Unfavorable net prior year development of $2 million was recorded for the three months ended September 30, 2010, compared to unfavorable net prior year development of $1 million for the 2009 period.

Nine Months Ended September 30, 2010 Compared to 2009

Net loss decreased $266 million for the nine months ended September 30, 2010 as compared to the 2009 period, primarily due to the same reasons discussed above in the three month comparison.

Unfavorable net prior year development of $2 million was recorded for the nine months ended September 30, 2010, compared to unfavorable net prior year development of $3 million for the 2009 period.

The following table summarizes the gross and net carried reserves for the Other Insurance segment:

	September 30, 2010	December 31, 2009
(In millions)		
Gross Case Reserves	**$ 1,497**	$ 1,548
Gross IBNR Reserves	**2,094**	2,458
Total Gross Carried Claim and Claim Adjustment Expense Reserves	**$ 3,591**	$ 4,006
Net Case Reserves	**$ 504**	$ 972
Net IBNR Reserves	**365**	1,515
Total Net Carried Claim and Claim Adjustment Expense Reserves	**$ 869**	$ 2,487

Total net carried claim and claim adjustment expense reserves decreased primarily as a result of the Loss Portfolio Transfer, as previously discussed in this MD&A.

Diamond Offshore

Recent Developments

On April 20, 2010, the Macondo well being drilled by BP plc in the U.S. Gulf of Mexico, ("GOM"), experienced a blowout and immediately began flowing oil into the GOM. Efforts to permanently plug and abandon the well and contain the spill were successfully completed in September 2010.

In the near-term aftermath of the Macondo incident, on May 30, 2010, the U.S. government imposed a six month moratorium on certain drilling activities in water deeper than 500 feet in the GOM and subsequently implemented enhanced safety requirements applicable to all drilling activity in the GOM, including drilling activities in water shallower than 500 feet. On October 12, 2010, the U.S. government lifted the moratorium subject to compliance with enhanced safety requirements including those set forth in Notices to Lessees 2010-N05 and 2010-N06, both of which were implemented during the drilling ban. Additionally, all drilling in the GOM will be required to comply with the Interim Final Rule to Enhance Safety Measures for Energy Development on the Outer Continental Shelf ("Drilling Safety Rule") and the Workplace Safety Rule on Safety and Environmental Management Systems, both of which were issued on September 30, 2010, once they become final. Diamond Offshore continues to evaluate these new measures to ensure that its rigs and equipment are in full compliance, where applicable. Additional requirements could be forthcoming based on further recommendations by regulatory agencies investigating the Macondo incident. Diamond Offshore is not able to predict the likelihood, nature or extent of additional rulemaking or when the interim rules, or any future rules, could become final. Nor is Diamond Offshore able to predict when the Bureau of Ocean Energy Management, Regulation and Enforcement, ("BOEM"), will issue drilling permits to its customers. Diamond Offshore is not able to predict the future impact of these events on its operations. Even with the drilling ban lifted, certain deepwater drilling activities remain suspended until the BOEM resumes its regular permitting of those activities.

It has been reported that the industry currently has 35 floating rigs in the GOM that have been impacted by the moratorium and that four floating rigs have left the GOM since the imposition of the moratorium, two of which were Diamond Offshore rigs. At October 28, 2010, Diamond Offshore had two semisubmersible rigs under contract in the GOM, in addition to the *Ocean Monarch*, whose contract the operator has sought to terminate as discussed below, as well as two jack-up rigs. Given the continuing uncertainty with respect to drilling activity in the GOM, Diamond Offshore's customers may seek to move additional rigs to locations outside of the GOM or perform activities which are allowed under the enhanced safety requirements. One of Diamond Offshore's customers has asserted force majeure as a basis for its termination of the drilling contract for the *Ocean Monarch*, which has a remaining term of approximately thirty months, and the operator has also filed suit against Diamond Offshore in U.S. District Court in Houston, seeking a declaratory judgment that its termination of the drilling contract is warranted under the contract. Diamond Offshore does not believe the events cited by the operator come within the definition of force majeure under the drilling contract, and does not believe that the operator has the right to terminate the drilling contract on this basis. Although Diamond Offshore cannot predict with certainty the results of any such litigation, and there can be no assurance as to its ultimate outcome, it intends to vigorously defend this litigation and challenge the operator's attempt to terminate the drilling contract.

Diamond Offshore is continuing to actively seek international opportunities to keep its rigs employed. However, Diamond Offshore can provide no assurance that it will be successful in its efforts to employ its remaining impacted rigs in the GOM in the near term or that the force majeure assertion will ultimately be resolved in Diamond Offshore's favor. In addition, given the ongoing uncertainty with respect to drilling activity and other industry factors in the GOM, Diamond Offshore has cold stacked two intermediate floaters and four jack-up rigs in the GOM.

Outside the GOM, the global economy remained relatively flat in the third quarter of 2010, with oil prices averaging in the mid $70s. Dayrates Diamond Offshore receives for new contracts are no longer at the peak levels achieved at the height of the most recent up-cycle. While dayrates for its international floater rigs appear to have stabilized, given the unpredictable economic environment, the demand for Diamond Offshore's services and the dayrates it is able to command could soften further. The volatility and economic uncertainty are being further exacerbated by the continuing regulatory uncertainty in the GOM. If Diamond Offshore, or others, move additional rigs out of the GOM to international locations, the increased supply of available rigs entering the international market, coupled with un-contracted new-build rigs scheduled for delivery between now and the end of 2010, could create downward pressure on dayrates unless demand improves sufficiently to absorb the new supply.

From June 30, 2010 through October 28, 2010, Diamond Offshore has entered into eight new drilling contracts totaling approximately $76 million in backlog and ranging in duration from one well to one year. At the end of the third quarter of 2010, Diamond Offshore's contract backlog was approximately $7.5 billion, of which its contracts in the GOM (including approximately $394 million related to the contract for the *Ocean Monarch* discussed above) represented approximately $546 million, or 7%, of its total contract backlog.

Contract Drilling Backlog

The following table reflects Diamond Offshore's contract drilling backlog as of October 18, 2010 and February 1, 2010 (the date reported in our Annual Report on Form 10-K for the year ended December 31, 2009). Contract drilling backlog is calculated by multiplying the contracted operating dayrate by the firm contract period and adding one half of any potential rig performance bonuses. Diamond Offshore's calculation also assumes full utilization of its drilling equipment for the contract period (excluding scheduled shipyard and survey days); however, the amount of actual revenue earned and the actual periods during which revenues are earned will be different than the amounts and periods shown in the tables below due to various factors. Utilization rates, which generally approach 95% - 98% during contracted periods, can be adversely impacted by downtime due to various operating factors including, but not limited to, weather conditions and unscheduled repairs and maintenance. Contract drilling backlog excludes revenues for mobilization, demobilization, contract preparation and customer reimbursables. No revenue is generally earned during periods of downtime for regulatory surveys. Changes in Diamond Offshore's contract drilling backlog between periods are a function of the performance of work on term contracts, as well as the extension or modification of existing term contracts and the execution of additional contracts.

(In millions)	**October 18, 2010**	February 1, 2010
High specification floaters (a)	**$ 4,371**	$ 4,177
Intermediate semisubmersible rigs (b)	**3,009**	4,030
Jack-ups (c)	**122**	249
Total	**$ 7,502**	$ 8,456

(a) Contract drilling backlog as of October 18, 2010 for Diamond Offshore's high specification floaters includes (i) $3.0 billion attributable to contracted operations offshore Brazil for the remainder of 2010 and for the years 2011 to 2016, and (ii) $491 million attributable to contracted operations in the GOM for the remainder of 2010 and for the years 2011 to 2013, which includes $394 million attributable to the *Ocean Monarch* pursuant to a contract that the operator has sought to terminate.

(b) Contract drilling backlog as of October 18, 2010 for Diamond Offshore's intermediate semisubmersible rigs includes (i) $2.4 billion attributable to contracted operations offshore Brazil for the remainder of 2010 and for the years 2011 to 2015, and (ii) $54 million attributable to contracted operations in the GOM for the remainder of 2010 and for the year 2011.

(c) Contract drilling backlog as of October 18, 2010 for Diamond Offshore's jack-ups includes (i) $48 million attributable to contracted operations offshore Brazil for the remainder of 2010 and for the year 2011, and (ii) $1 million attributable to contracted operations in the GOM for the remainder of 2010.

The following table reflects the amount of Diamond Offshore's contract drilling backlog by year as of October 18, 2010.

Year Ended December 31 **(In millions)**	**Total**	**2010 (a)**	**2011**	**2012**	**2013 - 2016**
High specification floaters (b)	**$4,371**	**$ 450**	**$1,653**	**$ 912**	**$ 1,356**
Intermediate semisubmersible rigs (c)	**3,009**	**383**	**1,010**	**860**	**756**
Jack-ups (d)	**122**	**36**	**86**		
Total	**$7,502**	**$ 869**	**$2,749**	**$1,772**	**$ 2,112**

(a) Represents a three month period beginning October 1, 2010.

(b) Contract drilling backlog as of October 18, 2010 for Diamond Offshore's high specification floaters includes (i) $205 million, $803 million and $667 million for the remainder of 2010 and for the years 2011 and 2012 and $1.3 billion in the aggregate for the years 2013 to 2016, attributable to contracted operations offshore Brazil, and (ii) $77 million, $221 million, $161 million and $32 million for the remainder of 2010 and for the years 2011 to 2013, attributable to contracted operations in the GOM. The GOM amount includes $40 million, $161 million, $161 million and $32 million for the remainder of 2010 and for the years 2011 to 2013, attributable to the *Ocean Monarch* pursuant to a contract that the operator has sought to terminate.

