LOEWS CORP
Form DEF 14A
April 02, 2007

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

(Amendment No.   )

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

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

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

Payment of filing fee (Check the appropriate box):
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(1) Title of each class of securities to which transaction applies: N/A

(2) Aggregate number of securities to which transaction applies: N/A

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): N/A

(4) Proposed maximum aggregate value of transaction: N/A

(5) Total fee paid: N/A

| | Fee paid previously with preliminary materials.
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(1) Amount previously paid: N/A

(2) Form, Schedule or Registration Statement No.: N/A

(3) Filing party: N/A

(4) Date filed: N/A

667 Madison Avenue
New York, New York 10021-8087

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**
**To Be Held on May 8, 2007**

The Annual Meeting of Shareholders of Loews Corporation will be held at the Loews Regency Hotel, 540 Park Avenue, New York, New York, on Tuesday, May 8, 2007, at 11:00 A.M. New York City time, for the following purposes:

- To elect ten directors;
- To ratify the appointment of our independent auditors for 2007;
- To consider and act upon a proposed amended and restated Incentive Compensation Plan for Executive Officers;
- To consider and act upon two shareholder proposals; and
- To transact such other business as may properly come before the meeting or any adjournment thereof.

Shareholders of record at the close of business on March 15, 2007 are entitled to notice of and to vote at the meeting and any adjournment thereof.

By order of the Board of Directors,

GARY W. GARSON
Secretary

Dated: April 2, 2007

**WE URGE YOU TO COMPLETE, DATE AND SIGN THE ENCLOSED PROXY AND MAIL IT PROMPTLY IN THE ACCOMPANYING ENVELOPE, WHICH REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES.**

**LOEWS CORPORATION**

**PROXY STATEMENT**

We are providing this Proxy Statement in connection with the solicitation by our Board of Directors of proxies to be voted at our Annual Meeting of Shareholders, which will be held on May 8, 2007. We expect to mail proxy materials to our shareholders on or about April 2, 2007. Our mailing address is 667 Madison Avenue, New York, New York 10021-8087. Please note that throughout this Proxy Statement we refer to Loews Corporation as "we," "us," "our," "Loews" or the "Company."

**Voting**

We have two classes of common stock which are outstanding and eligible to vote at the meeting:

- Common Stock, and
- Carolina Group stock.

As of March 15, 2007, the record date for determination of shareholders entitled to notice of and to vote at the meeting, there were 538,670,608 shares of Common Stock and 108,432,720 shares of Carolina Group stock outstanding. Each outstanding share of Common Stock is entitled to one vote and each outstanding share of Carolina Group stock is entitled to 3/10 of a vote on all matters which may come before the meeting.

The election of directors will be determined by a plurality of the votes cast by the holders of shares present in person or by proxy and entitled to vote. Consequently, the ten nominees who receive the greatest number of votes cast for election as directors will be elected as our directors. Shares present which are properly withheld as to voting with respect to any one or more nominees, and shares present with respect to which a broker indicates that it does not have authority to vote ("broker non-votes") will not be counted. The affirmative vote of shares representing a majority of the votes cast by the holders of shares present and entitled to vote is required to approve each of the other proposals to be voted on at the meeting. Shares which are voted to abstain on these matters will be considered present at the meeting, but since they are not affirmative votes for a proposal they will have the same effect as votes against the proposal. Broker non-votes are not counted as present. All properly executed proxies in the accompanying form received by us prior to the meeting will be voted at the meeting. You may revoke your proxy at any time before it is exercised by giving notice in writing to our Corporate Secretary, by granting a proxy bearing a later date or by voting in person.

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

**Principal Shareholders**

The following table shows certain information, at February 28, 2007 unless otherwise indicated, as to all persons who, to our knowledge, were the beneficial owners of 5% or more of the outstanding shares of any class of our voting securities. All shares reported were owned beneficially by the persons indicated unless otherwise indicated below.

| Name and Address | Title of Class | Amount Beneficially Owned | Percent of Class |
|---|---|---|---|
| Joan H. Tisch (1) . . . . . . . . . . . . . . . . . . .<br>540 Park Avenue<br>New York, NY 10021-8087 | Common Stock | 52,947,522 (2) | 9.8% |
| Davis Selected Advisers, L.P. (3) . . . . .<br>2949 Elvira Road, Suite 101<br>Tucson, AZ 85706 | Common Stock | 46,745,344 | 8.6 |
| Wilma S. Tisch (1) . . . . . . . . . . . . . . . . . .<br>980 Fifth Avenue<br>New York, NY 10021-8087 | Common Stock | 39,030,789 (4) | 7.2 |
| FMR Corp. (5) . . . . . . . . . . . . . . . . . . . . .<br>82 Devonshire Street<br>Boston, MA 02109 | Carolina Group Stock | 5,829,493 | 5.4 |

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

(2) Includes 4,609,901 shares owned beneficially by Mrs. J.H. Tisch directly and 48,337,621 shares held by her as trustee of various trusts.

