CONSISTENT

VALUE

CREATION

Loews Corporation 2009 Annual Report *being a conglomerate gives us the*

FLEXIBILITY TO CREATE VALUE

As a conglomerate, we have the freedom to make investments and acquisitions across a broad spectrum of industries, wherever we perceive opportunity.

Our primary assets are three publicly traded and two wholly owned subsidiaries, and a large portfolio of cash and investments.

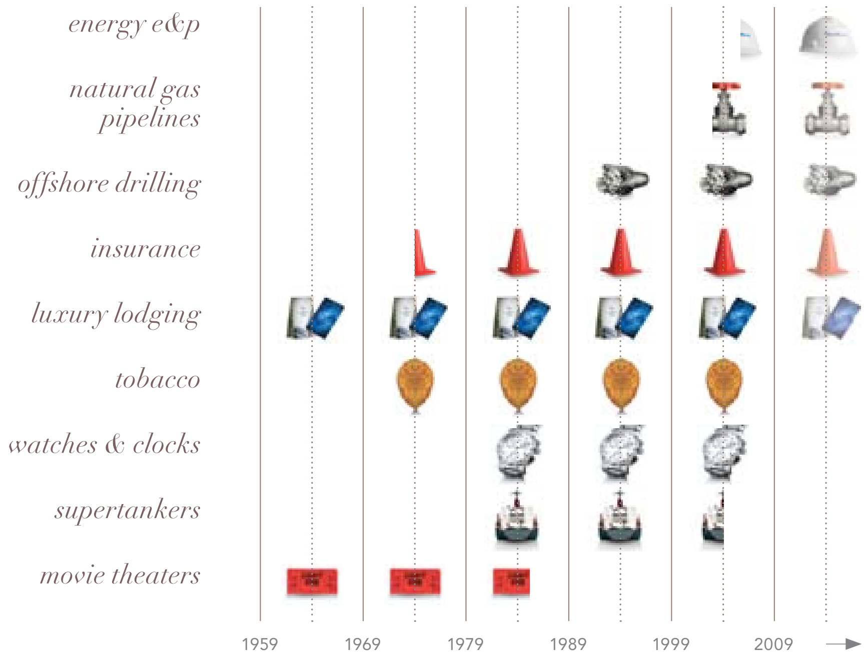
CNA Financial

One of the largest commercial property & casualty insurance companies in the United States.

Diamond Offshore Drilling

A worldwide deepwater driller, with 47 offshore drilling rigs.

NYSE Symbol	CNA	DO
Owned	90%	50.4%
Industry	Commercial Property & Casualty Insurance	Offshore Drilling
CEO	Thomas F. Motamed	Lawrence R. Dickerson
Website	www.cna.com	www.diamondoffshore.com
Refer to	*page 18*	*page 20*



SUBSIDIARIES FROM 1959 TO 2009

HighMount Exploration & Production

Engaged in the exploration and production of natural gas.

Boardwalk Pipeline Partners

An operator of interstate natural gas pipeline systems and underground storage.

Loews Hotels

Among the country's top luxury lodging companies, with 18 hotel properties in the United States and Canada.

–	BWP	–
100%	67%	100%
Energy Exploration & Production	Natural Gas Pipelines	Luxury Lodging
Timothy S. Parker	Rolf A. Gafvert	Jonathan M. Tisch
www.highmountep.com	www.bwpmlp.com	www.loewshotels.com
page 22	*page 24*	*page 26*

VALUE OF $1 INVESTED IN 1959 IN THE S&P 500 VS. LOEWS (excluding dividends)

Loews has provided greater

SHAREHOLDER RETURNS

We believe that taking the long-term view rather than focusing on results for any particular quarter or year ultimately provides our shareholders with greater rewards.

contents

RETURNS

Loews demonstrates the

VALUE OF BEING A CONGLOMERATE

and the value we have created for our shareholders.

LIQUIDITY

HOLDING COMPANY CASH AND INVESTMENTS VS. DEBT (as of Dec 31, 2009)

our strong cash flow

PROVIDES ADDED SECURITY

We are comfortable maintaining a large amount of liquidity, which allows us to move quickly when the time is right. Strong cash flow and low debt levels enable us to meet our obligations and to move rapidly to take advantage of opportunities.

other assets

Net Cash and Investments
CNA Preferred Stock
Boardwalk Pipeline Class B Units
and Subordinated Debt

non-public subsidiaries

HighMount
Loews Hotels
Boardwalk Pipeline General Partner

market valuations

Our stake in publicly traded subsidiaries totaled $15.2 billion, or $36 per Loews share, based on closing stock prices as of February 24, 2010.

public subsidiaries

Common Shares Owned by Loews
CNA: 242.4 million
Diamond Offshore: 70.1 million
Boardwalk Pipeline: 104.2 million

SUM OF THE PARTS

our true value is

MORE THAN OUR FIVE SUBSIDIARIES

The availability of public market valuations for three of our businesses helps investors determine an estimated sum of the parts valuation for Loews common stock.

SHARES OUTSTANDING SINCE 1971 (adjusted for splits)

our history of share buybacks enhances the long-term

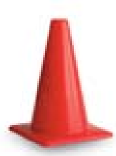
VALUE OF LOEWS COMMON STOCK

Repurchasing our shares over the past four decades has benefited our shareholders by giving them an increased stake in Loews.

CON SISTE NCY

book value per share

Over the past five years our book value per share has increased from $21.82 to *$39.76* at year-end 2009.

$122 million	*$561 million*	*$271 million*
CNA Financial	*Diamond Offshore*	*Boardwalk Pipeline*
		

2009 DIVIDENDS AND INTEREST RECEIVED FROM SUBSIDIARIES

our subsidiaries generate

SIGNIFICANT CASH FLOW

In 2009 our subsidiaries paid Loews total dividends and interest of $954 million. This gives us the liquidity to take advantage of opportunities.

LONG VIEW

value

We are philosophically and practically value investors.

opportunity

Our approach is to purchase assets at a discount to their inherent value.

strength

Our balance sheet strength positions us to withstand adversity and to capitalize on opportunities when they arise.

STRATEGIC VISION

our strategic vision keeps us grounded and

FOCUSED ON THE LONG TERM

Loews's management philosophy is built on a foundation of stability and strength. Our strategy has always been to pursue prudent growth and create long-term value for our shareholders.

own solid assets

We have historically acquired companies with substantial capital or financial assets that offer products and services for which there is enduring, if sometimes cyclical, demand.

manage conservatively

We make certain that each subsidiary understands our conservative and long-term approach to creating shareholder value.

maintain liquidity

A large position of cash and investments has not always been fashionable, but it has enabled Loews to seize opportunities and to assist subsidiaries.

manage through down cycles

We view most of our assets as long-term holdings.

INVESTMENT PRINCIPLES

our common sense investing

PRINCIPLES ARE UNWAVERING

We manage our businesses, investments and acquisitions in a conservative manner. Our conservative perspective enables us to understand downside risks of an opportunity as well as upside potential.

GRO
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50-YEAR AVERAGE ANNUAL GROWTH RATE FOR LOEWS COMMON STOCK VS. S&P 500 (Dec 31, 1959 to Dec 31, 2009)

Loews has been performing for 50 years and

WE ARE STILL GROWING

As a conglomerate, we have been able to grow and diversify over the past five decades, creating long-term stock price appreciation for our shareholders.