(c) Contract drilling backlog as of October 18, 2010 for Diamond Offshore's intermediate semisubmersible rigs includes (i) $179 million, $764 million and $732 million for the remainder of 2010 and for the years 2011 and 2012 and $699 million in the aggregate for the years 2013 to 2016, attributable to contracted operations offshore Brazil, and (ii) $18 million and $36 million for the remainder of 2010 and for the year 2011, attributable to contracted operations in the GOM.

(d) Contract drilling backlog as of October 18, 2010 for Diamond Offshore's jack-ups includes (i) $3 million and $45 million for the remainder of 2010 and for the year 2011, attributable to contracted operations offshore Brazil, and (ii) $1 million for the remainder of 2010 attributable to contracted operations in the GOM.

The following table reflects the percentage of rig days committed by year as of October 18, 2010. The percentage of rig days committed is calculated as the ratio of total days committed under contracts, as well as scheduled shipyard, survey and mobilization days for all rigs in Diamond Offshore's fleet, to total available days (number of rigs multiplied by the number of days in a particular year).

Year Ended December 31	2010 (a) (b)	2011 (b)	2012	2013 - 2016
High specification floaters (c)	**99%**	82%	47%	18%
Intermediate semisubmersible rigs	**83%**	57%	44%	10%
Jack-ups	**40%**	17%		

(a) Represents a three month period beginning October 1, 2010.
(b) Includes approximately 240 and 480 scheduled shipyard, survey and mobilization days for 2010 and 2011.
(c) Includes 91, 365, 366 and 73 committed days for the remainder of 2010 and for the years 2011, 2012 and 2013, attributable to the *Ocean Monarch* pursuant to a contract that the operator has sought to terminate.

Results of Operations

The following table summarizes the results of operations for Diamond Offshore for the three and nine months ended September 30, 2010 and 2009 as presented in Note 10 of the Notes to Consolidated Condensed Financial Statements included in Item 1 of this Report:

	Three Months Ended September 30,		**Nine Months Ended September 30,**	
	2010	2009	**2010**	2009
(In millions)				
Revenues:				
Contract drilling	**$ 749**	$ 885	**$ 2,405**	$ 2,664
Net investment income		2	**2**	4
Investment gains				1
Other revenue	**84**	32	**111**	94
Total	**833**	919	**2,518**	2,763
Expenses:				
Contract drilling	**355**	307	**1,009**	907
Other operating	**158**	123	**420**	383
Interest	**22**	15	**66**	27
Total	**535**	445	**1,495**	1,317
Income before income tax	**298**	474	**1,023**	1,446
Income tax expense	**(107)**	(124)	**(336)**	(387)
Net income	**191**	350	**687**	1,059
Amounts attributable to noncontrolling interests	**(98)**	(180)	**(354)**	(545)
Net income attributable to Loews Corporation	**$ 93**	$ 170	**$ 333**	$ 514

Three Months Ended September 30, 2010 Compared to 2009

During the third quarter of 2010, Diamond Offshore's operating results were negatively impacted by the drilling moratorium in the GOM, as well as the relatively flat global economy. Although Diamond Offshore's contracted revenue backlog enabled it to partially mitigate the impact of these market conditions, contract drilling revenues decreased $136 million, or 15%, to $749 million for the third quarter of 2010 as compared to $885 million for the 2009 period. The decrease in revenue was primarily related to a decrease in dayrates, combined with an overall decrease in average utilization from 76% during the third quarter of 2009 to 65% for the third quarter of 2010.

Revenues from intermediate semisubmersible and jack-up rigs decreased $88 million for the three months ended September 30, 2010 as compared to the 2009 period, due primarily to decreased utilization of $68 million and decreased dayrates of $15 million. Revenues from high specification floaters decreased $48 million for the three months ended September 30, 2010 as compared to the 2009 period, due primarily to decreased utilization of $76 million and decreased dayrates of $13 million. These declines were partially offset by a $31 million contract termination fee received in relation to the *Ocean Endeavor*.

Other revenue for the three months ended September 30, 2010 includes a pretax gain of approximately $31 million related to the sale of the *Ocean Shield* on July 7, 2010. The rig was sold for a gross purchase price of $186 million.

Net income decreased $77 million, or 45% for the three months ended September 30, 2010 as compared to the 2009 period, mainly due to decreased revenue as noted above. Contract drilling expense increased $48 million, to $355 million for the third quarter of 2010, compared to $307 million for the 2009 period. This increase is primarily due to higher amortized mobilization expenses and higher operating costs due to more of Diamond Offshore's rigs exiting the GOM to operate internationally, where the operating cost structure is generally higher than that of the GOM. Depreciation expense increased $13 million during the third quarter of 2010, compared to the 2009 period, due to a higher depreciable asset base, including the 2009 acquisitions of the *Ocean Courage* and *Ocean Valor*, which were placed in service in September 2009 and March 2010.

Nine Months Ended September 30, 2010 Compared to 2009

Throughout the first nine months of 2010, the weak global economy, coupled with the effects of the drilling moratorium in the GOM, continued to have a negative impact on Diamond Offshore's industry. While Diamond Offshore's contracted revenue backlog enabled it to partially mitigate the impact of these market conditions, contract drilling revenues decreased $259 million, or 10%, for the nine months ended September 30, 2010 as compared to the 2009 period. The decrease in revenue was primarily related to a decrease in dayrates, combined with an overall decrease in average utilization from 81% during the first nine months of 2009 to 76% for the first nine months of 2010.

Revenues from intermediate semisubmersible and jack-up rigs decreased $289 million for the nine months ended September 30, 2010 as compared to the 2009 period, due primarily to decreased dayrates of $117 million and decreased utilization of $174 million. Revenues from high specification floaters increased $30 million for the nine months ended September 30, 2010 as compared to the 2009 period. The increase primarily reflects a $31 million contract termination fee received in relation to the *Ocean Endeavor* and increased recognition of mobilization fees of $26 million, partially offset by a decrease in utilization of $22 million.

Other revenue for the nine months ended September 30, 2010 includes a pretax gain of approximately $31 million related to the sale of *Ocean Shield* on July 7, 2010. The rig was sold for a gross purchase price of $186 million.

Net income decreased $181 million, or 35% for the nine months ended September 30, 2010 as compared to the 2009 period, mainly due to decreased revenue as noted above. Contract drilling expense increased $102 million, to $1.0 billion for the nine months ended September 30, 2010, compared to $907 million for the 2009 period. This increase is primarily due to higher amortized mobilization expenses, maintenance costs and general costs associated with maintaining international shorebase support facilities. Contract drilling expense for the first nine months of 2010 also includes $52 million in operating and start-up costs for the latest additions to Diamond Offshore's drilling fleet, the *Ocean Courage* and *Ocean Valor*. Depreciation expense increased $40 million during the first nine months of 2010, compared to the 2009 period, due to a higher depreciable asset base, including the 2009 rig acquisitions. Interest expense increased $39 million for the nine months ended September 30, 2010, compared to the 2009 period due to additional expense related to the issuance of 5.9% senior notes in May of 2009 and 5.7% senior notes in October of 2009.

Diamond Offshore's effective tax rate increased for the nine months ended September 30, 2010 as compared to the 2009 period. The higher effective tax rate is a result of differences in the mix of domestic and international pretax earnings and losses, as well as the mix of international tax jurisdictions in which Diamond Offshore operates. Also contributing to the higher effective tax rate in the current period was the expiration on December 31, 2009 of a tax law provision which had allowed Diamond Offshore to defer recognition of certain foreign earnings for U.S. income tax purposes. Additionally, during the nine months ended September 30, 2009, one of Diamond Offshore's wholly owned foreign subsidiaries repatriated earnings to one of its wholly owned domestic subsidiaries. The repatriation brought with it associated foreign tax credits that had previously been unrecognized and lowered the effective tax rate during the 2009 period.

HighMount

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

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

HighMount's operating revenues and future growth depend substantially on natural gas and NGL prices and HighMount's ability to increase its production. In recent years, there has been significant price volatility in natural gas and NGL prices due to a variety of factors HighMount cannot control or predict. These factors, which include weather conditions, political and economic events, technological advancements, and competition from other energy sources impact supply and demand for natural gas, which determines the pricing. In addition, the price HighMount realizes for its gas production is affected by HighMount's hedging activities as well as locational differences in market prices. Production volumes are dependent upon HighMount's ability to realize attractive returns on its capital investment program which is primarily affected by commodity prices, capital and operating costs.

Since 2009 natural gas prices have declined largely due to increased onshore natural gas production, plentiful levels of working gas in storage and reduced demand. Consequently, HighMount has reduced its drilling program.

HighMount's operating expenses consist primarily of production expenses, production and ad valorem taxes, as well as depreciation, depletion and amortization ("DD&A") expenses. Production expenses represent costs incurred to operate and maintain wells, related equipment and facilities and transportation costs. Production and ad valorem taxes increase or decrease primarily when prices of natural gas and NGLs increase or decrease, but they are also affected by changes in production, as well as appreciated property values. HighMount calculates depletion using the units-of-production method, which depletes the capitalized costs and future development costs associated with evaluated properties based on the ratio of production volumes for the current period to total remaining reserve volumes for the evaluated properties. HighMount's depletion expense is affected by its capital spending program and projected future development costs, as well as reserve changes resulting from drilling programs, well performance and revisions due to changing commodity prices.

Sale of Assets

On April 30, 2010, HighMount completed the sale of exploration and production assets located in the Antrim Shale in Michigan to a subsidiary of Linn Energy, LLC for approximately $330 million, subject to adjustment, and on May 28, 2010, HighMount completed the sale of exploration and production assets located in the Black Warrior Basin in Alabama to a subsidiary of Walter Energy for approximately $210 million, subject to adjustment. The Michigan and Alabama properties represented approximately 17% in aggregate of HighMount's total proved reserves as of December 31, 2009, prior to the sales. These sales did not have a material impact on the Consolidated Condensed Statements of Income. HighMount's remaining natural gas exploration and production operations are primarily located in the Permian Basin in Texas.