(3) This information is as of December 31, 2006 and is based on a Schedule 13G report filed by Davis Selected Advisers, L.P., as an investment adviser.

(4) Includes 579,739 shares owned beneficially by Mrs. W.S. Tisch directly and 38,451,050 shares held by her as trustee of various trusts.

(5) This information is as of December 31, 2006 and is based on a Schedule 13G report filed jointly by FMR Corp. ("FMR") and Edward C. Johnson 3d. According to the report, FMR has sole voting power with respect to only 1,468,893 shares, and Mr. Johnson does not have sole voting power with respect to any shares. Fidelity Management

& Research Company, a subsidiary of FMR, acts as an investment advisor to various investment companies and is the beneficial owner of 4,388,720 shares. Mr. Johnson is chairman of FMR.

**Director and Officer Holdings**

The following table shows certain information, at February 28, 2007, as to the shares of our voting securities beneficially owned by each director and nominee, each executive officer named in the Summary Compensation Table below and all of our executive officers and directors as a group, based on data furnished by them.

| Name | Title of Class | Amount Beneficially Owned (1) | | Percent of Class |
|---|---|---|---|---|
| Ann E. Berman | Common Stock | 8,500 | (2) | * |
| Joseph L. Bower | Common Stock | 28,500 | (3) | * |
| Charles M. Diker | Common Stock | 23,100 | (4) | * |
| Paul J. Fribourg | Common Stock | 32,100 | (5) | * |
| Walter L. Harris | Common Stock | 18,000 | (6) | * |
| Peter W. Keegan | Common Stock | 157,494 | (7) | * |
| Philip A. Laskawy | Common Stock | 28,500 | (8) | * |
| Arthur L. Rebell | Common Stock | 112,494 | (9) | * |
| Gloria R. Scott | Common Stock | 16,500 | (10) | * |
| Andrew H. Tisch | Common Stock | 12,186,127 | (11) | 2.3% |
| James S. Tisch | Common Stock | 12,839,124 | (12) | 2.4% |
| Jonathan M. Tisch | Common Stock | 4,525,003 | (13) | * |
| All executive officers and directors as a group (15 persons including those listed above) | Common Stock | 30,256,977 | (14) | 5.6% |

* Represents less than 1% of the outstanding shares.

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

(2) Includes 6,000 shares issuable upon the exercise of awards granted under the Loews Corporation 2000 Stock Option Plan (our “Stock Option Plan”) which are currently exercisable.

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

(4) Includes 20,100 shares issuable upon the exercise of awards granted under our Stock Option Plan which are currently exercisable.

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

(6) Includes 15,000 shares issuable upon the exercise of awards granted under our Stock Option Plan which are currently exercisable. In addition, Mr. Harris owns beneficially 1,830 shares of CNA Financial Corporation, an 89% owned subsidiary of the Company (“CNA”), and 2,000 common units of Boardwalk Pipeline Partners, LP, a 75% owned subsidiary of the Company (“Boardwalk Pipeline”).

(7) Represents shares issuable upon the exercise of awards granted under our Stock Option Plan which are currently exercisable. In addition, Mr. Keegan owns beneficially 1,000 shares of Diamond Offshore Drilling, Inc., a 51% owned subsidiary of the Company (“Diamond Offshore”).

(8) Includes 22,500 shares issuable upon the exercise of awards granted under our Stock Option Plan which are currently exercisable and 6,000 shares owned beneficially by Mr. Laskawy’s wife. In addition, Mr. Laskawy owns

beneficially 10,000 common units of Boardwalk Pipeline.

(9) Represents shares issuable upon the exercise of awards granted under our Stock Option Plan which are currently exercisable. In addition, Mr. Rebell owns beneficially 5,368 shares of CNA, including 854 shares with respect to which he has shared voting and investment power, 36,583 common units of Boardwalk Pipeline, including 30,000 common units with respect to which he has shared voting and investment power, and 5,500 shares of Diamond Offshore issuable upon the exercise of options which are currently exercisable.

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

(11) Includes 330,000 shares issuable upon the exercise of awards granted under our Stock Option Plan which are currently exercisable. Also includes 11,391,127 shares held by trusts of which Mr. A.H. Tisch is the managing trustee (inclusive of 4,812,399 shares held in trust for his benefit), and 465,000 shares held by a charitable foundation as to which Mr. A.H. Tisch has shared voting and investment power. In addition, Mr. A.H. Tisch is the managing trustee and beneficiary of a trust which owns beneficially 6,100 shares of CNA, and is a trustee of a trust which owns beneficially a 25% interest in a general partnership which owns 74,200 common units of Boardwalk Pipeline.