Financial highlights

Year Ended Dec 31	*2009*	*2008*	*2007*	*2006*	*2005*
(In millions, except per share data)					
Results of Operations:					
Revenues	$14,117	$13,247	$14,302	$13,844	$12,197
Income before income tax	$ 1,730	$ 587	$ 3,194	$ 3,096	$ 659
Income from continuing operations	$ 1,385	$ 580	$ 2,199	$ 2,172	$ 621
Discontinued operations, net	(2)	4,713	901	818	739
Net income	1,383	5,293	3,100	2,990	1,360
Amounts attributable to noncontrolling interests	819	763	612	503	157
Net income attributable to Loews Corporation	$ 564	$ 4,530	$ 2,488	$ 2,487	$ 1,203
Income (loss) attributable to:					
Loews common stock:					
Income (loss) from continuing operations	$ 566	$ (182)	$ 1,586	$ 1,672	$ 466
Discontinued operations, net	(2)	4,501	369	399	486
Loews common stock	564	4,319	1,955	2,071	952
Former Carolina Group stock:					
Discontinued operations, net		211	533	416	251
Net income	$ 564	$ 4,530	$ 2,488	$ 2,487	$ 1,203
Diluted Net Income (Loss) Per Share:					
Loews common stock:					
Income (loss) from continuing operations	$ 1.31	$ (0.38)	$ 2.96	$ 3.02	$ 0.84
Discontinued operations, net	(0.01)	9.43	0.69	0.72	0.8 7
Net income	$ 1.30	$ 9.05	$ 3.65	$ 3.74	$ 1.71
Former Carolina Group stock:					
Discontinued operations, net	$ –	$ 1.95	$ 4.91	$ 4.46	$ 3.62
Financial Position:					
Investments	$46,034	$38,450	$46,669	$52,102	$43,612
Total assets	74,070	69,870	76,128	76,898	70,917
Debt	9,485	8,258	7,258	5,540	5,157
Shareholders' equity	16,899	13,133	17,599	16,511	13,113
Cash dividends per share:					
Loews common stock	0.25	0.25	0.25	0.24	0.20
Former Carolina Group stock	–	0.91	1.82	1.82	1.82
Book value per share of Loews common stock	39.76	30.18	32.42	30.17	23.68
Shares outstanding:					
Loews common stock	425.07	435.09	529.68	544.20	557.54
Former Carolina Group stock	–	–	108.46	108.33	78.19

Results of operations

Net income for 2009 amounted to $564 million compared to $4.5 billion in 2008. Net income in 2008 included a tax-free non-cash gain of $4.3 billion related to the Separation of Lorillard and an after tax gain of $75 million from the sale of Bulova Corporation, both reported as discontinued operations.

Consolidated results from continuing operations for the year ended December 31, 2009 amounted to income from continuing operations of $566 million, or $1.31 per share, compared to a loss of $182 million, or $0.38 per share, in 2008.

Income from continuing operations primarily reflected improved net investment income at CNA, compared to a loss from continuing operations in the prior year. Net investment income benefited from higher limited partnership results, partially offset by the impact of lower short term interest rates. In addition, higher investment income from the holding company trading portfolio contributed to the improved results.

Net investment losses were $503 million (after tax and noncontrolling interests) in 2009, compared to losses of $754 million (after tax and noncontrolling interests) in the prior year. The improvement was driven by a $217 million (after tax and noncontrolling interest) realized investment gain from the sale of CNA's common stock holdings in Verisk Analytics, Inc. and decreased other-than-temporary impairment (OTTI) losses recognized in CNA's available-for-sale portfolio. The OTTI losses in 2009 were primarily driven by the impact of difficult economic conditions on residential and commercial mortgage-backed securities and by credit issues in the financial sector.

These improvements were partially offset by a non-cash impairment charge of $660 million (after tax) in 2009 related to the carrying value of HighMount's natural gas and oil properties, reflecting declines in commodity prices. Excluding impairment charges, HighMount's results declined over the prior year due to decreased production volumes and lower natural gas prices. Results at Boardwalk Pipeline were lower primarily due to loss of revenues while remediating pipeline anomalies, and favorable one time transactions in 2008.

The prior year loss from continuing operations reflected a $440 million (after tax) non-cash impairment charge related to the carrying value of HighMount's natural gas and oil properties, reflecting negative revisions in proved reserve quantities as a result of declines in commodity prices; a $314 million (after tax) non-cash goodwill impairment charge related to HighMount; and OTTI losses related to CNA's investment portfolio.

Consolidated revenues in 2009 amounted to $14.1 billion, compared to $13.2 billion in the prior year. At December 31, 2009, the book value per share of Loews common stock was $39.76 compared to $30.18 at December 31, 2008.

Letter to our shareholders and employees

Office of the President [from left to right]

Jonathan M. Tisch Co-Chairman of the Board, Chairman and Chief Executive Officer Loews Hotels

James S. Tisch President and Chief Executive Officer

Andrew H. Tisch Co-Chairman of the Board, Chairman of the Executive Committee

The year 2009 began with a pall of gloom and doom across the U.S. economy, but ended with a sense that things were improving. While we are encouraged by signs of recovery, our approach to managing Loews and the strategies being pursued by our subsidiaries do not assume the economy will regain its health quickly. As we pursue prudent growth and long-term value creation, we intend to maintain the same conservative management philosophy and balance sheet strength that have, over the years, allowed Loews both to endure difficult economic conditions and to take advantage of times of prosperity.

When the financial markets were in free-fall in 2008 and early 2009, our strong balance sheet enabled Loews to supply needed capital to two of our subsidiaries – CNA Financial and Boardwalk Pipeline Partners – sparing them the punitive terms that would have come with public market financing. By the second half of 2009, after debt and equity markets had improved, CNA and Boardwalk were able to access the public capital markets and use a portion of the proceeds to begin repaying Loews. In addition, we received pretax proceeds of approximately $300 million in February 2010 from our sale of a portion of the common units we purchased from Boardwalk in late 2008 and mid-2009.

For 2009, Loews reported income from continuing operations of $566 million, versus a loss of $182 million in 2008. Record earnings at Diamond Offshore and solid underwriting results at CNA were offset by losses recognized in CNA's investment portfolio and non-cash impairment charges at HighMount related to the decline in natural gas prices in the first quarter of 2009. Boardwalk experienced a decrease in earnings stemming primarily from the remediation of start-up problems on its expansion projects. And like most of the luxury lodging industry, Loews Hotels felt the impact of the recession through reduced room rates and occupancy.

Healthy cash flow from our subsidiaries and investment gains from our trading portfolio brought the parent company's year-end cash and investments to over $3.0 billion from $2.3 billion at the end of 2008. During 2009, we used a portion of our cash to repurchase $348 million of common stock at an average per share price of $33.05 and to make investments in Boardwalk of $350 million, $100 million of which has been repaid to Loews. In keeping with our longstanding philosophy, we maintained a modest level of parent company debt.

Diamond Offshore

Diamond Offshore has established a track record over the years of taking advantage of oilfield cyclicality to upgrade its rig fleet. During 2009, Diamond Offshore acquired at auction two newly constructed ultra-deepwater drilling rigs, the *Ocean Courage* and the *Ocean Valor*, for less than $500 million each. These prices represented a substantial discount to the peak newbuild cost of over $700 million experienced during the most recent up-cycle. While newbuild rigs typically take more than three years to construct, the *Ocean Courage* and the *Ocean Valor* were essentially complete at the time of acquisition. The *Ocean Courage* began work in the first quarter of 2010 on a multi-year contract, and the *Ocean Valor* is under contract and expected to be working by mid-2010.