Production and Sales Statistics

Presented below are production and sales statistics related to HighMount's operations for the three and nine months ended September 30, 2010 and 2009:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	**2010**	2009
Gas production (Bcf)	**12.4**	18.8	**45.0**	58.8
Gas sales (Bcf)	**11.7**	17.4	**41.9**	54.1
Oil production/sales (Mbbls)	**59.5**	81.5	**188.3**	291.4
NGL production/sales (Mbbls)	**759.3**	762.3	**2,231.9**	2,574.6
Equivalent production (Bcfe)	**17.3**	23.8	**59.5**	76.0
Equivalent sales (Bcfe)	**16.6**	22.5	**56.4**	71.3
Average realized prices, without hedging results:				
Gas (per Mcf)	**$ 4.15**	$ 3.19	**$ 4.48**	$ 3.55
NGL (per Bbl)	**37.53**	29.34	**39.93**	24.50
Oil (per Bbl)	**69.61**	63.51	**71.62**	51.41
Equivalent (per Mcfe)	**4.89**	3.69	**5.15**	3.79
Average realized prices, with hedging results:				
Gas (per Mcf)	**$ 5.56**	$ 6.72	**$ 6.06**	$ 6.93
NGL (per Bbl)	**35.81**	27.32	**34.49**	27.62
Oil (per Bbl)	**69.61**	63.51	**71.62**	51.41
Equivalent (per Mcfe)	**5.80**	6.37	**6.10**	6.47

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	**2010**	2009
Average cost per Mcfe:				
Production expenses	**$ 1.18**	$ 1.04	**$ 1.13**	$ 1.12
Production and ad valorem taxes	**0.32**	0.36	**0.37**	0.40
General and administrative expenses	**0.56**	0.49	**0.62**	0.57
Depletion expense	**0.92**	0.84	**0.89**	1.03

Results of Operations

The following table summarizes the results of operations for HighMount for the three and nine months ended September 30, 2010 and 2009 as presented in Note 10 of the Notes to Consolidated Condensed Financial Statements included in Item 1.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	**2010**	2009
(In millions)				
Revenues:				
Other revenue, primarily operating	**$ 98**	$ 144	**$ 351**	$ 466
Investment losses			**(31)**	
Total	**98**	144	**320**	466
Expenses:				
Impairment of natural gas and oil properties				1,036
Operating	**56**	57	**197**	264
Interest	**12**	21	**49**	60
Total	**68**	78	**246**	1,360
Income (loss) before income tax	**30**	66	**74**	(894)
Income tax (expense) benefit	**(11)**	(26)	**(37)**	322
Net income (loss) attributable to Loews Corporation	**$ 19**	$ 40	**$ 37**	$ (572)

Three Months Ended September 30, 2010 Compared to 2009

HighMount's operating revenues decreased by $46 million to $98 million in the third quarter of 2010, compared to $144 million for the 2009 period. Operating revenues decreased by $35 million due to the sale of HighMount's assets in Michigan and Alabama. Permian Basin operating revenues decreased by $11 million on sales volumes of 16.6 Bcfe in 2010 compared to 17.5 Bcfe in 2009. Average prices realized per Mcfe for Permian Basin sales were $5.80 in the third quarter of 2010 compared to $6.20 in the 2009 period. The decrease in Permian Basin sales volume is primarily due to the reduction in HighMount's drilling activity.

HighMount had hedges in place as of September 30, 2010 that cover approximately 82% and 68% of total estimated 2010 and 2011 natural gas equivalent production at a weighted average price of $6.43 and $6.31 per Mcfe.

Operating expenses decreased by $1 million to $56 million for the third quarter of 2010, compared to $57 million for the 2009 period. The decline reflects a $14 million decrease related to the sale of HighMount's assets in Michigan and Alabama, partially offset by an $11 million adjustment to property impairment recorded in 2009. In addition, operating expenses increased $2 million due to well maintenance activity in 2010.

DD&A expenses were $21 million and $25 million for the three months ended September 30, 2010 and 2009 reflecting a $5 million decrease due to the sale of HighMount's assets in Michigan and Alabama.

Nine Months Ended September 30, 2010 Compared to 2009

HighMount's operating revenues decreased by $115 million to $351 million in the first nine months of 2010, compared to $466 million for the 2009 period. Operating revenues decreased by $54 million due to the sale of HighMount's assets in Michigan and Alabama. Permian Basin operating revenues decreased by $61 million on sales volumes of 49.7 Bcfe in 2010 compared to 57.9 Bcfe in the 2009 period. Average prices realized per Mcfe for Permian Basin sales were $5.99 in 2010 compared to $6.24 in the 2009 period. The decrease in Permian Basin sales volume is primarily due to the reduction in HighMount's drilling activity.

In February of 2010, HighMount determined that a portion of the expected underlying transactions related to its hedging activities were no longer probable of occurring and discontinued hedge accounting treatment for a portion of its interest rate cash flow hedges and its commodity price swaps. Results for the nine months ended September 30, 2010, include a pretax gain of $5 million for the mark-to-market valuation of these instruments. As a result of the sale of assets, in 2010, HighMount recognized a pretax loss of $36 million from the reclassification of net derivative losses from AOCI to earnings. Derivative gains and losses not accounted for as hedge transactions are recorded as investment gains (losses) in the Consolidated Condensed Statements of Income.

In the first quarter of 2009, HighMount recorded a non-cash ceiling test impairment charge of $1,036 million ($660 million after tax) related to the carrying value of its natural gas and oil properties. The write-down was the result of declines in commodity prices. Had the effects of HighMount's cash flow hedges not been considered in calculating the ceiling limitation, the impairment would have been $1,230 million ($784 million after tax). No such impairment was required during 2010.

Operating expenses decreased by $67 million to $197 million in the first nine months of 2010, compared to $264 million for the 2009 period. The decline reflects a $25 million decrease related to the sale of HighMount's assets in Michigan and Alabama, partially offset by an $11 million adjustment to property impairment recorded in 2009. During 2009, HighMount incurred non-recurring operating expenses of $32 million related to lease early termination rights and a tubular inventory impairment charge. In addition, operating expenses decreased $21 million due to lower DD&A expenses and cost cutting efforts in 2010.

DD&A expenses declined to $69 million for the first nine months of 2010, compared to $94 million for the 2009 period, reflecting a $10 million decrease due to the sale of HighMount's assets in Michigan and Alabama and a $15 million reduction in HighMount's depletion rate in 2010, primarily due to the impairment of natural gas and oil properties recorded in March of 2009.

Boardwalk Pipeline

Boardwalk Pipeline derives revenues primarily from the interstate transportation and storage of natural gas for third parties. Transportation services consist of firm transportation, whereby the customer pays a capacity reservation charge to reserve pipeline capacity at certain receipt and delivery points along pipeline systems, plus a commodity and fuel charge on the volume of natural gas actually transported, and interruptible transportation, whereby the customer pays to transport gas only when capacity is available and used. Boardwalk Pipeline offers firm storage services in which the customer reserves and pays for a specific amount of storage capacity, including injection and withdrawal rights, and interruptible storage and parking and lending ("PAL") services where the customer receives and pays for capacity only when it is available and used. Some PAL agreements are paid for at inception of the service and revenues for these agreements are recognized as service is provided over the term of the agreement.

Boardwalk Pipeline's ability to market available interstate transportation and storage capacity is impacted by demand for natural gas, competition from other pipelines, natural gas price volatility, the price differential between receipt and delivery points on pipeline systems (basis spreads), economic conditions and numerous other factors beyond Boardwalk Pipeline's control. Boardwalk Pipeline competes with numerous interstate and intrastate pipelines, including several pipeline projects which have recently been placed in service or are in the process of being developed. Additionally, significant new sources of natural gas have recently been identified throughout the United States which have created changes in pricing dynamics between supply basins, pooling points and market areas. As a result of the increase in overall pipeline capacity and the new sources of supply, the price differentials on Boardwalk Pipeline's pipeline systems have narrowed.

Given current market conditions, marketing Boardwalk Pipeline's currently available capacity and renewing expiring contracts have become more difficult. Boardwalk Pipeline's ability to renew some of its expiring contracts at favorable rates, and the revenues from interruptible and short term firm transportation services, have been negatively impacted by these market conditions. Capacity that Boardwalk Pipeline has available on a short term basis will decrease as long term capacity commitments on the recently completed pipeline expansion projects increase through 2011. However, some of Boardwalk Pipeline's capacity will continue to be available for sale on a short term firm or interruptible basis and each year a portion of Boardwalk Pipeline's existing contracts expire. The revenues Boardwalk Pipeline will be able to earn from that available capacity and from renewals of expiring contracts will be heavily dependent upon basis spreads. It is not possible to accurately predict future basis spreads.

Growth Projects

During 2010, Boardwalk Pipeline placed in service the remaining compression facilities associated with the Gulf Crossing Pipeline and the Fayetteville and Greenville Laterals which increased the peak-day delivery capacities of those projects. With the exception of post-construction activities such as right-of-way restoration, the East Texas Pipeline, Southeast Expansion, Gulf Crossing Project and Fayetteville and Greenville Laterals ("pipeline expansion projects") are complete.

In the fourth quarter of 2010, Boardwalk Pipeline received authority from the Pipeline and Hazardous Materials Safety Administration to operate the Fayetteville Lateral at higher than normal operating pressures. This will allow Boardwalk Pipeline to operate the Fayetteville Lateral at its design capacity of 1.3 billion cubic feet ("Bcf") per day and to meet its increasing contractual obligations in the fourth quarter of 2010.

Set forth below is information with respect to the status of Boardwalk Pipeline's announced growth projects.