(12) Includes 330,000 shares issuable upon the exercise of awards granted under our Stock Option Plan which are currently exercisable. Also includes 11,859,124 shares held by trusts of which Mr. J.S. Tisch is the managing trustee (inclusive of 4,281,912 shares held in trust for his benefit), and 650,000 shares held by a charitable foundation as to which Mr. J.S. Tisch has shared voting and investment power. In addition, Mr. J.S. Tisch owns beneficially 35,000 shares of Diamond Offshore, including 30,000 issuable upon the exercise of awards which are currently exercisable, is the managing trustee and beneficiary of a trust which owns beneficially 6,100 shares of CNA, and is a trustee of a trust which owns beneficially a 25% interest in a general partnership which owns 74,200 common units of Boardwalk Pipeline.

(13) Includes 330,000 shares issuable upon the exercise of awards granted under our Stock Option Plan which are currently exercisable. Also includes 3,695,003 shares held by a trust of which Mr. J.M. Tisch is the managing trustee and beneficiary and 200,000 shares held by a charitable foundation as to which Mr. J.M. Tisch has shared voting and investment power.

(14) Includes 1,682,223 shares issuable upon the exercise of awards granted under our Stock Option Plan which are currently exercisable.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Based upon a review of filings with the Securities and Exchange Commission and written representations to us, we believe that during 2006 all of our directors and executive officers complied with the reporting requirements of Section 16(a) of the Securities Exchange Act of 1934.

## ELECTION OF DIRECTORS
**(Proposal No. 1)**

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

**Ann E. Berman**, 54 - Senior advisor to the president of Harvard University since April 2006. Ms. Berman served as Vice President of Finance and Chief Financial Officer of Harvard University from 2002 until April 2006. Ms. Berman is also a director of Eaton Vance Corporation. She has been a director of the Company since 2006.

**Joseph L. Bower**, 68 - Professor of Business Administration at Harvard University. Professor Bower is also a director of Anika Therapeutics, Inc., Brown Shoe Company, Inc., New America High Income Fund, Inc., Sonesta International Hotels Corporation and T H Lee-Putnam EO Fund. He has been a director of the Company since 2001.

**Charles M. Diker**, 72 - Managing Partner of Diker Management LLC, a registered investment adviser. Mr. Diker is also the Chairman of the Board of Cantel Medical Corp., a provider of infection prevention and control products and other medical devices. He has been a director of the Company since 2003.

**Paul J. Fribourg**, 53 - Chairman of the Board, President and Chief Executive Officer of ContiGroup Companies, Inc., a producer of pork and poultry products and provider of cattle feeding services. Mr. Fribourg is also a director of Premium Standard Farms, Inc., Estee Lauder Companies, Inc. and Power Corporation of Canada. He has been a director of the Company since 1997.

**Walter L. Harris**, 55 - President and Chief Executive Officer of Tanenbaum-Harber Co., Inc., an insurance brokerage firm. He has been a director of the Company since 2004.

**Philip A. Laskawy**, 65 - Retired Chairman and Chief Executive Officer of Ernst & Young. Mr. Laskawy is also a director of General Motors Corporation, Henry Schein, Inc. and The Progressive Corporation. He has been a director of the Company since 2003.

**Gloria R. Scott**, 68 - Owner of consulting services firm G. Randle Services. Dr. Scott served as President of Bennett College in Greensboro, North Carolina until 2001. She has been a director of the Company since 1990.

**Andrew H. Tisch**, 57 - Co-Chairman of the Board since 2006, Chairman of the Executive Committee and a member of the Office of the President of the Company. He is also a director of CNA and of the general partner of Boardwalk Pipeline. He has been a director of the Company since 1985.

**James S. Tisch**, 54 - President and Chief Executive Officer and a member of the Office of the President of the Company. He is also a director of CNA and Chairman of the Board and Chief Executive Officer of Diamond Offshore. He has been a director of the Company since 1986.

**Jonathan M. Tisch**, 53 - Co-Chairman of the Board of the Company since 2006, Chairman and Chief Executive Officer of Loews Hotels and a member of the Office of the President of the Company. He has been a director of the Company since 1986.

**Director Independence**

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

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

· during the past three years the director has been an employee, or an immediate family member has been an executive officer, of the Company;

  · the director or an immediate family member received, during any twelve month period within the past three years, more than $100,000 in direct compensation from the Company, excluding director and committee fees, pension payments and certain forms of deferred compensation;

· the director is a current partner or employee or an immediate family member is a current partner of a firm that is the Company's internal or external auditor, or an immediate family member is a current employee of such a firm and participates in the firm's audit, assurance or tax compliance (but not tax planning) practice or, within the last three years, the director or an immediate family member was a partner or employee of such a firm and personally worked on the Company's audit within that time;

· the director or an immediate family member has at any time during the past three years been employed as an executive officer of another company where any of the Company's present executive officers at the same time serves or served on that company's compensation committee; or

·

the director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three years, exceeds the greater of $1 million, or 2% of the other company's consolidated gross revenues.