In 2005, prior to the market peak, Diamond Offshore commissioned substantial upgrades and modifications for two of its rigs, the *Ocean Endeavor* and the *Ocean Monarch*, to allow drilling in up to 10,000 feet of water. These, together with the *Ocean Courage* and the *Ocean Valor*, make a total of four 10,000-foot capable rigs that Diamond Offshore will have brought to market since early 2007 for a total cost of less than $1.5 billion – approximately half the cost of four newbuild rigs commissioned at the peak of the recent building cycle. We are hopeful the new additions to the fleet will contribute significant revenues for many years to come.

Strong dayrates and utilization rates helped Diamond Offshore realize record results in 2009. Diamond Offshore remains committed both to building shareholder value and to returning cash to its shareholders through the payment of dividends. Since 2006, when it began paying special dividends, Diamond Offshore has paid a total of $3.3 billion of regular and special dividends, of which Loews has received almost $1.7 billion.

CNA Financial

In his first year as CNA's chairman and chief executive, Tom Motamed has brought renewed focus and energy to the company. Tom has built a leadership team that is intently focused on risk management, growth, and improved profitability. Key initiatives include improving underwriting results in CNA's Commercial segment, expanding existing expertise in the Specialty segment, and managing expenses aggressively. We are confident in the strength of CNA's franchise and its ability to attain profitable growth.

Healthy cash flow from our subsidiaries and investment gains from our trading portfolio brought Loews's year-end cash and investments to over $3.0 billion.

We believe we can generate the greatest value for our shareholders by focusing on the long term.

In last year's letter, we asserted our expectation that the vast majority of securities in CNA's portfolio would recover in value and begin to amortize back into the company's book value – and for the most part, they have. Over the course of the year, CNA's book value per share increased by over 72 percent and stood at $35.91 as of December 31.

While we are pleased to see the recovery from "fire sale" prices at year-end 2008, the volatility of fixed income security prices over the past year underscores how potentially misleading mark-to-market accounting can be for property and casualty insurance companies. For companies such as CNA, book value reflecting unrealized investment losses does not necessarily convey the well-being of the company, given the nature of insurance liabilities and the price volatility of fixed income securities.

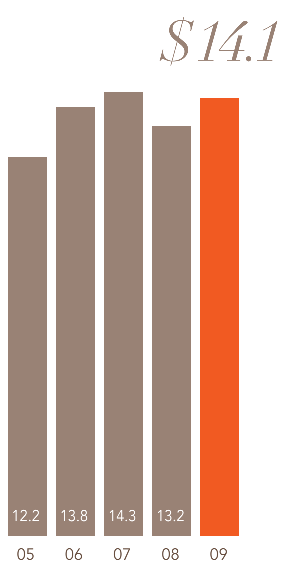
With its ample liquidity, CNA was never under pressure to sell securities during 2009, despite significant unrealized and impairment losses in its investment portfolio. As a property and casualty insurer, CNA does not face the risk that its customers will cash out their policies early, as is the case with many life insurance products, or withdraw funds, as is the case with bank deposits.

CNA finished 2009 with a solid balance sheet and with its investment portfolio in good shape. At some point in the future, however, interest rates in the U.S. are likely to increase. Should this occur – and we'll refrain from making any predictions – most property and casualty insurance companies, including CNA, will likely see a decline in the market value of their investment portfolios, which will in turn have a negative effect on GAAP book value. However, because CNA's goal is to align the durations of its invested assets with the expected durations of its insurance liabilities, an interest rate-driven decline in the market value of fixed income securities should not meaningfully impact CNA's ability to meet its insurance obligations. Furthermore, there is an offsetting benefit to a higher interest rate environment: CNA will be able to invest its substantial cash flows in higher yielding securities.

CNA's improved capital strength allowed the company to redeem $250 million of the preferred stock owned by Loews from the proceeds of a $350 million 10-year bond offering, leaving $1.0 billion of preferred stock outstanding. This bond offering in November 2009 was a significant step for CNA, which is intent on paying down the preferred stock in a prudent manner.

Boardwalk Pipeline Partners

During 2009, Boardwalk completed construction of its four major expansion projects. Its nearly $5 billion capital program has doubled pipeline system capacity since the company's initial public offering in 2005. In bringing the



REVENUES ($ in billions)

INCOME (LOSS) PER SHARE FROM CONTINUING OPERATIONS

TOTAL ASSETS ($ in billions)

expansion projects into operation, the company experienced challenging delays related to the repair of pipeline anomalies and obtaining necessary approvals from regulators. Fortunately, these start-up issues are predominantly behind us, and Boardwalk has received regulatory approval to operate its new 42-inch pipelines at their full design capacity. The 36-inch pipelines have been repaired and are currently able to meet customer requirements, though Boardwalk is seeking regulatory approval to operate these pipelines at higher capacity levels.

Boardwalk has assets in place to transport natural gas from the prolific supply sources in Texas, Oklahoma and Arkansas to diverse markets in the Northeast, Midwest and Southeast. A significant portion of revenue is backed by long-term customer contracts that we anticipate will generate stable cash flows to limited partnership unitholders for years to come. Since going public, Boardwalk has increased cash distributions each quarter, including the most recent distribution of $0.50 per unit paid in February 2010.

Other Subsidiary Performances

Below are some operational highlights for our other two subsidiaries:

– HighMount's operating revenues were down versus the prior year, reflecting the decline in natural gas prices and lower production volumes. In response to market conditions, HighMount curtailed its drilling program during the first half of the year. In the third quarter, HighMount resumed drilling to take advantage of reduced drilling costs and improved forward prices for natural gas. For the most part, the wells encompassed in this limited drilling program have already been drilled and will begin producing during the first half of 2010. In order to capture favorable economics, production volumes from these wells have been substantially hedged and are expected to deliver a very attractive return on investment for HighMount.

– Loews Hotels has been severely affected by the decline in leisure, business and group travel and the resultant weakness in pricing and occupancy rates. These factors contributed to a 26 percent decline in revenue per available room versus the prior year.

2010 Outlook

When and how we ultimately exit the recession – with a "W," "V," or otherwise-shaped recovery – will not be known until years after the fact. Economists and media pundits alike make careers of debating such issues, but we who operate businesses must decide on a course of action. In managing Loews, we will continue to position ourselves, as has long been our practice, with a strong and flexible balance sheet in order to be able to endure difficult economic conditions. Our Company's structural diversification, conservative capital structure, and $3.0 billion in holding company cash and investments at the end of 2009 should equip Loews to deal with any potential challenges – or opportunities – that lie ahead.

Over the past 50 years, Loews has delivered an average annual share price appreciation of 15.9 percent, versus 6.0 percent for the S&P 500 Index. To put this into practical terms, a dollar invested in Loews stock in 1959 would have appreciated in value to over $1,600 at year end. That same dollar invested in the S&P 500 index would be worth less than $19. We cannot promise to deliver a comparable rate of return year after year, but we believe we can generate the greatest value for our shareholders by focusing on a longer time horizon.

In closing, we want to thank our fellow Loews employees and the employees of our subsidiaries for their dedication and commitment. We remain confident that our disciplined approach to managing and investing will carry us through difficult times and continue creating value for Loews shareholders over the long term.