Haynesville Project. The Haynesville Project consists of adding compression to the East Texas Pipeline in Louisiana, which adds approximately 0.6 Bcf per day of peak-day transmission capacity with delivery capabilities from the DeSoto, Louisiana area to the Perryville, Louisiana area. The Haynesville Project was placed in service in October of 2010. Customers have contracted for substantially all of the firm capacity on this project at a weighted-average contract life of approximately 12.2 years.

Clarence Compression Project. The Clarence Compression Project, which also targets production from the Haynesville Shale, will add approximately 0.1 Bcf per day of peak-day transmission capacity. This project will receive gas from the Holly Field area in Northwest Louisiana, and deliver to a third-party pipeline interconnect near Olla, Louisiana. Customers have contracted for approximately 0.1 Bcf per day of capacity with a weighted-average contract life of approximately 11.0 years. Boardwalk Pipeline recently received Federal Energy Regulatory Commission approval for this project which is expected to be in service in late 2011.

Results of Operations

The following table summarizes the results of operations for Boardwalk Pipeline for the three and nine months ended September 30, 2010 and 2009 as presented in Note 10 of the Notes to Consolidated Condensed Financial Statements included under Item 1 of this Report:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	**2010**	2009
(In millions)				
Revenues:				
Other revenue, primarily operating	**$ 264**	$ 206	**$ 821**	$ 631
Total	**264**	206	**821**	631
Expenses:				
Operating	**172**	155	**513**	451
Interest	**37**	35	**112**	95
Total	**209**	190	**625**	546
Income before income tax	**55**	16	**196**	85
Income tax expense	**(15)**	(1)	**(51)**	(21)
Net income	**40**	15	**145**	64
Amounts attributable to noncontrolling interests	**(19)**	(6)	**(65)**	(25)
Net income attributable to Loews Corporation	**$ 21**	$ 9	**$ 80**	$ 39

Three Months Ended September 30, 2010 Compared to 2009

Total revenues increased $58 million to $264 million for the third quarter of 2010, compared to $206 million for the 2009 period. Gas transportation revenues, excluding fuel, increased $46 million and fuel retained increased $11 million, primarily due to the pipeline expansion projects. In addition, there was a $12 million gain from the sale of gas related to the western Kentucky storage expansion project, partially offset by an impairment loss of $3 million on a portion of pipe materials which are expected to be disposed of by sale.

Operating expenses increased $17 million to $172 million for the third quarter of 2010, compared to $155 million for the 2009 period. This increase was primarily driven by a $17 million increase in fuel consumed due to the pipeline expansion projects and higher natural gas prices, a $4 million increase in depreciation and property taxes due to a larger asset base from the pipeline expansion projects and an increase of $2 million in maintenance activities. The 2009 period was unfavorably impacted by $2 million of pipeline investigation and retirement costs related to the East Texas Pipeline.

Net income increased $12 million to $21 million in the third quarter of 2010, compared to $9 million for the 2009 period due to higher revenues from transportation services primarily from the pipeline expansion projects and gains on gas sales associated with the western Kentucky storage expansion project, partially offset by increased operating expenses associated with the pipeline expansion projects. In 2009, gas transportation revenues and throughput were negatively impacted due to operating the pipeline expansion projects at reduced operating pressures and portions of the pipeline expansion projects being shut down for periods of time following the discovery and remediation of anomalies in certain joints of pipe.

Nine Months Ended September 30, 2010 Compared to 2009

Total revenues increased $190 million to $821 million for the nine months ended September 30, 2010, compared to $631 million for the 2009 period. Gas transportation revenues, excluding fuel, increased $172 million and fuel retained increased $29 million, primarily due to the pipeline expansion projects. In addition, there was a $12 million gain from the sale of gas related to the western Kentucky storage expansion project, partially offset by an impairment loss of $3 million on a portion of pipe materials which are expected to be disposed of by sale. These increases were partially offset by $14 million of lower interruptible and short term firm transportation services resulting from lower basis spreads between delivery points on Boardwalk Pipeline’s pipeline systems.

Operating expenses increased $62 million to $513 million for the nine months ended September 30, 2010, compared to $451 million for the 2009 period. This increase was primarily driven by a $44 million increase in fuel consumed due to the pipeline expansion projects. There was a $20 million increase in depreciation and property taxes due to a larger asset base from the pipeline expansion projects and a $10 million increase in administrative and general expense due to a legal settlement, an increase in outside services and unit-based compensation driven by an increase in the price of Boardwalk Pipeline’s common units. The 2009 period was unfavorably impacted by $6 million of pipeline investigation and retirement costs related to the East Texas Pipeline. Interest expense increased $17 million for the nine months ended September 30, 2010 to $112 million due to higher debt levels in 2010 and lower capitalized interest due to the completion of Boardwalk Pipeline’s pipeline expansion projects.

Net income increased $41 million to $80 million in the nine months ended September 30, 2010, compared to $39 million for the 2009 period due to higher revenues from transportation services primarily from the pipeline expansion projects and gains on gas sales associated with the western Kentucky storage expansion project, partially offset by increased operating expenses related to increases in depreciation and property taxes associated with the pipeline expansion projects and increased interest expense. In 2009, gas transportation revenues and throughput were negatively impacted due to operating the pipeline expansion projects at reduced operating pressures and portions of the pipeline expansion projects being shut down for periods of time following the discovery and remediation of anomalies in certain joints of pipe.

Loews Hotels

The following table summarizes the results of operations for Loews Hotels for the three and nine months ended September 30, 2010 and 2009 as presented in Note 10 of the Notes to Consolidated Condensed Financial Statements included in Item 1 of this Report:

	Three Months Ended September 30,		**Nine Months Ended September 30,**	
	2010	2009	**2010**	2009
(In millions)				
Revenues:				
Other revenue, primarily operating	**$ 73**	$ 67	**$ 229**	$ 213
Net investment income	**1**		**1**	
Total	**74**	67	**230**	213
Expenses:				
Operating	**73**	91	**219**	255
Interest	**2**	2	**7**	7
Total	**75**	93	**226**	262
Income (loss) before income tax	**(1)**	(26)	**4**	(49)
Income tax (expense) benefit	**(1)**	11	**(3)**	19
Net income (loss) attributable to Loews Corporation	**$ (2)**	$ (15)	**$ 1**	$ (30)

Revenues increased by $7 million and $17 million or 10.4% and 8.0% for the three and nine months ended September 30, 2010 as compared to the 2009 periods. The net loss declined by $13 million to $2 million for the three months ended September 30, 2010 as compared to a net loss of $15 million for the 2009 period. There was net income of $1 million for the nine months ended September 30, 2010 as compared to a net loss of $30 million for the 2009 period.

Revenue per available room increased $15.63 and $12.14 to $143.90 and $147.12 for the three and nine months ended September 30, 2010 as compared to the 2009 periods. The increase in revenue per available room reflects improving occupancy and average room rates. Occupancy rates increased to 74.6% and 71.2% in the three and nine months ended September 30, 2010, from 71.5% and 67.8% in the 2009 periods. Average room rates increased by $13.65 and $8.03, or 7.6% and 4.0% in the three and nine months ended September 30, 2010, compared to the 2009 periods.

Revenue per available room is an industry measure of the combined effect of occupancy rates and average room rates on room revenues. Other hotel operating revenues primarily include guest charges for food and beverages.

The improvement in operating results reflects the increase in revenue per available room as well as the absence of charges recorded in 2009. In the third quarter of 2009, Loews Hotels recorded pretax charges in operating expenses of $10 million related to a development project commitment and $10 million for a loan guarantee at a managed hotel. In addition, during the nine months ended September 30, 2009, Loews Hotels wrote down its entire investment in the Loews Lake Las Vegas, resulting in a pretax impairment charge of $27 million recorded in operating expenses.

Corporate and Other

Corporate operations consist primarily of investment income at the Parent Company, corporate interest expense and other corporate administrative costs.

The following table summarizes the results of operations for Corporate and Other for the three and nine months ended September 30, 2010 and 2009 as presented in Note 10 of the Notes to Consolidated Condensed Financial Statements included in Item 1 of this Report:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	**2010**	2009
(In millions)				
Revenues:				
Net investment income	**$ 72**	$ 64	**$ 102**	$ 149
Other revenue	**(3)**	(2)	**(2)**	(1)
Total	**69**	62	**100**	148
Expenses:				
Operating	**13**	14	**46**	44
Interest	**14**	10	**37**	37
Total	**27**	24	**83**	81
Income before income tax	**42**	38	**17**	67
Income tax expense	**(14)**	(16)	**(7)**	(28)
Net income attributable to Loews Corporation	**$ 28**	$ 22	**$ 10**	$ 39

Revenues increased by $7 million for the three months ended September 30, 2010, and decreased by $48 million for the nine months ended September 30, 2010 as compared to the 2009 periods. The change in revenues is primarily attributable to the performance of the Parent Company's trading portfolio.

Net income increased by $6 million for the three months ended September 30, 2010 and decreased by $29 million for the nine months ended September 30, 2010 as compared to the 2009 periods. These changes were due primarily to the changes in revenues discussed above.

LIQUIDITY AND CAPITAL RESOURCES

CNA Financial

CNA's principal operating cash flow sources are premiums and investment income from its insurance subsidiaries. CNA's primary operating cash flow uses are payments for claims, policy benefits and operating expenses.

For the nine months ended September 30, 2010, net cash used by operating activities was $673 million as compared to net cash provided by operating activities of $275 million for the 2009 period. As previously discussed in Note 5 of the Notes to Consolidated Condensed Financial Statements included under Item 1 and in this MD&A, on August 31, 2010, CNA completed a transaction whereby substantially all of its legacy A&EP liabilities were ceded to NICO. As a result of this transaction, operating cash flows were reduced for the initial net cash settlement with NICO.