In making its determination with respect to Walter L. Harris, our Board also considered the commercial relationship between certain insurance subsidiaries of CNA and Tanenbaum-Harber Co. Inc., of which Mr. Harris is an executive officer and the majority shareholder, and certain of its affiliates, and determined that Mr. Harris meets all of the requirements described above for Independent Directors and does not have a material relationship with us. Please read "Transactions with Related Persons," below for more information concerning Mr. Harris's relationship with CNA.

**Committees of the Board**

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

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

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

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

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

**Director Nominating Process**

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

**Executive Sessions of Non-Management Directors**

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

**Director Attendance at Meetings**

During 2006 there were eight meetings of our Board of Directors, seven meetings of our Audit Committee, three meetings of our Compensation Committee and three meetings of our Nominating and Governance Committee. During 2006, each of our directors attended not less than 75% of the total number of meetings of our Board of Directors and committees of our Board on which that director served during 2006. Our Board encourages all directors to attend our annual meetings of shareholders, but recognizes that circumstances may prevent attendance from time to time. All of our directors attended our 2006 Annual Meeting of Shareholders.

**Director Compensation**

The following table shows information regarding the compensation of our non-management directors during the year ended December 31, 2006.

| Name | Fees Earned or Paid in Cash (1) | Option/SAR Awards (2) | Total |
|---|---|---|---|
| A.E. Berman | $82,750 | $63,498 | $146,248 |
| J.L. Bower | 73,750 | 63,498 | 137,248 |
| C.M. Diker | 85,750 | 63,498 | 149,248 |
| P.J. Fribourg | 88,750 | 63,498 | 152,248 |
| W.L. Harris | 85,750 | 63,498 | 149,248 |
| P.A. Laskawy | 82,750 | 63,498 | 146,248 |
| G.R. Scott | 85,750 | 63,498 | 149,248 |

(1) These amounts represent all fees earned for service as a director during 2006. Our non-management directors receive a retainer of $18,750 per quarter. This amount was increased from $12,500 per quarter commencing with the second quarter of 2006. In addition, members of our Audit Committee are paid $2,000, and members of our Compensation Committee and Nominating and Governance Committee are paid $1,000, for each committee meeting attended.

(2) These amounts represent the dollar amount recognized for financial statement reporting purposes for the fiscal year ended December 31, 2006, in accordance with the Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 123R ("FAS 123(R)"), of awards pursuant to our Stock Option Plan through December 31, 2006, which is also the full grant date fair value of these awards. Assumptions used in the calculation of these amounts are included in footnote 17 to our audited financial statements for the fiscal year ended December 31, 2006 included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 26, 2007 (our "2006 Annual Report"). At December 31, 2006, the aggregate number of option and stock appreciation right ("SAR") awards outstanding for each non-management director was as follows: Ms. A.E. Berman, 6,000; Mr. J.L. Bower, 28,500; Mr. C.M. Diker, 20,100; Mr. P.J. Fribourg, 32,100; Mr. W.L. Harris, 15,000; Mr. P.A. Laskawy, 22,500; and Dr. G.R. Scott, 16,500.

**Code of Ethics**

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

## AUDIT COMMITTEE REPORT

As discussed above under the heading "Committees of the Board - Audit Committee," the primary role of the Board's Audit Committee is to oversee the Company's financial reporting process and manage its relationship with the independent auditors. In fulfilling its responsibilities, the Audit Committee has reviewed and discussed the Company's audited financial statements for the year ended December 31, 2006 with the Company's management and independent auditors. The Audit Committee has also discussed with the Company's independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61, "Communication with Audit Committees," as amended. In addition, the Audit Committee has discussed with the independent auditors their independence in relation to the Company and its management, including the matters in the written disclosures provided to the Audit Committee as required by Independence Standards Board Standard No. 1, "Independence Discussions with Audit Committees," and has determined that the provision of non-audit services provided by the auditors is compatible with maintaining the auditors' independence. For more information about services provided by the auditors, please read "Audit Fees and Services," below.

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

Based upon the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2006, which has been filed with the Securities and Exchange Commission.

By the Audit Committee:

| | |
|---|---|
| *Walter L. Harris, Chairman* | *Paul J. Fribourg* |
| *Ann E. Berman* | *Philip A. Laskawy* |
| *Charles M. Diker* | *Gloria R. Scott* |

## COMPENSATION DISCUSSION AND ANALYSIS

The objective of our executive compensation program is to attract and retain highly qualified executive officers and motivate them to provide a high level of performance for our shareholders. To meet this objective we have established a compensation policy for executive officers which combines elements of base salary and cash and stock based incentive compensation, as well as benefits. In selecting these elements of executive compensation, we have considered our historical compensation policies as they have evolved over the years, national surveys of executive compensation at comparable sized companies and the executive compensation programs of various peer and other companies engaged in businesses similar to ours and our principal subsidiaries, as well as applicable tax and accounting impacts of executive compensation.

The principal components of compensation for our Named Executive Officers are:

- base salary;
- cash-based incentive compensation awards;
- grants of stock appreciation rights; and
- retirement, medical and related benefits.