Sincerely,

James S. Tisch — Andrew H. Tisch — Jonathan M. Tisch

Office of the President
February 24, 2010

Loews: a financial portrait

Our conservative long-term perspective on value creation is shared by the management teams of our subsidiaries.

At Loews Corporation, our objectives and approach to business do not fluctuate from year to year. Our ultimate objective – to build long-term value for our shareholders – has been unchanged for over 50 years. Our approach is founded on the core principles of value investing.

Loews is a diversified holding company with the flexibility to pursue investments and acquisitions wherever we see opportunity. Our corporate structure, combined with our financial strategies, reinforces our objective of building long-term shareholder value. We maintain three primary means of achieving superior risk-adjusted returns for our shareholders: (1) Optimizing our subsidiaries' operating performance and capital structure; (2) Making opportune investments and acquisitions; and (3) Effectively managing and allocating holding company capital.

Holding company approach

We closely monitor the financial performance of our subsidiaries and confer regularly with their management teams. We provide advice on significant capital and strategic initiatives, assist with capital markets activities, and help ensure that each subsidiary's management team shares our conservative long-term perspective on value creation. It is these experienced management teams who guide our subsidiaries' day-to-day operations.

Three of our subsidiaries – Boardwalk Pipeline, CNA Financial and Diamond Offshore – are publicly traded. As of February 24, 2010, Loews owned 66 percent of Boardwalk Pipeline's outstanding limited partnership units, 90 percent of CNA Financial's outstanding common stock, and just over 50 percent of Diamond Offshore's outstanding common stock. We see three primary benefits to Loews shareholders of maintaining publicly traded subsidiaries:

– **Market valuation:** Equity investors value Boardwalk Pipeline, CNA Financial and Diamond Offshore directly in the public markets, providing holders of Loews common stock with an objective measure of the market value of our ownership stake in these companies.

– **Disclosure and governance:** Our publicly traded subsidiaries are required to file their own reports with the SEC, further enhancing transparency beyond the information available in Loews's own SEC filings. Additionally, each publicly traded subsidiary has its own board of directors, including independent directors.

– **Self-financing:** Our publicly traded subsidiaries can access the public debt and equity markets to finance their operations and expansion plans. Because of the extreme turmoil in the capital markets during 2008 and early 2009, however, Loews supplied needed capital to two of our subsidiaries – CNA Financial and Boardwalk Pipeline. Both of those subsidiaries, plus Diamond Offshore, subsequently accessed the public debt markets during 2009.

Sum of the parts

While we believe that Loews's intrinsic value is more than just the sum of its constituent parts, we understand that many equity investors attempt to calculate a sum of the parts valuation per share of Loews common stock as part of their investment processes. The fact that three of our subsidiaries are valued daily by equity investors helps them ascertain this readily estimable valuation metric.

On February 24, 2010, the aggregate market value of Loews's ownership interests in our three publicly traded subsidiaries totaled approximately $15.2 billion, or $36 per share of Loews common stock. Other assets attributed to Loews common stock include our two wholly owned subsidiaries, HighMount and Loews Hotels; our 100 percent ownership of Boardwalk Pipeline's general partner; holding company cash and investments net of holding company debt; CNA senior preferred stock; and Boardwalk Pipeline Class B units and subordinated debt.

Patient investors

Making opportune acquisitions is one of our primary means of building long-term value for Loews shareholders. We continually review potential opportunities but rarely pull the trigger – our objective is to do the right deals, not just to do deals. We refrain from using a standard analytical template for analyzing potential acquisitions, choosing instead to utilize a wide range of metrics to evaluate each potential opportunity. In general, we are drawn to companies with undervalued assets and/or the ability to generate stable cash flows for both internal reinvestment and the payment of dividends. We do not shy away from cyclical businesses, as we believe these businesses can yield attractive returns over a cycle, subject to careful and well-timed capital spending. In summary, we review opportunities across many industries and focus intently on understanding downside risks as well as potential returns.

The common thread connecting all of our investments and acquisitions over the years is that we believed that each represented attractive value for Loews shareholders. Two examples:

– We created a subsidiary in the late 1980s to buy offshore drilling rigs at the low prices then prevailing. We formed the predecessor to Diamond Offshore with these initial rigs and, in 1995, took the company public. In the intervening years, we have worked with Diamond Offshore to prudently and economically upgrade and expand its fleet, including most recently in 2009 when the company acquired two new 6th generation semi-submersibles – the *Ocean Courage* and the *Ocean Valor* – at prices well below those paid by others for comparable rigs during the past few years.

– We acquired Texas Gas Transmission in 2003 during a period when several owners of natural gas pipelines were experiencing financial distress. One year later we acquired Gulf South Pipeline, which complemented Texas Gas, and in 2005 we contributed both Texas Gas and Gulf South to Boardwalk Pipeline, a master limited partnership. Boardwalk Pipeline completed an initial public offering in late 2005, while we retained complete ownership of the general partner. Boardwalk Pipeline has subsequently completed an almost $5 billion expansion program and more than doubled its pipeline capacity.

Our most recent acquisition took place in 2007 when we formed a new subsidiary, HighMount Exploration & Production, which purchased natural gas assets from Dominion Resources. U.S. natural gas prices have been volatile – and on average lower than we had anticipated – since the acquisition, given numerous factors impacting both supply and demand. We remain optimistic that HighMount will generate attractive returns for Loews shareholders over the long term.

Attractive acquisition opportunities arise sporadically, which is fine with us. In the meantime, we feel no pressure to act and are comfortable maintaining substantial holding company cash and investments, which position us to move decisively when opportunities do arise.

We do not sit still while seeking acquisitions, however. We continue to pursue other means of building value for shareholders by helping our subsidiaries achieve their strategic and financial goals, by prudently managing the holding company's investment portfolio, and by engaging in capital markets activities, including share repurchases, that serve the interests of our shareholders.

Share repurchases

Over the years, share repurchase has been an important part of our effort to build long-term value for Loews common stock. We strive to allocate our capital for superior returns, and repurchasing our shares has been an effective means of pursuing this goal. Importantly, we do not broadcast our repurchase activities, nor do we repurchase our shares pursuant to some predetermined schedule; rather, we repurchase our shares when we believe they represent solid value for continuing holders of Loews common stock. In effect, we apply the same value investing principles to the repurchase of Loews common stock that we do to any other investment decision. Our repurchase activity over the years has benefited our shareholders by giving them an increased stake in Loews and its subsidiaries.

In each of the previous four decades – the 70s, 80s, 90s and 00s – we repurchased more than 25 percent of our common shares that had been outstanding at the decade's start. In the decade just ended, we reduced our outstanding shares of common stock by 204.7 million, or more than 30 percent, including the 93.5 million shares of Loews common stock retired as part of the Lorillard exchange offer in June 2008. During 2009, we repurchased 10.5 million shares of Loews common stock.

To put the impact of our share repurchase in perspective, there were approximately 1.3 billion shares of Loews common stock outstanding (split adjusted) as the 70s got under way. As of February 24, 2010, our shares outstanding had declined to 422 million, a reduction of more than 67 percent.

By repurchasing our common stock at prices below our view of intrinsic value, we believe that we have enhanced the long-term value of Loews common stock and have contributed to the outperformance of Loews common stock versus the S&P 500.

Diversified cash flows

Our holding company's strong liquidity position is made possible by significant and diversified cash inflows from our subsidiaries. In 2009, our subsidiaries paid Loews total dividends and interest of $954 million.