Additionally, CNA received a federal income tax refund of $328 million in 2010 compared to $117 million for the 2009 period. Further, because cash receipts and cash payments resulting from purchases and sales of trading securities are reported as cash flows related to operating activities, operating cash flows were reduced by $621 million in 2009 related to net cash outflows which increased the size of the trading portfolio held at September 30, 2009. During 2010, operating cash flows were increased by $125 million related to net cash inflows primarily from sales of trading securities. Excluding the items above, net cash generated by CNA's business operations was approximately $775 million for both 2010 and 2009.

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

For the nine months ended September 30, 2010, net cash provided by investing activities was $860 million as compared with net cash of $168 million used by investing activities for the 2009 period. Cash flow from investing activities is impacted by various factors such as the anticipated payment of claims, financing activity, asset/liability management and individual security buy and sell decisions made in the normal course of portfolio management. Net cash provided by investing activities in 2010 primarily related to the sale of short term investments. The cash provided by investing activities was used to fund the $1.9 billion initial net cash settlement with NICO as discussed above.

Cash flows from financing activities include proceeds from the issuance of debt and equity securities, outflows for dividends or repayment of debt, outlays to reacquire equity instruments, and deposits and withdrawals related to investment contract products issued by CNA.

For the nine months ended September 30, 2010, net cash used by financing activities was $245 million as compared to $72 million for the 2009 period. Net cash used by financing activities in 2010 was primarily related to the repayment of $150 million on an outstanding credit facility and to the payment of dividends on the 2008 Senior Preferred to Loews Corporation. In addition, in the third quarter of 2010 CNA issued $500 million of 5.875% ten-year senior notes and used the net proceeds of the offering, together with cash on hand, to redeem $500 million, plus accrued and unpaid dividends thereon, of its 2008 Senior Preferred, as discussed further below.

CNA believes that its present cash flows from operations, investing activities and financing activities are sufficient to fund its current and expected working capital and debt obligation needs and does not expect this to change in the near term. In 2008, CNA issued, and Loews Corporation purchased, 12,500 shares of CNA non-voting cumulative senior preferred stock ("2008 Senior Preferred") for $1.25 billion. CNA used the majority of the proceeds from the 2008 Senior Preferred to increase the statutory surplus of its principal insurance subsidiary, Continental Casualty Company ("CCC"), through the purchase of a $1.0 billion surplus note of CCC. Surplus notes are financial instruments with a stated maturity date and scheduled interest payments, issued by insurance enterprises with the approval of the insurer's domiciliary state. Surplus notes are treated as capital under statutory accounting. All payments of interest and principal on this note are subject to the prior approval of the Illinois Department of Financial and Professional Regulation - Division of Insurance (the "Department"). The surplus note of CCC has a term of 30 years and accrues interest at a rate of 10.0% per year. Interest on the note is payable quarterly. CNA has requested regulatory approval from the Department for CCC to repay $500 million of the $1.0 billion surplus note to CNA during the fourth quarter of 2010.

CNA anticipates utilizing the proceeds from the repayment, if consummated, to redeem the remaining $500 million, plus accrued and unpaid dividends thereon, of the 2008 Senior Preferred. During 2009 CNA redeemed $250 million of the 2008 Senior Preferred, and during the third quarter of 2010 CNA redeemed $500 million of the 2008 Senior Preferred. The redemption anticipated above, if consummated, would fully redeem all 12,500 shares originally issued in 2008.

As discussed in Note 11 of the Notes to the Consolidated Condensed Financial Statements at Part I, Item 1, on November 1, 2010, CNA announced that it has proposed to acquire all of the outstanding shares of common stock of CNA Surety Corporation ("CNA Surety") that it does not currently own for $22.00 per share. Based on the offer price of $22.00 per share and minority shares outstanding at September 30, 2010, the aggregate purchase price would be approximately $375 million. CNA anticipates funding the acquisition of these shares of common stock with available funds. There can be no assurance that this transaction will be consummated at the price indicated above or at all.

Diamond Offshore

Cash and investments totaled $985 million at September 30, 2010, compared to $778 million at December 31, 2009. In the first nine months of 2010, Diamond Offshore paid cash dividends totaling $612 million, consisting of special cash dividends of $560 million and aggregate regular cash dividends of $52 million. On October 20, 2010, Diamond Offshore declared a regular quarterly dividend of $0.125 per share and a special dividend of $0.75 per share.

Diamond Offshore's cash flows from operations are impacted by the ability of its customers to weather instability in the U.S. and global economies and restrictions in the credit market, as well as the volatility in energy prices. In general, before working for a customer with whom Diamond Offshore has not had a prior business relationship and/or whose financial stability may be uncertain, Diamond Offshore performs a credit review on that company. Based on that analysis, Diamond Offshore may require that the customer present a letter of credit, prepay or provide other credit enhancements. If a potential customer is unable to obtain an adequate level of credit, it may preclude Diamond Offshore from doing business with that potential customer.

Cash provided by operating activities during the first nine months of 2010 was $950 million, compared to $1,136 million for the 2009 period. The decrease in cash flows from operations in 2010 is primarily due to a decrease in earnings resulting from an aggregate reduction in average utilization of and dayrates earned by Diamond Offshore's fleet and increased mobilization costs, offset by a decrease in net cash required to satisfy working capital requirements in 2010 compared to the 2009 period. Diamond Offshore used $303 million less cash to satisfy its working capital requirements during the first nine months of 2010 compared to the 2009 period, primarily due to a decrease in Diamond Offshore's outstanding accounts receivable balances at September 30, 2010.

On July 7, 2010, Diamond Offshore completed the sale of one of its high performance, premium jack-up drilling rigs, the *Ocean Shield*, for a total selling price of $186 million.

Diamond Offshore has budgeted approximately $430 million on capital expenditures for 2010 associated with its ongoing rig equipment replacement and enhancement programs, equipment required for its long term international contracts and other corporate requirements. In addition, Diamond Offshore expects to spend approximately $65 million in 2010 towards the commissioning and outfitting for service of the *Ocean Courage* and *Ocean Valor*. During the first nine months of 2010, Diamond Offshore spent approximately $313 million towards these programs. Diamond Offshore expects to finance its 2010 capital expenditures through the use of its existing cash balances or internally generated funds. From time to time, however, Diamond Offshore may also make use of its credit facility to finance capital expenditures.

As of September 30, 2010, there were no loans outstanding under Diamond Offshore's $285 million credit facility; however, $20 million in letters of credit were issued and outstanding under the credit facility.

Diamond Offshore's liquidity and capital requirements are primarily a function of its working capital needs, capital expenditures, and debt service requirements. Diamond Offshore determines the amount of cash required to meet its capital commitments by evaluating the need to upgrade rigs to meet specific customer requirements and by evaluating its ongoing rig equipment replacement and enhancement programs, including water depth and drilling capability upgrades. Diamond Offshore believes that its operating cash flows and cash reserves will be sufficient to meet both its working capital requirements and its capital commitments over the next twelve months; however, Diamond Offshore will continue to make periodic assessments based on industry conditions and will adjust capital spending programs if required.

HighMount

At September 30, 2010 and December 31, 2009, cash and investments amounted to $127 million and $83 million. Net cash flows provided by operating activities were $141 million and $242 million in the nine months ended September 30, 2010 and 2009. Key drivers of net operating cash flows are commodity prices, production volumes and operating costs.

Cash provided by investing activities for the nine months ended September 30, 2010 was $403 million, compared to cash used in investing activities of $152 million for the 2009 period. Cash provided by investing activities for the nine months ended September 30, 2010 includes the net proceeds from the sale of HighMount's assets in Michigan and Alabama of approximately $500 million. The primary driver of cash used in investing activities was capital spent developing HighMount's natural gas and oil reserves. HighMount spent $78 million and $98 million on capital expenditures for its drilling program in the nine months ended September 30, 2010 and 2009. In 2010, funds for capital expenditures and working capital requirements are expected to be provided from existing cash balances and operating activities.

HighMount used the net proceeds from the sale of its assets in Michigan and Alabama to reduce the outstanding debt under its term loans. At September 30, 2010, the outstanding borrowings under the term loans were $1.1 billion. At September 30, 2010, no borrowings were outstanding under HighMount's revolving credit facility, however, $2 million in letters of credit were issued. The available capacity under the facility is $368 million.

HighMount's credit agreement governing its term loans and revolving credit facility contains financial covenants typical for these types of agreements, including a maximum debt to capitalization ratio. The credit agreement also contains customary restrictions or limitations on HighMount's ability to enter or engage in certain transactions, including transactions with affiliates. At September 30, 2010, HighMount was in compliance with all of its covenants under the credit agreement.

Boardwalk Pipeline

At September 30, 2010 and December 31, 2009, cash and investments amounted to $89 million and $50 million. Funds from operations for the nine months ended September 30, 2010 amounted to $355 million, compared to $266 million for the 2009 period. For the nine months ended September 30, 2010 and 2009, Boardwalk Pipeline's capital expenditures were $174 million and $657 million. Boardwalk Pipeline expects to fund its remaining 2010 capital expenditures through its operating cash flows.

As of September 30, 2010, Boardwalk Pipeline had $704 million of loans outstanding under its revolving credit facility with a weighted-average interest rate on the borrowings of 0.5% and had no letters of credit issued. At September 30, 2010, Boardwalk Pipeline was in compliance with all covenant requirements under its credit facility and had available borrowing capacity of $246 million.

Loews Hotels

Cash and investments totaled $61 million at September 30, 2010 as compared to $63 million at December 31, 2009. In March of 2010, Loews Hotels funded $10 million for a loan guarantee and $10 million related to a development project commitment. Funds for capital expenditures and working capital requirements are expected to be provided from existing cash balances, operations and advances or capital contributions from us.