In establishing the aggregate amount of compensation for each Named Executive Officer, the primary factor is an evaluation of the individual’s performance in the context of our compensation policies. We also have reviewed and considered compensation levels and practices as shown in the surveys and other materials referred to above. Based on these factors, we determine an overall level of cash compensation -- a portion of which is to be paid as base salary and the balance of which would be incentive based -- and stock based awards, which are described in further detail below. Our general policy has been to consider and adjust the potential for cash incentive awards annually, based on the factors described above. Although we review base salary and stock based awards annually, the primary variable in our compensation program for Named Executive Officers has been the establishment of incentive compensation awards. In accordance with its charter, all elements of the compensation of our Named Executive Officers are reviewed with and subject to the approval of our Compensation Committee, which also administers and makes determinations and grants under our stock based and cash incentive compensation plans.

Base Salary. As a result of performance reviews and other factors described above, and the impact of limits on the deductibility of compensation described below, the annual base salary of each of our Named Executive Officers has been effectively limited to approximately $1 million. This $1 million limit reflects principally the impact of provisions of the Internal Revenue Code which limit the amount of compensation we may deduct for federal income tax purposes to $1 million per Named Executive Officer per year, except to the extent that the compensation is considered to be “performance-based.” Our policy has been to maximize the deductibility of compensation to the extent practicable. Accordingly, we have designed our performance-based incentive compensation plan and stock based plan described below so that compensation under those plans will be deductible.

Merit Bonuses. For 2006 our Chief Executive Officer recommended to our Compensation Committee, and our Compensation Committee approved, merit bonuses for two of our Named Executive Officers, Arthur Rebell, our Senior Vice President, and Peter Keegan, our Senior Vice President and Chief Financial Officer. These merit bonuses reflect the exemplary performance of these individuals in 2006. These bonuses are included in the Summary Compensation Table under the column headed “Bonus.” The amount of the bonuses was not determined by any formula or target, but rather by an evaluation of the performance of these individuals and the benefit to us and our shareholders. This level of performance was not anticipated in early 2006 when the Compensation Committee established awards under the Incentive Compensation Plan described below. Accordingly, we believe that the additional compensation is appropriate and reasonable despite the fact that it does not qualify as “performance-based” under the Internal Revenue Code.

Incentive Compensation Awards. A significant portion of compensation of our Named Executive Officers comes from awards under our Incentive Compensation Plan for Executive Officers (“Incentive Compensation Plan”). This element of our compensation program makes a significant portion of the executive’s annual compensation dependent on the Company’s attainment of a pre-determined level of net income. It thereby helps align their interests with those of our shareholders.

Under this Plan, our Compensation Committee establishes an annual performance goal expressed as a percentage of our Performance Based Income. For 2006, this percentage was set by the Committee at 2% of Performance Based Income. Performance Based Income is a term defined in the Incentive Compensation Plan to mean our consolidated net income as adjusted by the Compensation Committee in its sole discretion to take into account specific factors that may impact our business generally which the Compensation Committee deems reasonable and appropriate to exclude or include. Among other things, the Committee may take into account realized and unrealized gains and losses, accounting changes, the potential impact of acquisitions and dispositions, charges relating to litigation, charges relating to reserve strengthening and adverse development associated with prior accident years at CNA, the impact of catastrophes and the impact of changes in legislation or regulation.

After establishing the performance goal for the year, the Compensation Committee then allocates a portion of that goal among all of the Named Executive Officers and other executive officers who are participating in the Plan and are eligible to receive incentive compensation awards. In addition to allocating a portion of the performance goal to the participating executives, the Compensation Committee establishes a cap, or maximum award, which limits the amount an individual may earn regardless of the level of Performance Based Income. This cap or maximum is established as an integral part of the determination of the executive's overall potential cash compensation, based on the factors described above. In addition, under the Plan the Compensation Committee retains the ability to reduce an award, a concept called negative discretion, when the Compensation Committee deems appropriate.

Performance Based Income and the allocation of awards are established prior to the end of the first quarter of the year and the decision as to whether to exercise negative discretion and authorize the payment of an award is generally made in the first quarter of the following year, after Performance Based Income for the prior year has been calculated. In determining whether or not to exercise negative discretion, the Compensation Committee has the ability to reassess the individual’s performance during the prior year.

For the 2006 performance period, the Compensation Committee determined that Performance Based Income would mean our consolidated net income, without taking into account the impact of several items. In making this determination the Committee concluded that the impact of these items would not be appropriate in measuring performance, but, by reserving to itself the ability to exercise negative discretion to reduce an award otherwise payable, the Committee in effect retains the ability to take these items, and any other factors it chooses, into account in awarding incentive compensation. The items identified for 2006 were:

- the effect of accounting changes;
- net losses attributed to (a) the impairment of U.S. government or agency obligations, which had been rated as investment grade by at least one recognized rating agency at the time of purchase, or (b) the impairment of goodwill;
- charges relating to reserve strengthening and adverse dividend or premium development at CNA associated with accident years prior to 2000 related to claims within a limited number of claim categories;
- catastrophe losses of CNA in excess of CNA’s budgeted amount, but not less than such budgeted amount;
- charges relating to the disposition, by judgment or settlement, of smoking and health related litigation, excluding litigation related to filter cases; and
- operating losses attributable to a commutation of any ceded finite reinsurance treaty by CNA.