Boardwalk Pipeline is an important source of cash flow for Loews, contributing more than $264 million in partner distributions in 2009, up from $181 million in 2008. As a master limited partnership, Boardwalk Pipeline makes quarterly cash distributions to holders of its limited partnership units and to its general partner, which is wholly owned by Loews. Through our ownership of the general partner, Loews receives an increasing percentage of the partnership's aggregate quarterly payout as Boardwalk Pipeline raises the amount of its quarterly distribution per limited partnership unit. Since going public in late 2005, Boardwalk Pipeline has increased the distribution per limited partnership unit each quarter, including the most recent quarterly distribution of $0.50 per unit, paid in February 2010.

Diamond Offshore's board of directors first declared a quarterly special dividend in October 2007 after declaring annual special dividends in January 2006 and January 2007. These special dividends have been in addition to the company's regular quarterly dividend. During 2009, Diamond Offshore paid quarterly special and regular dividends of $1.875 and $0.125, respectively, resulting in Loews receiving $561 million in dividends, of which $526 million were special dividends.

In February 2010, Diamond Offshore's board again declared quarterly dividends totaling $2.00 per share of Diamond Offshore common stock, representing $140 million in dividends to Loews.

We recognize that Diamond Offshore's board of directors will consider the company's financial position, earnings, earnings outlook, capital spending plans, and other relevant factors in deciding whether to declare a special dividend. As a result, the Diamond Offshore board of directors may increase, decrease or eliminate its quarterly special dividend in future quarters.

Loews received total dividends of $122 million from CNA in 2009 on CNA's senior preferred stock. Loews purchased $1.25 billion of senior preferred stock from CNA in November 2008. One year later, in November 2009, CNA redeemed $250 million of the senior preferred stock, leaving $1.0 billion outstanding. During 2009, the senior preferred stock paid dividends to Loews of 10 percent per annum and will continue to do so, subject to CNA board approval, until the preferred shares are redeemed – or until 2013, when the dividend rate will be reset to the higher of a floating rate or 10 percent.

Loews's portfolio of cash and investments generates interest and dividend income and includes changes in market value. Our portfolio of cash and investments posted a net gain – or total return – of $175 million in 2009.

Investment policy

We manage the holding company's portfolio of cash and investments and also provide investment services to our subsidiaries. We maintain an in-house portfolio management team consisting of experienced investment professionals with expertise in the specific asset classes they manage.

Our priorities in managing holding company cash and investments are to protect principal, maintain ample liquidity and generate an adequate return. We attempt to limit excessive market and credit risk and to keep the majority of the funds in high quality, short term investments. In order to optimize returns, we invest a portion of the portfolio in common stocks and in a diversified mix of limited partnerships employing various strategies.

CNA's investment portfolio had a market value of $42 billion at year-end 2009, with approximately 94 percent composed of fixed maturity securities and short term investments, and the balance primarily in limited partnerships and equities.

CNA's investment portfolio is managed to optimize returns relative to underlying insurance and other liabilities. Two important considerations are the characteristics of the underlying liabilities and the ability to align the duration of the portfolio with those liabilities in order to meet future liquidity needs, minimize interest rate risk, and maintain a level of income sufficient to support the underlying insurance liabilities.

HOLDING COMPANY CASH AND INVESTMENTS (in millions)

Cash & investments, Jan 1, 2009	$2,345
Dividends and interest from subsidiaries	954
Repayments from subsidiaries	350
Investment income	175
Other operating cash flow, net	35
Debt-related payments, net	(35)
Dividends paid on Loews common stock	(108)
Repurchase of Loews common stock	(334)
Investment in Boardwalk Pipeline securities	(354)
Cash & investments, Dec 31, 2009	**$3,028**

CONDENSED CONSOLIDATING BALANCE SHEET (in billions)

Dec 31, 2009	*CNA*	*Diamond Offshore*	*HighMount*	*Boardwalk Pipeline*	*Loews Hotels*	*Corporate and Other**	*Total*
Cash & investments	$42.1	$0.8	$0.1	$ –	$0.1	$3.1	$46.2
Total assets	55.2	6.3	3.2	7.0	0.5	1.9	74.1
Total debt	2.3	1.5	1.6	3.1	0.2	0.8	9.5
Total liabilities	44.1	2.6	1.9	3.9	0.3	0.2	53.0
Noncontrolling interests	1.4	1.8	–	1.0	–	–	4.2
Loews's interest in shareholders' equity	9.7	1.9	1.3	2.1	0.2	1.7	16.9

** Net of eliminations*

As part of its overall investment portfolio, CNA maintains a diversified portfolio of limited partnership investments specializing in a variety of investment strategies. Historically, these investments have provided attractive returns with less volatility than the overall equity market.

A strong and liquid balance sheet

Our ability to create value for Loews shareholders rests upon our solid financial foundation. Our strong liquidity and capital base have enabled us to withstand adversity and seize opportunities. In managing the holding company's liquidity and capital position, we strive to:

– Maintain a substantial balance of cash and investments so that liquidity will be available when needed. Having readily available funds has enabled us to move rapidly to take advantage of opportunities such as acquisitions and share repurchases.

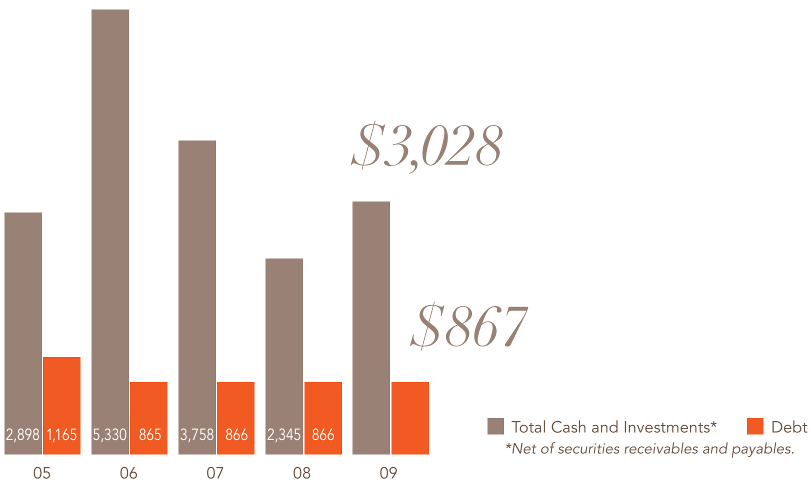
– Maintain relatively low levels of holding company debt so that we can easily service all holding company obligations in a distressed financial environment. At year-end 2009, the holding company had cash and investments of $3.0 billion, debt of $867 million, and shareholders' equity of $16.9 billion.

Our subsidiaries operate in different industries, with unique business and financial dynamics warranting different capital structures. In all cases, we work with our subsidiaries to ensure that their capital structures are aligned with our conservative, long-term approach to liquidity and capital management. (The table above is a condensed version of the Company's consolidating balance sheet information presented in Note 23 on page 191 in the accompanying Form 10-K Report.)