Corporate and Other

Parent Company cash and investments, net of receivables and payables, at September 30, 2010 totaled $4.0 billion as compared to $3.0 billion at December 31, 2009. The increase in net cash and investments is primarily due to the receipt of $582 million in interest and dividends from our subsidiaries, the receipt of $500 million in August of 2010 from the repayment of senior preferred stock by CNA and proceeds of $333 million in February of 2010 from the sale of 11.5 million Boardwalk Pipeline common units. These cash inflows were partially offset by the purchase of treasury stock for $337 million and $79 million of dividends paid to our shareholders.

Depending on market and other conditions, we may purchase shares of our and our subsidiaries' outstanding common stock in the open market or otherwise. During the three and nine months ended September 30, 2010, we purchased 2.3 million and 9.2 million shares of Loews common stock at an aggregate cost of $84 million and $337 million. As of September 30, 2010, there were 416.2 million shares of Loews common stock outstanding.

We have an effective Registration Statement on Form S-3 registering the future sale of an unlimited amount of our debt and equity securities.

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

INVESTMENTS

Investment activities of non-insurance companies include investments in fixed income securities, equity securities including short sales, derivative instruments and short term investments, and are carried at fair value. Securities that are considered part of our trading portfolio, short sales and certain derivative instruments are marked to market and reported as Net investment income in the Consolidated Condensed Statements of Income.

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

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

We do not believe that any of the derivative instruments we use are unusually complex, nor do the use of these instruments, in our opinion, result in a higher degree of risk. Please read Note 2 and Note 4 of the Notes to Consolidated Condensed Financial Statements included under Item 1 for additional information with respect to investments and derivative instruments, including recognized gains and losses on these instruments.

Insurance

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

Net Investment Income

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	**2010**	2009
(In millions)				
Fixed maturity securities	**$ 511**	$ 496	**$ 1,540**	$ 1,458
Short term investments	**2**	7	**13**	28
Limited partnerships	**68**	145	**136**	240
Equity securities	**7**	11	**26**	39
Trading portfolio	**4**	12	**10**	20
Other	**3**	2	**8**	6
Gross investment income	**595**	673	**1,733**	1,791
Investment expense	**(14)**	(13)	**(41)**	(36)
Net investment income	**$ 581**	$ 660	**$ 1,692**	$ 1,755

Net investment income for the three months ended September 30, 2010 decreased $79 million as compared to the 2009 period. The decrease was primarily driven by less favorable income from limited partnership investments. Limited partnership investments generally present greater volatility, higher illiquidity and greater risk than fixed income investments.

Net investment income for the nine months ended September 30, 2010 decreased $63 million as compared to the 2009 period. The decrease was primarily driven by less favorable income from limited partnership investments partially offset by the impact of reducing short term and tax-exempt assets and shifting to higher yielding taxable long term bonds.

The fixed maturity investment portfolio and short term investments provided a pretax effective income yield of 5.2% and 5.1% for the nine months ended September 30, 2010 and 2009. Tax-exempt municipal bonds generated $61 million and $207 million of net investment income for the three and nine months ended September 30, 2010, compared with $90 million and $295 million of net investment income for the 2009 periods.

Net Realized Investment Gains (Losses)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	**2010**	2009
(In millions)				
Realized investment gains (losses):				
Fixed maturity securities:				
U.S. Treasury securities and obligations of government agencies		$ (34)	**$ 4**	$ (61)
Asset-backed securities	**$ 22**	(104)	**32**	(603)
States, municipalities and political subdivisions securities	**7**	17	**15**	72
Foreign government securities		1	**1**	27
Corporate and other bonds	**47**	8	**110**	(288)
Redeemable preferred stock			**7**	(9)
Total fixed maturity securities	**76**	(112)	**169**	(862)
Equity securities	**(17)**	19	**(42)**	(133)
Derivative securities	**(1)**	(13)	**(1)**	51
Short term investments	**2**	2	**6**	10
Other	**2**	4	**(7)**	5
Total realized investment gains (losses)	**62**	(100)	**125**	(929)
Income tax (expense) benefit	**(22)**	34	**(50)**	319
Net realized investment gains (losses)	**40**	(66)	**75**	(610)
Amounts attributable to noncontrolling interests	**(3)**	5	**(7)**	61
Net realized investment gains (losses) attributable to Loews Corporation	**$ 37**	$ (61)	**$ 68**	$ (549)

Net realized investment results improved $98 million and $617 million for the three and nine months ended September 30, 2010 compared to the 2009 periods. The improved results were driven by significantly lower OTTI losses recognized in earnings. Further information on CNA's realized gains and losses, including CNA's OTTI losses and impairment decision process, is set forth in Note 2 of the Notes to Consolidated Condensed Financial Statements included under Item 1.

CNA's fixed maturity portfolio consists primarily of high quality bonds, 90% of which were rated as investment grade (rated BBB- or higher) at September 30, 2010 and December 31, 2009. The classification between investment grade and non-investment grade is based on a ratings methodology that takes into account ratings from two major providers, Standard & Poor's ("S&P") and Moody's Investors Service, Inc. ("Moody's") in that order of preference. If a security is not rated by these providers, CNA formulates an internal rating. For securities with credit support from third party guarantees, the rating reflects the greater of the underlying rating of the issuer or the insured rating.

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

	September 30, 2010		December 31, 2009	
(In millions of dollars)				
U.S. Government and Agencies	**$ 3,152**	**8.2%**	$ 3,705	10.4%
Other AAA rated	**5,229**	**13.5**	5,855	16.5
AA and A rated	**15,217**	**39.4**	12,464	35.0
BBB rated	**11,336**	**29.3**	10,122	28.4
Non-investment grade	**3,712**	**9.6**	3,466	9.7
Total	**$ 38,646**	**100.0%**	$ 35,612	100.0%

Non-investment grade fixed maturity securities, as presented in the table below, include high-yield securities rated below BBB- by rating agencies and other unrated securities that, according to CNA's analysis, are below investment grade. Non-investment grade securities generally involve a greater degree of risk than investment grade securities. The amortized cost of CNA's non-investment grade fixed maturity bond portfolio was $3,678 million and $3,637 million at

September 30, 2010 and December 31, 2009. The following table summarizes the ratings of this portfolio at carrying value.

(In millions of dollars)	September 30, 2010		December 31, 2009	
BB	**$ 1,425**	**38.4%**	$ 1,352	39.0%
B	**1,157**	**31.1**	1,255	36.2
CCC-C	**1,013**	**27.3**	761	22.0
D	**117**	**3.2**	98	2.8
Total	**$ 3,712**	**100.0%**	$ 3,466	100.0%

Included within the fixed maturity portfolio are securities that contain credit support from third party guarantees from mono-line insurers. At September 30, 2010, $587 million of the carrying value of the fixed maturity portfolio had a third party guarantee that increased the underlying average rating of those securities from A+ to AA+. Of this amount, over 95% was within the states, municipalities and political subdivisions securities sector.

At September 30, 2010 and December 31, 2009, approximately 98% and 99% of the fixed maturity portfolio was issued by the U.S. Government and Agencies or was rated by S&P or Moody's. The remaining bonds were rated by other rating agencies or internally.

The carrying value of fixed maturity and equity securities that are either subject to trading restrictions or trade in illiquid private placement markets at September 30, 2010 was $299 million, which represents approximately 0.7% of CNA's total investment portfolio. These securities were in a net unrealized gain position of $16 million at September 30, 2010.

The following table provides the composition of available-for-sale fixed maturity securities in a gross unrealized loss position at September 30, 2010 by maturity profile. Securities not due at a single date are allocated based on weighted average life.

	Percent of Market Value	Percent of Unrealized Loss
Due in one year or less	**5.0%**	**3.0%**
Due after one year through five years	**15.0**	**15.0**
Due after five years through ten years	**39.0**	**33.0**
Due after ten years	**41.0**	**49.0**
Total	**100.0%**	**100.0%**

Duration

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

A further consideration in the management of the investment portfolio is the characteristics of the underlying liabilities and the ability to align the duration of the portfolio to those liabilities to meet future liquidity needs, minimize interest rate risk and maintain a level of income sufficient to support the underlying insurance liabilities. For portfolios where future liability cash flows are determinable and typically long term in nature, CNA segregates investments for asset/liability management purposes. The segregated investments support liabilities primarily in the Life & Group Non-Core segment including annuities, structured benefit settlements and long term care products.

The effective durations of fixed income securities, short term investments, non-redeemable preferred stocks and interest rate derivatives are presented in the table below. CNA's short term investments are net of securities lending collateral and account payable and receivable amounts for securities purchased and sold, but not yet settled.

	September 30, 2010		December 31, 2009	
	Fair Value	Effective Duration (Years)	Fair Value	Effective Duration (Years)
(In millions of dollars)				
Segregated investments	$ 11,968	11.2	$ 10,376	11.2
Other interest sensitive investments	29,077	4.6	29,665	4.0
Total	$ 41,045	6.6	$ 40,041	5.8

The investment portfolio is periodically analyzed for changes in duration and related price change risk. Additionally, CNA periodically reviews the sensitivity of the portfolio to the level of foreign exchange rates and other factors that contribute to market price changes. A summary of these risks and specific analysis on changes is included in the Quantitative and Qualitative Disclosures About Market Risk in Item 7A of our Form 10-K for the year ended December 31, 2009.

Short Term Investments

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

	September 30, 2010	December 31, 2009
(In millions)		
Short term investments available-for-sale:		
Commercial paper	$ 670	$ 185
U.S. Treasury securities	884	3,025
Money market funds	126	179
Other	404	560
Total short term investments	$ 2,084	$ 3,949

There was no cash collateral held related to securities lending at September 30, 2010 or December 31, 2009.