As a result of these adjustments, Performance Based Income was approximately 1% greater than our net income.

Following determination of our consolidated net income and Performance Based Income for 2006, the Compensation Committee confirmed the Incentive Compensation Awards under the Plan and determined not to exercise negative discretion with respect to any of our Named Executive Officers. As a result of the level of our 2006 consolidated income, the award to each of our Named Executive Officers was limited to the cap established by the Compensation Committee. The awards under this Plan for each of the Named Executive Officers are included in the column entitled “Non-Equity Incentive Plan Compensation” on the Summary Compensation Table, below.

As more fully described under the heading “Approval of the Amended and Restated Loews Corporation Incentive Compensation Plan for Executive Officers,” we are recommending a modification to the Incentive Compensation Plan to permit the Compensation Committee in granting awards to establish a target amount and a maximum amount for each individual. This will allow the Committee greater flexibility in establishing awards and communicating those awards to a participant while maintaining the Committee’s flexibility in setting and granting awards. The amendment would not, however, diminish the Committee's ability to exercise negative discretion to reduce awards once Performance Based Income for the year has been established, should it choose to do so. The proposed amendment would also increase the potential maximum award grant to any individual award to $10 million, and modify certain provisions to help ensure that compensation under the Plan is not considered nonqualified deferred compensation under recently enacted limitations in the Internal Revenue Code.

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

Stock Based Awards. The third principal element of our compensation policy for Named Executive Officers is stock based awards under our Stock Option Plan. Unlike base salary, bonuses and incentive compensation awards, which are earned and paid based on the annual performance of the individual and the Company, awards under the Stock Option Plan generally vest over a period of four years and have a term of ten years. As a result, these awards recognize performance over a longer term, encourage executives to continue their employment with the Company, and directly link the value of the awards to appreciation in the price of our Common Stock. All of these elements further serve to align the executive's interest with those of our shareholders.

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

Our practice has been to consider the establishment and granting of stock based awards in January of each year. In 2004 we modified this practice, establishing an annual award in January but granting the award in four increments over the year, the first grant being made on the date of the Compensation Committee meeting in January at the time the award is established, and the following three grants being made on the last business day of March, June and September of the year. Each grant is made at an exercise or strike price equal to the average of the high and low sales prices of our Common Stock on the trading day immediately preceding the date of grant. Thus the Compensation Committee knows the exercise or strike price of grants made at its January meeting, but the exercise or strike price for the three subsequent grants is based on our Common Stock price at a future date. We believe that this practice is fair and reasonable to the individual executive and to the Company and its shareholders since it minimizes the impact that any particular event could have on the exercise or strike price of awards.

In 2006 the Stock Option Plan was amended to provide for the grant of SARs and since such time the Compensation Committee has awarded only SARs. This change was made to reduce the potential for dilution, as the maximum number of shares issuable upon the exercise of SARs is less than the number of shares issuable upon the exercise of an equivalent number of stock options. The value of the award to the executive is not impacted by this change.

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

Employment Agreements. It has been our practice to maintain employment agreements with each member of the Office of the President: James S. Tisch, Andrew H. Tisch and Jonathan M. Tisch. Consistent with our compensation policies and our goal of maximizing the deductibility of the compensation for federal income tax purposes, base salary under each employment agreement has been limited to $975,000 per annum for each individual. The agreements provide that each individual shall participate in our Incentive Compensation Plan; however, the amount of any award which may be granted remains subject to the discretion of the Compensation Committee. In February 2007, the employment agreement with each of the members of the Office of the President was extended for an additional term of one year, to expire March 31, 2008. Our employment agreements with the members of the Office of the President contain no provision for severance on termination, or payment upon a change in control, nor do such agreements require us to provide any perquisites. Information concerning automobile related perquisites provided to certain Named Executive Officers is provided in the Summary Compensation Table, below.

Employee Benefits. Our Company's Named Executive Officers also participate in benefit programs available to salaried employees generally, including our Employees Savings Plan under Section 401 (k) of the Internal Revenue Code, Retirement Plan and Benefit Equalization Plan. In addition, from time to time we have provided one or more Named Executive Officers with unfunded supplemental retirement benefits pursuant to the Supplemental Retirement Agreements which are described under the heading "Pension Plans" below. No supplemental retirement benefits were granted in 2006.

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

## COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

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

By the Compensation Committee:

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

## EXECUTIVE COMPENSATION

The following table shows information for the year ended December 31, 2006 regarding the compensation of our Chief Executive Officer, Chief Financial Officer and each of our other three most highly compensated executive officers as of December 31, 2006, who we refer to in this Proxy Statement as our "Named Executive Officers," for services in all capacities to us and our subsidiaries.