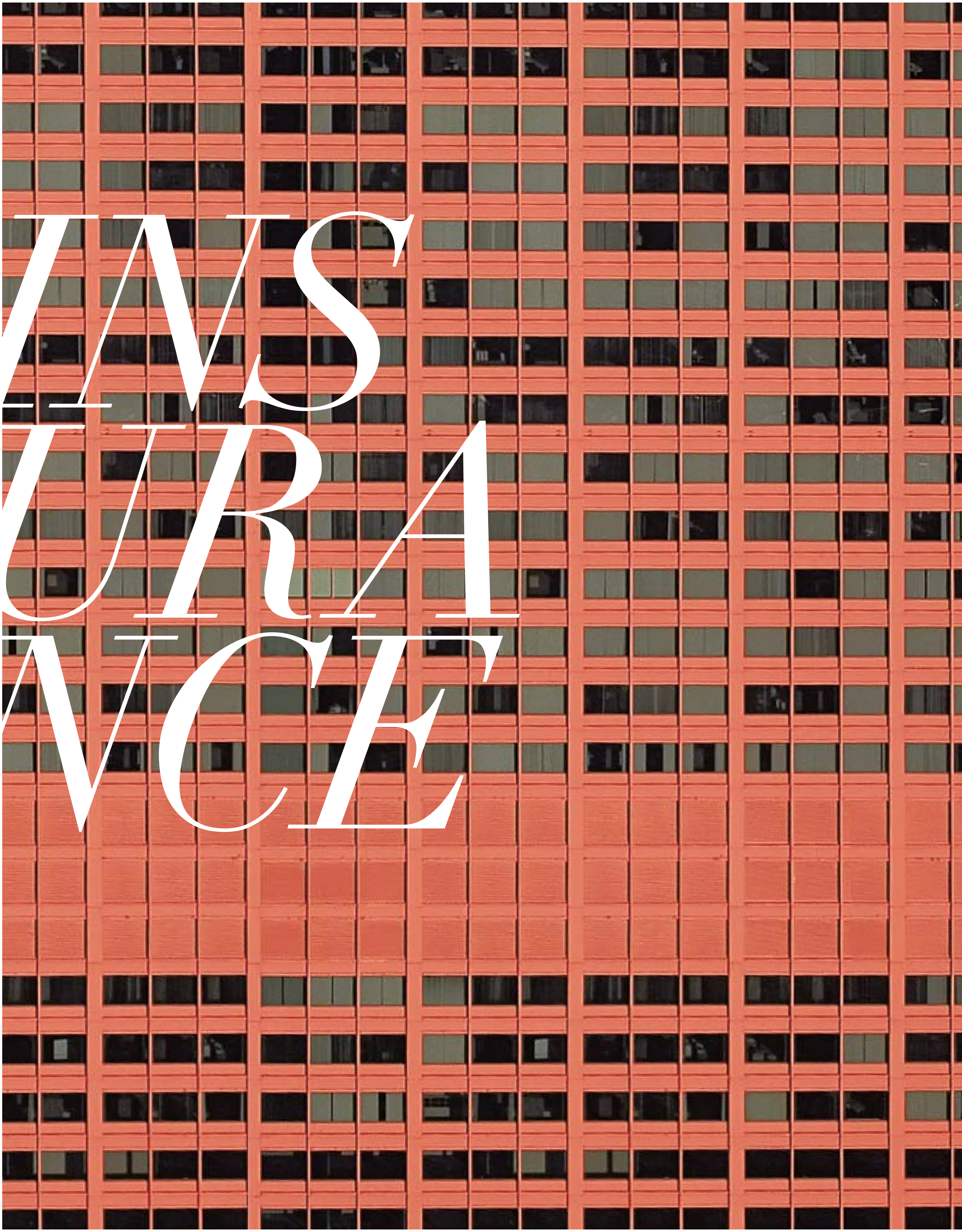
Subsidiaries' year in review

Our subsidiaries play an integral part in the ongoing creation of wealth for Loews shareholders. The following section lends perspective to their contributions to Loews in 2009.

Our strong liquidity and capital base have enabled us to withstand adversity and seize opportunities.



HOLDING COMPANY CASH AND INVESTMENTS VS. DEBT ($ in millions)


INS
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CNA

Property and casualty

INSURANCE

CNA's net operating income in 2009 increased to $982 million from $533 million in 2008, reflecting improved investment income, lower net realized investment losses, favorable prior year development and lower catastrophe losses.

Net income for 2009 increased to $419 million from a net loss of $299 million in the prior year.

The dramatic recovery of CNA's investment portfolio was a major highlight of 2009. Substantial improvement in the financial markets, together with earnings, boosted CNA's book value per common share by 72 percent from year-end 2008, largely the result of a $5.4 billion pretax improvement in its unrealized position. Given CNA's healthy capital position, the three major rating agencies have all affirmed CNA's strong ratings with a stable outlook.

In the fourth quarter, CNA completed a $350 million debt offering, the proceeds of which were used, in part, to redeem $250 million of the Senior Preferred Stock owned by Loews.

In CNA's core Property & Casualty Operations – consisting of the Specialty and Commercial segments – the combined ratio was 96.9 percent in 2009, compared with 98.0 percent in 2008. Improvement was primarily driven by favorable prior year development and lower catastrophe losses.

CNA Specialty produced approximately 44 percent of CNA's 2009 Property & Casualty Operations net written premiums. CNA Specialty has market-leading positions in healthcare and professional services.

Specialty net written premiums declined one percent, largely due to competitive pressure and reduced exposure in the architects & engineers and surety businesses. Renewal retention remained steady at approximately 85 percent, while rate decreases of two percent represented a two point improvement over 2008.

CNA has pursued growth in the Commercial segment by focusing on categories where it has superior customer insight and where it can offer value at competitive prices. The response from CNA's producers has been encouraging, with the majority of submissions and new business in 2009 coming from these preferred categories.

Commercial net written premiums decreased nine percent in 2009. Two-thirds of the premium decline was related to the impact of the economy on exposures, especially in the construction and manufacturing segments. The other major driver of the premium decrease was CNA's decision to push for rate adequacy and improved risk selection. Commercial renewal rates were flat in 2009, a four point improvement over 2008.

Over the course of the year, pricing initiatives have put pressure on new business and retention. CNA is prepared to write less new business and accept lower retention to improve profitability over time.

CNA FINANCIAL (for the year ended Dec 31, 2009)

Operating income	$982 million
Net income	$419 million
P&C operations net written premium	$6,132 million
Employees	8,900


DRI
LLI
NG

Offshore

DRILLING

Diamond Offshore reported record revenues and earnings for a second consecutive year and continues to benefit from a healthy contract backlog. Additionally, Diamond Offshore employed its strong and liquid balance sheet to add two ultra-deepwater rigs to its fleet, while also returning earnings directly to shareholders in the form of regular and special dividends totaling $8 per common share in 2009.

The price of oil, while volatile, improved from under $40 per barrel at the beginning of the year to approximately $80 per barrel at year end. Ongoing weakness in the economy, however, contributed to decreased demand for drilling services and, accordingly, lower dayrates on new contracts. Despite these challenges, Diamond Offshore entered 2010 with a contract backlog of approximately $8.5 billion through 2016 and over 80 percent of its floater fleet fully committed for 2010.

Over the years, Diamond Offshore has taken advantage of cyclicality in the offshore drilling industry to upgrade its rig fleet. During 2009, Diamond Offshore acquired at auction two newly constructed ultra-deepwater drilling rigs, the *Ocean Courage* and the *Ocean Valor*, for less than $500 million each – a substantial discount to newbuild construction costs of over $700 million experienced during the most recent up-cycle. The *Ocean Courage* is employed under a long-term contract that commenced in the first quarter of 2010 and the *Ocean Valor* is contracted and expected to be employed by mid-year.