Asset-backed and Sub-prime Mortgage Exposure

The following table provides detail of the Company's exposure to asset-backed and sub-prime mortgage related securities:

	Security Type			
September 30, 2010	RMBS (a)	CMBS (b)	Other ABS (c)	Total
(In millions)				
U.S. government agencies	$ 2,946	$ 32		$2,978
AAA	1,346	382	$ 486	2,214
AA	224	173	65	462
A	197	261	66	524
BBB	247	113	24	384
Non-investment grade and equity tranches	1,195	40	63	1,298
Total fair value	$ 6,155	$ 1,001	$ 704	$7,860
Total amortized cost	$ 6,277	$ 1,032	$ 689	$7,998
Sub-prime (included above)				
Fair value	$ 555			$ 555
Amortized cost	596			596
Alt-A (included above)				
Fair value	$ 680			$ 680
Amortized cost	720			720

(a) Residential mortgage-backed securities ("RMBS")
(b) Commercial mortgage-backed securities ("CMBS")
(c) Other asset-backed securities ("Other ABS")

The exposure to sub-prime residential mortgage (“sub-prime”) collateral and Alternative A residential mortgages that have lower than normal standards of loan documentation (“Alt-A”) collateral is measured by the original deal structure. Of the securities with sub-prime exposure, approximately 68% were rated investment grade, while 82% of the Alt-A securities were rated investment grade. At September 30, 2010, $7 million of the carrying value of the sub-prime and Alt-A securities carried a third-party guarantee.

Pretax OTTI losses of $21 million for securities with sub-prime and Alt-A exposure were included in the $59 million of pretax OTTI losses related to asset-backed securities recognized in earnings on the Consolidated Condensed Statements of Income for the nine months ended September 30, 2010. Continued deterioration in the underlying collateral beyond our current expectations may cause us to reconsider and recognize additional OTTI losses in earnings. See Note 2 of the Notes to Consolidated Condensed Financial Statements included under Item 1 for additional information related to unrealized losses on asset-backed securities.

ACCOUNTING STANDARDS UPDATE

For a discussion of accounting standards updates that have been adopted or will be adopted in the future, please read Note 1 of the Notes to Consolidated Condensed Financial Statements included under Item 1.

FORWARD-LOOKING STATEMENTS

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

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

Risks and uncertainties primarily affecting us and our insurance subsidiaries

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

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

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

— development of claims and the impact on loss reserves, including changes in claim settlement policies;

— the performance of reinsurance companies under reinsurance contracts with CNA;

— regulatory limitations, impositions and restrictions upon CNA, including the effects of assessments and other surcharges for guaranty funds and second-injury funds, other mandatory pooling arrangements and future assessments levied on insurance companies and other financial industry participants under the Emergency Economic Stabilization Act of 2008 recoupment provisions, as well as the new federal financial regulatory reform of the insurance industry established by the Dodd-Frank Wall Street Reform and Consumer Protection Act;

— increased operating costs and underwriting losses arising from the Patient Protection and Affordable Care Act and the related amendments in the Health Care and Education Reconciliation Act, as well as health care reform proposals at the state level;

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

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

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

— the unpredictability of the nature, targets, severity or frequency of potential terrorist events, as well as the uncertainty as to CNA's ability to contain its terrorism exposure effectively, notwithstanding the extension through December 31, 2014 of the Terrorism Risk Insurance Act of 2002;

— the occurrence of epidemics;

— mass tort claims, including bodily injury claims related to welding rods, benzene, lead and noise induced hearing loss claims, as well as claims relating to various medical products including pharmaceuticals;

— regulatory limitations and restrictions, including limitations upon CNA's ability to receive dividends from its insurance subsidiaries imposed by state regulatory agencies and minimum risk-based capital standards established by the National Association of Insurance Commissioners;

— the risks and uncertainties associated with CNA's loss reserves as outlined under "Results of Operations by Business Segment – CNA Financial – Reserves – Estimates and Uncertainties" in the MD&A portion of our Annual Report on Form 10-K for the year ended December 31, 2009, including the sufficiency of the reserves and the possibility for future increases;

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

— the effects of failures in the financial services industry, as well as irregularities in financial reporting and other corporate governance matters, on the markets for directors & officers, and errors & omissions coverages, as well as on capital and credit markets;

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

— conditions in the capital and credit markets that may limit CNA's ability to raise significant amounts of capital on favorable terms, as well as restrictions on the ability or willingness of the Company to provide additional capital support to CNA; and

— with respect to the transaction in which CNA ceded A&EP liabilities referenced in this document, whether the other parties to the transaction will fully perform their obligations to CNA, the uncertainty in estimating loss reserves for A&EP liabilities and the possible continued exposure of CNA to liabilities for A&EP claims.

Risks and uncertainties primarily affecting us and our energy subsidiaries

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

— the effects of the Macondo well blowout, including, without limitation, the impact of the moratorium on drilling in the U.S. Gulf of Mexico, related delays in permitting activities and related regulations and market developments;

— costs and timing of rig upgrades;

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

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

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

— the availability and cost of insurance;

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

— regulatory issues affecting natural gas transmission, including ratemaking and other proceedings particularly affecting our gas transmission subsidiaries;

— the ability of Boardwalk Pipeline to operate its expansion project pipelines at higher than normal operating pressures;

— the successful completion, timing, cost, scope and financial performance of growth projects as well as the financing of such projects; and

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

Risks and uncertainties affecting us and our subsidiaries generally

— general economic and business conditions;

— changes in domestic and foreign political, social and economic conditions, including the impact of the global war on terrorism, the war in Iraq, the future outbreak of hostilities and future acts of terrorism;

— potential changes in accounting policies by the Financial Accounting Standards Board, the Securities and Exchange Commission or regulatory agencies for any of our subsidiaries' industries which may cause us or our subsidiaries to revise their financial accounting and/or disclosures in the future, and which may change the way analysts measure our and our subsidiaries' business or financial performance;

— the impact of regulatory initiatives and compliance with governmental regulations, judicial rulings and jury verdicts;

— the results of financing efforts; by us and our subsidiaries, including any additional investments by us in our subsidiaries;

— the ability of customers and suppliers to meet their obligations to us and our subsidiaries;

— the closing of any contemplated transactions and agreements;

— the successful integration, transition and management of acquired businesses;

— the outcome of pending or future litigation, including any tobacco-related suits to which we are or may become a party;

— the availability of indemnification by Lorillard and its subsidiaries for any tobacco-related liabilities that we may incur as a result of tobacco-related lawsuits or otherwise, as provided in the Separation Agreement; and

— potential future asset impairments.

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

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

There were no material changes in our market risk components for the nine months ended September 30, 2010. See the Quantitative and Qualitative Disclosures About Market Risk included in Item 7A of our Form 10-K filed with the Securities and Exchange Commission for the year ended December 31, 2009 for further information. Additional information related to portfolio duration and market conditions is discussed in the Investments section of the Management's Discussion and Analysis of Financial Condition and Results of Operations included in Part I, Item 2.

Item 4. Controls and Procedures.

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

The Company's principal executive officer ("CEO") and principal financial officer ("CFO") undertook an evaluation of the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this report. The CEO and CFO have concluded that the Company's disclosure controls and procedures were effective as of September 30, 2010.

There were no changes in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) identified in connection with the foregoing evaluation that occurred during the quarter ended September 30, 2010 that have materially affected or that are reasonably likely to materially affect the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

Information with respect to legal proceedings is incorporated by reference to Note 8 of the Notes to Consolidated Condensed Financial Statements included in Part I of this Report.

Item 1A. Risk Factors.

Our Annual Report on Form 10-K for the year ended December 31, 2009 includes a detailed discussion of certain material risk factors facing our company. The information presented below reflects updates and additions to such risk factors and should be read in conjunction with the risk factors and information disclosed in our Annual Report on Form 10-K for the year ended December 31, 2009.

Certain of our subsidiaries are subject to extensive federal, state and government regulations.

Diamond Offshore. The drilling industry is dependent on demand for services from the oil and gas exploration industry and, accordingly, is affected by changing tax and other laws relating to the energy business generally. Diamond Offshore may be required to make significant capital expenditures to comply with governmental laws and regulations. It is also possible that these laws and regulations may in the future add significantly to Diamond Offshore's operating costs or may significantly limit drilling activity.

Governments in some countries are increasingly active in regulating and controlling the ownership of concessions, the exploration for oil and gas and other aspects of the oil and gas industries. The modification of existing laws or regulations or the adoption of new laws or regulations curtailing exploratory or developmental drilling for oil and gas for economic, environmental or other reasons could materially and adversely affect Diamond Offshore's operations by limiting drilling opportunities.

As awareness of climate change issues increases, governments around the world are beginning to address the matter. This may result in new environmental regulations that may unfavorably impact Diamond Offshore, its suppliers and its customers. Diamond Offshore may be exposed to risks related to new laws or regulations pertaining to climate change, carbon emissions or energy use that could decrease the use of oil or natural gas, thus reducing demand for hydrocarbon-based fuel and Diamond Offshore's drilling services. Governments may also pass laws or regulations encouraging or mandating the use of alternative energy sources, such as wind power and solar energy, which may reduce demand for oil and natural gas and Diamond Offshore's drilling services. In addition, new laws or regulations may require an increase in Diamond Offshore's capital spending for additional equipment to comply with such requirements and could also result in a reduction in revenues associated with downtime required to install such equipment.

Diamond Offshore's business involves numerous operating hazards which could expose it to significant losses and significant damage claims. Diamond Offshore is not fully insured against all of these risks and its contractual indemnity provisions may not fully protect Diamond Offshore.

Diamond Offshore's operations are subject to the significant hazards inherent in drilling for oil and gas offshore, such as blowouts, reservoir damage, loss of production, loss of well control, unstable or faulty sea floor conditions, fires and natural disasters such as hurricanes. The occurrence of any of these types of events could result in the suspension of drilling operations, damage to or destruction of the equipment involved and injury or death to rig personnel, damage to producing or potentially productive oil and gas formations, and oil spillage, oil leaks, well blowouts and extensive uncontrolled fires, any of which could cause significant environmental damage. In addition, offshore drilling operations are subject to perils peculiar to marine operations, including capsizing, grounding, collision and loss or damage from severe weather. Any of the foregoing events could result in significant damage or loss to Diamond Offshore's properties and assets, significant loss of revenues, and significant damage claims against Diamond Offshore, which could have a material adverse effect on its results of operations, financial condition and cash flows.