### Summary Compensation Table

| Name and Position | Year | Salary | Bonus | Option/SAR Awards (1) | Non-Equity Incentive Plan Compensation (2) | Changes in Pension Value and Nonqualified Deferred Compensation Earnings (3) | All Other Compensation | Total |
|---|---|---|---|---|---|---|---|---|
| J.S. Tisch<br>President, Chief Executive Officer<br>Office of the President | 2006 | $1,275,000 (4) | $ 0 | $910,421 (5) | $1,500,000 | $1,245,014 | $112,970 (6)(7) | $5,043,405 |
| P.W. Keegan<br>Chief Financial Officer, Senior Vice President | 2006 | 990,000 | 250,000 | 292,288 | 760,000 | 314,210 | 22,700 (8) | 2,629,198 |
| A.H. Tisch<br>Co-Chairman of the Board,<br>Chairman of the Executive Committee,<br>Office of the President | 2006 | 975,000 | 0 | 389,664 | 1,500,000 | 963,660 | 109,943 (6)(9) | 3,938,267 |
| J.M. Tisch<br>Co-Chairman of the Board,<br>Chairman and Chief Executive Officer of Loews Hotels, Office of the President | 2006 | 975,000 | 0 | 389,664 | 1,500,000 | 1,003,545 | 57,522 (6)(10) | 3,925,731 |
| A.L. Rebell | 2006 | 975,000 | 500,000 | 366,811 (11) | 1,525,000 | 547,699 | 37,958 (12) | 3,952,468 |

Senior Vice President

(1) These amounts represent the dollar amount recognized for financial statement reporting purposes for the fiscal year ended on December 31, 2006, in accordance with FAS 123(R), of awards pursuant to our Stock Option Plan through December 31, 2006 (but disregarding estimates of forfeitures for service-based vesting). Assumptions used in the calculation of these amounts are included in Footnote 17 to our audited financial statements for the fiscal year ended December 31, 2006 included in our 2006 Annual Report.

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

(3) These amounts represent the actuarial increase in the present value of each Named Executive Officer’s retirement benefits under our retirement plans and supplemental retirement agreements as of December 31, 2006 over the value of those benefits as of December 31, 2005, all as determined using the same interest rate and other assumptions as those used in our financial statements.

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

(5) Includes $520,757, representing the dollar amount recognized for financial statement reporting purposes by Diamond Offshore for the fiscal year ended December 31, 2006, in accordance with FAS 123(R), of awards pursuant to Diamond Offshore's stock option plan granted as compensation for service as chief executive officer of Diamond Offshore through December 31, 2006 (but disregarding estimates of forfeitures for service-based vesting). This information has been provided by Diamond Offshore.

(6) Includes the portion of the expense of a car and driver we provide to each member of our Office of the President attributable to personal use, as follows: (a) $30,817 for Mr. J.S. Tisch; (b) $35,819 for Mr. A.H. Tisch; and (c) $33,238 for Mr. J.M. Tisch. These amounts represent 30% of our annual costs associated with the car and driver provided for each of Messrs. J.S. Tisch and A.H Tisch, and 25% of our annual costs associated with the car and driver provided for Mr. J.M. Tisch. These percentages were determined based upon a review of our internal records and information provided by our employees directly responsible for providing the benefits to which these costs relate.

(7) Includes (a) $8,800, representing our contributions under our Employees Savings Plan; (b) $1,782, representing allocations under our Benefit Equalization Plan; (c) $13,750, representing additional cash compensation paid or applied to the cost of benefit choices under our flexible benefits plan, which may include, among other things, premiums on medical, dental, vision, life and disability insurance policies; (d) $42,637, representing director's fees paid by CNA; and (e) $15,184, representing retirement plan contributions and premiums on life and disability insurance policies paid by Diamond Offshore.

(8) Includes (a) $8,800, representing our contribution under our Employees Savings Plan; and (b) $13,900, representing additional cash compensation paid or applied to the cost of benefit choices under our flexible benefits plan, which may include, among other things, premiums on medical, dental, vision, life and disability insurance policies.

(9) Includes (a) $15,160, representing our cost of a car provided for personal use; (b) $8,800, representing our contribution under our Employees Savings Plan; (c) $2,312, representing allocations under our Benefit Equalization Plan; (d) $13,750, representing additional cash compensation paid or applied to the cost of benefit choices under our flexible benefits plan, which may include, among other things, premiums on medical, dental, vision, life and disability insurance policies; and (e) $34,102, representing director's fees paid by CNA.

(10) Includes (a) $8,800, representing our contribution under our Employees Savings Plan, (b) $1,734, representing allocations under our Benefit Equalization Plan; and (c) $13,750, representing additional cash compensation paid or applied to the cost of benefit choices under our flexible benefits plan, which may include, among other things, premiums on medical, dental, vision, life and disability insurance policies.