Increasingly stringent regulations in the U.S. Gulf of Mexico are making it difficult to drill during hurricane season and are causing Diamond Offshore's customers to reassess future term contracts in the area. With those restrictions in mind, Diamond Offshore continued to deploy a strategy of geographic diversification in 2009. Seizing the opportunity to obtain longer term commitments with higher dayrates than are currently available in the U.S., the company repositioned seven more of its domestic rigs outside of U.S. waters. When all planned mobilizations are complete, only ten of Diamond Offshore's 47 rigs are expected to remain deployed in the U.S. Gulf of Mexico, compared to the 22 rigs operating there in early 2005.

Of the seven units leaving the U.S. Gulf of Mexico, four – the *Ocean Ambassador*, *Ocean Baroness*, *Ocean Star* and *Ocean Quest* – have obtained term contracts in Brazil, which is home to one of the most exciting new offshore basins in the world. By mid-year 2010, 15 of Diamond Offshore's 33 floating rigs will be working for two customers in Brazil under term contracts ranging from three to five years.

The world's dependence upon oil and natural gas is not likely to subside. As global economies recover, the need for robust offshore oil and gas exploration will increase, and Diamond Offshore is positioned to participate fully in the anticipated recovery.

DIAMOND OFFSHORE (for the year ended Dec 31, 2009)

Total revenue	$3,631 million
Net income	$1,376 million
Offshore drilling rigs	47
Employees	5,500


PRO
DUCT
ION

Energy exploration &

PRODUCTION

With a focus on long-term profitability and operational excellence, HighMount positioned itself conservatively within an industry that continued to see significant natural gas and oil price volatility. While commodity price fluctuations are outside of its control, HighMount's focus in 2009 was on those aspects of its operations that it could control – securing discounted drilling costs, lowering operating expenses, and continuing an opportunistic hedging strategy.

High drilling costs and weak gas prices caused HighMount to substantially reduce its drilling activity in the first half of 2009. By mid-year, however, the company was able to obtain significant drilling cost reductions with many of its service providers and major vendors. These actions allowed HighMount to commit to a low risk drilling program of 200 wells in the Texas Permian Basin, starting in July 2009. Under that program, 94 wells were drilled during the second half of the year, with completion activities commencing in December. The remaining wells will be drilled and completed during the first half of 2010.

In this difficult price and economic environment, HighMount sought every opportunity to lower operating expenses, including eliminating unprofitable well work and curtailing less profitable production late in 2009. While lowering costs was important, HighMount also continued to focus on its commodity price hedging strategy. As opportunities arose, HighMount was able to successfully lock-in favorable future prices for natural gas and natural gas liquids. As a result, 60 percent of HighMount's 2009 production was hedged at an average price of $8.00 per million cubic feet equivalents, and as of year-end 2009, approximately 64 percent of estimated 2010 production was hedged.

By successfully executing each of these strategies, HighMount was able to:

– Efficiently operate and develop its reserve base;

– Reduce production expenses;

– Significantly reduce costs within the drilling program; and

– Complete a total of 159 new wells at a 97 percent success rate.

HighMount's assets as of December 31, 2009 consisted of 2.0 trillion cubic feet equivalent (Tcfe) in proved reserves, of which 80 percent is developed and currently producing. Additionally, HighMount estimates it has more than 1.5 Tcfe of probable and possible natural gas reserves, representing more than 10,000 future development drilling locations.

HighMount's continued emphasis will be on developing and optimizing its reserve base through efficiently utilizing all of its resources – people, infrastructure, and the application of new technologies in unconventional gas exploration and production.

HIGHMOUNT (for the year ended Dec 31, 2009)

Total revenue	$620 million
Net proved reserves	2.0 Tcfe
Proved developed reserves	80.5%
Net natural gas producing wells	7,699
Average daily production	271 MMcfe
Employees	600

PIPELINES

BOARDWALK
PIPELINE PARTNERS

Natural gas

PIPELINES

In 2009, Boardwalk Pipeline Partners achieved strong performance from its legacy pipeline systems and overcame significant challenges to complete its major pipeline expansion projects.

Revenues for 2009 increased to $909 million from $785 million, while net income for the full year decreased to $163 million from $294 million in 2008. The decline in net income primarily resulted from remediation of pipeline anomalies on Boardwalk's expansion projects, which negatively impacted revenue by approximately $122 million, while operating expenses associated with the expansion projects increased.

Boardwalk has increased the cash distributions paid to unitholders each quarter since its initial public offering in 2005. Boardwalk paid a cash distribution for the fourth quarter of $0.50 per common unit.

Boardwalk's key accomplishments include:

– Its major expansion projects are in service, and all 42-inch pipelines have received regulatory approval to operate at their full design capacity.

– Two growth projects were announced: the Haynesville and Clarence Compression projects.

– The western Kentucky storage project was completed ahead of schedule.

– Boardwalk successfully completed the remaining financing required for its announced expansion projects.

The majority of revenues from Boardwalk's pipeline transportation and storage services are backed by firm long-term contracts under which customers pay monthly capacity reservation charges, regardless of actual capacity utilization. For 2009, approximately 89 percent of revenues were derived from firm contracts, consisting of approximately 74 percent from firm capacity reservation charges and 15 percent from utilization charges on firm contracts. Although a portion of capacity is subject to recontracting risk each year, substantially all of Boardwalk's operating capacity on its pipeline systems is contracted for, with a weighted-average contract life of approximately six years.

Over the past few years, the natural gas pipeline industry, including Boardwalk, has significantly expanded the pipeline infrastructure to support the development of unconventional natural gas supply basins across the United States. Changes in transportation dynamics have increased competition in some pipeline markets, resulting in lower basis spreads (the difference in gas price between various geographic locations).

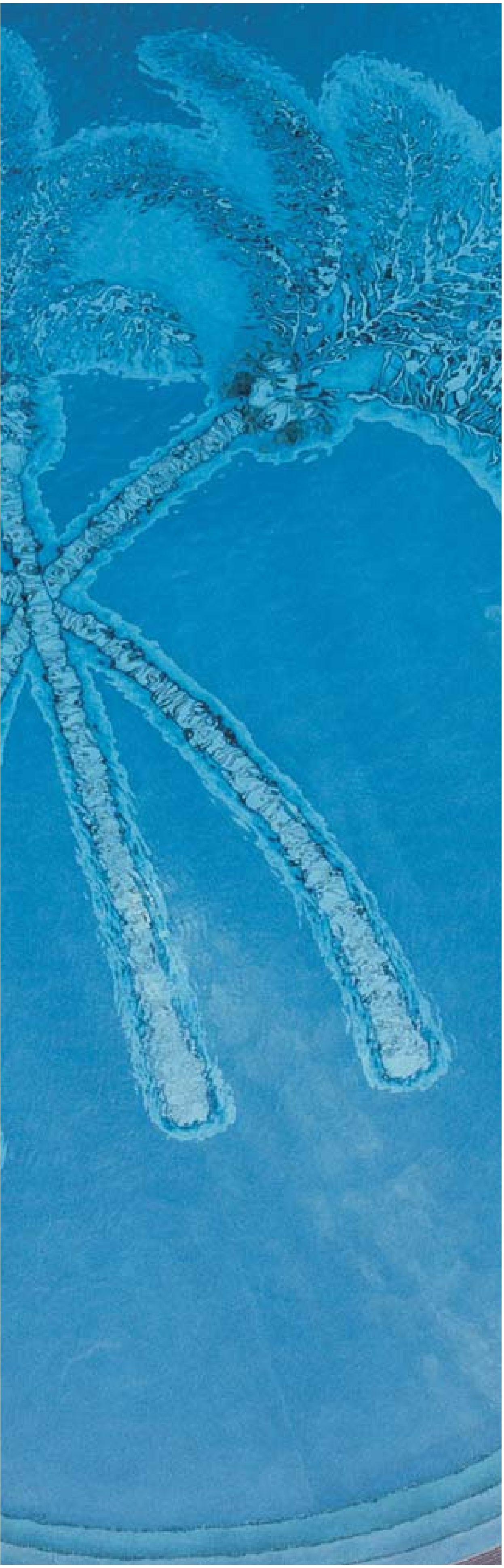
Boardwalk's increased system footprint, including storage capacity, provides more options for its customers and lessens the impact that any particular market could have on its business. In addition, Boardwalk's integrated pipeline systems can be reconfigured to flow gas in multiple directions, allowing it to quickly adapt to changing market conditions.