Diamond Offshore maintains liability insurance, which includes coverage for environmental damage; however, because of contractual provisions and policy limits, its insurance coverage may not adequately cover Diamond Offshore's losses and claim costs. In addition, pollution and environmental risks are generally not fully insurable when they are determined to be the result of criminal acts. Also, Diamond Offshore does not typically purchase loss-of-hire insurance to cover lost revenues when a rig is unable to work. Accordingly, it is possible that its losses from the hazards it faces could have a material adverse effect on the results of operations, financial condition and cash flows.

Operations also may be suspended because of machinery breakdowns, abnormal drilling conditions, failure of subcontractors to perform or supply goods or services or personnel shortages.

Generally Diamond Offshore's contracts with its customers contain contractual rights to indemnity from its customer for, among other things, pollution originating from the well, while Diamond Offshore retains responsibility for pollution originating from the rig. However, Diamond Offshore's contractual rights to indemnification may be unenforceable or limited due to negligent or willful acts of commission or omission by Diamond Offshore, its subcontractors and/or suppliers and its customers may dispute, or be unable to meet, their contractual indemnification obligations to Diamond Offshore.

Diamond Offshore believes that the policy limit under its marine liability insurance is within the range that is customary for companies of Diamond Offshore's size in the offshore drilling industry and is appropriate for its business. However, if an accident or other event occurs that exceeds Diamond Offshore's coverage limits or is not an insurable event under its insurance policies, or is not fully covered by contractual indemnity, it could have a material adverse effect on Diamond Offshore's results of operations, financial position and cash flows. There can be no assurance that Diamond Offshore will continue to carry the insurance it currently maintains, that its insurance will cover all types of losses or that those parties with contractual obligations to indemnify Diamond Offshore will necessarily be financially able to indemnify Diamond Offshore against all of these risks. In addition, no assurance can be made that Diamond Offshore will be able to maintain adequate insurance in the future at rates it considers to be reasonable or that Diamond Offshore will be able to obtain insurance against some risks.

Accordingly, the occurrence of any of the hazards Diamond Offshore faces could have a material adverse effect on its results of operations, financial condition and cash flows.

The aftermath of the moratorium on offshore drilling in the U.S. Gulf of Mexico and new regulations adopted as a result of the investigation into the Macondo well blowout could negatively impact Diamond Offshore.

In the near-term aftermath of the Macondo incident, on May 30, 2010, the U.S. government imposed a six month moratorium on certain drilling activities in water deeper than 500 feet in the GOM and subsequently implemented enhanced safety requirements applicable to all drilling activity in the GOM, including drilling activities in water shallower than 500 feet. On October 12, 2010, the U.S. government lifted the moratorium subject to compliance with enhanced safety requirements, including those set forth in Notices to Lessees 2010-N05 and 2010-N06, both of which were implemented during the drilling ban. Additionally, all drilling in the GOM will be required to comply with the

Interim Final Rule to Enhance Safety Measures for Energy Development on the Outer Continental Shelf ("Drilling Safety Rule") and the Workplace Safety Rule on Safety and Environmental Management Systems, both of which were issued on September 30, 2010, once they become final. Diamond Offshore continues to evaluate these new measures to ensure that its rigs and equipment are in full compliance, where applicable. Additional requirements could be forthcoming based on further recommendations by regulatory agencies investigating the Macondo incident. Diamond Offshore is not able to predict the likelihood, nature or extent of additional rulemaking or when the interim rules, or any future rules, could become final. Nor is Diamond Offshore able to predict when the Bureau of Ocean Energy Management, Regulation and Enforcement ("BOEM"), will issue drilling permits to its customers. Diamond Offshore is not able to predict the future impact of these events on its operations. Even with the drilling ban lifted, certain deepwater drilling activities remain suspended until the BOEM resumes its regular permitting of those activities.

The current and future regulatory environment in the GOM could result in a number of rigs being, or becoming available to be, moved to locations outside of the GOM, which could potentially put downward pressure on global dayrates and adversely affect Diamond Offshore's ability to contract its floating rigs that are currently uncontracted or coming off contract. Additional governmental regulations concerning licensing, taxation, equipment specifications, training requirements or other matters could increase the costs of operations, and escalating costs borne by Diamond Offshore's customers, along with permitting delays, could reduce exploration and development activity in the GOM and therefore demand for Diamond Offshore's services. In addition, insurance costs across the industry are expected to increase as a result of the Macondo incident, and in the future certain insurance coverage is likely to become more costly, and may become less available or not available at all.

Diamond Offshore cannot predict when the U.S. government will begin to issue new drilling permits in a timely manner nor the potential impact of new regulations that may be forthcoming as the investigation into the Macondo well incident continues. The inability to redeploy Diamond Offshore's rigs impacted by the drilling moratorium, or to obtain dayrates sufficient to cover additional operating expenses and mobilization costs if such impacted rigs are redeployed in international waters, could adversely affect Diamond Offshore's financial position, results of operations and cash flows. In addition, implementation of additional regulations may subject Diamond Offshore to increased costs of operating and/or a reduction in the area of operation in the GOM.

CNA may face increased operating costs and underwriting losses arising from the federal health care reform legislation, as well as health care reform proposals at the state level.

The Patient Protection and Affordable Care Act and the related amendments in the Health Care and Education Reconciliation Act, enacted in March 2010, may increase CNA's operating costs and underwriting losses. This landmark legislation may lead to numerous changes in the health care industry that could create additional operating costs for CNA, particularly with respect to its workers' compensation and long term care products. These costs might arise through the increased use of health care services by CNA's claimants or the increased complexities in health care bills that could require additional levels of review. In addition, due to the expected number of new participants in the health care system and the potential for additional malpractice claims, CNA may experience increased underwriting risk in the lines of its business that provide management and professional liability insurance to individuals and businesses engaged in the health care industry. The lines of CNA's business that provide professional liability insurance to attorneys, accountants and other professionals who advise clients regarding the health care reform legislation may also experience increased underwriting risk due to the complexity of the legislation. As a result, CNA may experience unanticipated underwriting losses with respect to these lines of business. Finally, CNA cannot predict with any certainty the impact of the various health care reform proposals at the state level. Consequently, CNA's results of operations, equity, business, insurer financial strength and debt ratings could be materially adversely impacted.

CNA is unable to predict the impact of the new federal financial regulatory reform.

The Dodd-Frank Wall Street Reform and Consumer Protection Act, enacted in July, 2010, expands the federal presence in insurance oversight. The Act's requirements include streamlining the state-based regulation of reinsurance and nonadmitted insurance (property or casualty insurance placed from insurers that are eligible to accept insurance, but are not licensed to write insurance in a particular state). The Act also establishes a new Federal Insurance Office within the U.S. Department of the Treasury with powers over all lines of insurance except health insurance, certain long-term care insurance and crop insurance, to, among other things, monitor aspects of the insurance industry, identify issues in the regulation of insurers that could contribute to a systemic crisis in the insurance industry or the overall financial system, coordinate federal policy on international insurance matters and preempt state insurance measures under certain circumstances. As the Act calls for numerous studies and contemplates further regulation, CNA is unable to predict with any certainty the overall impact the reform will have. As a result, CNA's results of operations, equity, business, and insurer financial strength and debt ratings could be materially adversely impacted.

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

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

(c) STOCK REPURCHASES

Period	(a) Total number of shares purchased	(b) Average price paid per share	(c) Total number of shares purchased as part of publicly announced plans or programs	(d) Maximum number of shares (or approximate dollar value) of shares that may yet be purchased under the plans or programs (in millions)
August 1, 2010 - August 31, 2010	892,100	$ 36.27	N/A	N/A
September 1, 2010 - September 30, 2010	1,416,300	$ 36.69	N/A	N/A

Item 6. Exhibits.

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

* Filed herewith.

SIGNATURES

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

LOEWS CORPORATION
(Registrant)

Dated: November 3, 2010

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

Exhibit 31.1

I, James S. Tisch, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Loews Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal controls over financial reporting, or caused such internal controls over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 3, 2010

By: /s/ James S. Tisch
JAMES S. TISCH
Chief Executive Officer

Exhibit 31.2

I, Peter W. Keegan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Loews Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal controls over financial reporting, or caused such internal controls over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 3, 2010

By: /s/ Peter W. Keegan
PETER W. KEEGAN
Chief Financial Officer

Exhibit 32.1

Certification by the Chief Executive Officer
of Loews Corporation pursuant to 18 U.S.C. Section 1350
(as adopted by Section 906 of the
Sarbanes-Oxley Act of 2002)

Pursuant to 18 U.S.C. Section 1350, the undersigned chief executive officer of Loews Corporation (the "Company") hereby certifies, to such officer's knowledge, that the Company's quarterly report on Form 10-Q for the quarter ended September 30, 2010 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 3, 2010

By: /s/ James S. Tisch
JAMES S. TISCH
Chief Executive Officer

Exhibit 32.2

Certification by the Chief Financial Officer
of Loews Corporation pursuant to 18 U.S.C. Section 1350
(as adopted by Section 906 of the
Sarbanes-Oxley Act of 2002)

Pursuant to 18 U.S.C. Section 1350, the undersigned chief financial officer of Loews Corporation (the "Company") hereby certifies, to such officer's knowledge, that the Company's quarterly report on Form 10-Q for the quarter ended September 30, 2010 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 3, 2010

By: /s/ Peter W. Keegan
PETER W. KEEGAN
Chief Financial Officer