In the fourth quarter, with its expansion projects in operation, Boardwalk's system carried approximately ten percent of the nation's average daily consumption of gas.

BOARDWALK (for the year ended Dec 31, 2009)

Total revenue	$909 million
Average daily throughput	5.7 Bcf
Total miles of pipeline	14,200
Underground storage fields	11
Employees	1,110

HOTELS



Luxury

HOTELS

Weakness in the U.S. economy led to a decline in leisure, business and group travel across the entire lodging industry, particularly in the luxury segment. Consistent with results across the industry, in 2009 Loews Hotels saw revenues decrease 25.3 percent to $284 million.

Loews Hotels reported a net loss of $34 million in 2009 as compared to net income of $40 million in 2008. Results for the year included after atax impairment charges of $28 million related to hotel properties. Loews Hotels adapted to the difficult economic environment by employing aggressive sales and marketing efforts coupled with significant cost curtailment initiatives.

During the year, to help position the company for the economic recovery, Loews Hotels invested in major renovations in two of its wholly owned properties, Loews Miami Beach Hotel and Loews Coronado Bay. These included significant renovations to the hotel entrance, lobby, guestrooms and bathrooms at the Loews Miami Beach Hotel and bathroom renovations at the Loews Coronado Bay.

Loews Hotels operates 18 hotels, with 16 in the U.S. and two in Canada. Located in major city centers and resort destinations from coast to coast, the Loews Hotels portfolio features one-of-a-kind properties that go beyond Four Diamond standards to delight guests with a supremely comfortable, uniquely local and vibrant travel experience. The messaging for the brand – *Value Is the New Luxury. Fortunately We Deliver Both* – responds to the economic concerns and perceptions of both leisure and business travelers.

The portfolio of properties will expand to include the new Loews Atlanta Hotel, which will open in 2010 and feature 414 guest rooms, a fitness center including spa services, a signature restaurant, a lobby bar, and more than 24,000 square feet of meeting space. Loews Hotels continues to look for expansion opportunities that will generate attractive financial returns.

Loews Hotels is hopeful that the lodging industry will show signs of improvement in 2010. The company's financial conservatism and strength in operations management has positioned Loews Hotels to benefit from increased business and leisure travel as the general economy improves.

LOEWS HOTELS (for the year ended Dec 31, 2009)

Total revenue	$284 million
Hotels	18
Guest rooms	8,073
Employees	2,070

Shareholder information

Price range of Loews common stock

Our common stock is listed on the New York Stock Exchange under the symbol L. The following table sets forth the reported high and low sales prices in each calendar quarter of 2009 and 2008.

	2009		*2008*	
	High	***Low***	***High***	***Low***
1st Quarter	**$30.60**	**$17.40**	$51.33	$37.65
2nd Quarter	**29.17**	**21.49**	51.51	39.89
3rd Quarter	**35.49**	**25.27**	49.32	35.00
4th Quarter	**36.84**	**32.77**	39.17	19.39

Dividend information

We have paid quarterly cash dividends on Loews common stock in each year since 1967. Regular dividends of $0.0625 per share of Loews common stock were paid in each calendar quarter of 2009 and 2008.

Annual meeting

The Annual Meeting of Shareholders will be held on Tuesday, May 11, 2010, at 11:00 a.m. at the Loews Regency Hotel, 540 Park Avenue, New York City.

Transfer agent and registrar

BNY Mellon Shareowner Services
480 Washington Boulevard
Jersey City, NJ 07310-1900
800-358-9151

www.bnymellon.com/shareowner/isd

Independent auditors

Deloitte & Touche LLP
Two World Financial Center
New York, NY 10281-1442

www.deloitte.com

Corporate directory

Board of directors

■ *Ann E. Berman*
Retired Senior Advisor to the President
Harvard University

■ ○ ● *Joseph L. Bower*
Professor of Business Administration
Harvard Business School

■ ○ *Charles M. Diker*
Managing Partner
Diker Management, LLC

○ ● *Jacob A. Frenkel*
Chairman of the Group of Thirty,
Chairman of JPMorgan Chase
International

■ ○ ● *Paul J. Fribourg*
Chairman of the Board, President and
Chief Executive Officer
Continental Grain Company

■ ● *Walter L. Harris*
President and Chief Executive Officer
Tanenbaum-Harber Co., Inc.

■ *Philip A. Laskawy*
Retired Chairman and
Chief Executive Officer
Ernst & Young

■ ● *Ken Miller*
President and Chief Executive Officer
Ken Miller Capital, LLC

■ ● *Gloria R. Scott*
Owner
G. Randle Services

□ *Andrew H. Tisch*
Office of the President,
Co-Chairman of the Board, and
Chairman of the Executive Committee

□ *James S. Tisch*
Office of the President,
President and Chief Executive Officer

□ *Jonathan M. Tisch*
Office of the President,
Co-Chairman of the Board, and
Chairman and Chief Executive Officer
Loews Hotels

Officers

James S. Tisch
Office of the President,
President and Chief Executive Officer

Andrew H. Tisch
Office of the President,
Co-Chairman of the Board, and
Chairman of the Executive
Committee

Jonathan M. Tisch
Office of the President,
Co-Chairman of the Board, and
Chairman and Chief Executive Officer
Loews Hotels

David B. Edelson
Senior Vice President

Gary W. Garson
Senior Vice President, Secretary and
General Counsel

Herbert C. Hofmann
Senior Vice President

Peter W. Keegan
Senior Vice President, Chief Financial
Officer

Richard W. Scott
Senior Vice President, Chief Investment
Officer

Kenneth I. Siegel
Senior Vice President

Susan Becker
Vice President, Tax

Robert F. Crook
Vice President, Internal Audit

Alan Momeyer
Vice President, Human Resources

Jonathan Nathanson
Vice President, Corporate Development

Audrey A. Rampinelli
Vice President, Risk Management

John J. Kenny
Treasurer

Mark S. Schwartz
Controller

Principal subsidiaries

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Chairman and Chief Executive Officer
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President and Chief Executive Officer
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www.diamondoffshore.com

HighMount Exploration & Production LLC
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Chief Executive Officer
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Houston, TX 77060-2151
www.highmountep.com

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Chief Executive Officer
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www.bwpmlp.com

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■ Member of Audit Committee
□ Member of Executive Committee
○ Member of Compensation Committee
● Member of Nominating and Governance Committee

LOEWS CORPORATION

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