(11) Includes $74,523, representing the dollar amount recognized for financial statement reporting purposes for the fiscal year ended December 31, 2006, in accordance with FAS 123(R), of awards pursuant to Diamond Offshore's stock option plan granted as compensation for service as a director of Diamond Offshore (but disregarding estimates of forfeitures for service-based vesting). This information has been provided by Diamond Offshore.

(12) Includes (a) $15,408, representing our cost of a car provided for personal use; (b) $8,800, representing our contribution under our Employees Savings Plan; and (c) $13,750, representing additional cash compensation paid or applied to the cost of benefit choices under our flexible benefits plan, which may include, among other things, premiums on medical, dental, vision, life and disability insurance policies.

**Narrative Discussion of Summary Compensation Table**

For more information about our employment agreements with each of Messrs. J.S. Tisch, A.H. Tisch and J.M. Tisch and about the components of compensation reported in the Summary Compensation Table, please read the “Compensation Discussion and Analysis,” above.

**Compensation Plans**

The following table shows information regarding awards granted to each of our Named Executive Officers under our Stock Option Plan and Incentive Compensation Plan during the year ended December 31, 2006.

**Grants of Plan-Based Awards (Loews)**

| Name | Grant Date | Action Date | Estimated Future Payouts Under Non-Equity Incentive Plan Awards (1) | All Other Option/SAR Awards; Number of Securities Underlying Options/SARs (2) | Exercise or Base Price of Option/SAR Awards (3) | Closing Market Price on Date of Grant | Grant Date Fair Value of Stock and Option/SAR Awards |
|---|---|---|---|---|---|---|---|
| | | | Maximum | | | | |
| J.S. Tisch | 01/31/06 | | | 15,000 | $33.14 | $32.90 | $139,391 |
| | 02/28/06 | | $1,500,000 | | | | |
| | 03/31/06 | 01/31/06 | | 15,000 | 34.18 | 33.73 | 130,756 |
| | 06/30/06 | 01/31/06 | | 15,000 | 34.89 | 35.45 | 169,881 |
| | 09/30/06 | 01/31/06 | | 15,000 | 38.31 | 37.90 | 160,152 |
| P.W. Keegan | 01/31/06 | | | 11,250 | 33.14 | 32.90 | 104,543 |
| | 02/28/06 | | 760,000 | | | | |
| | 03/31/06 | 01/31/06 | | 11,250 | 34.18 | 33.73 | 98,067 |
| | 06/30/06 | 01/31/06 | | 11,250 | 34.89 | 35.45 | 127,411 |
| | 09/30/06 | 01/31/06 | | 11,250 | 38.31 | 37.90 | 120,114 |
| A.H. Tisch | 01/31/06 | | | 15,000 | 33.14 | 32.90 | 139,391 |
| | 02/28/06 | | 1,500,000 | | | | |
| | 03/31/06 | 01/31/06 | | 15,000 | 34.18 | 33.73 | 130,756 |
| | 06/30/06 | 01/31/06 | | 15,000 | 34.89 | 35.45 | 169,881 |
| | 09/30/06 | 01/31/06 | | 15,000 | 38.31 | 37.90 | 160,152 |
| J.M. Tisch | 01/31/06 | | | 15,000 | 33.14 | 32.90 | 139,391 |
| | 02/28/06 | | 1,500,000 | | | | |
| | 03/31/06 | 01/31/06 | | 15,000 | 34.18 | 33.73 | 130,756 |
| | 06/30/06 | 01/31/06 | | 15,000 | 34.89 | 35.45 | 169,881 |
| | 09/30/06 | 01/31/06 | | 15,000 | 38.31 | 37.90 | 160,152 |
| A.L. Rebell | 01/31/06 | | | 11,250 | 33.14 | 32.90 | 104,543 |

| | | | | | | |
|---|---|---|---|---|---|---|
| 02/28/06 | | 1,525,000 | | | | |
| 03/31/06 | 01/31/06 | | 11,250 | 34.18 | 33.73 | 98,067 |
| 06/30/06 | 01/31/06 | | 11,250 | 34.89 | 35.45 | 127,411 |
| 09/30/06 | 01/31/06 | | 11,250 | 38.31 | 37.90 | 120,114 |

(1) These amounts represent awards granted under our Incentive Compensation Plan. They were authorized for payment by our Compensation Committee in February 2007 and included in the "Summary Compensation Table" above under the heading "Non-Equity Incentive Plan Compensation." Awards under our Incentive Compensation Plan are not subject to thresholds or target levels, but instead consist of an amount equal to a proportion of that percentage of our Performance Based Income established by our Compensation Committee as our annual performance goal, subject to the maximum amounts set forth on the table above. Please read our "Compensation Discussion and Analysis" above, under the heading "Incentive Compensation Awards," for more information concerning awards under our Incentive Compensation Plan.

(2) These amounts represent awards of SARs granted under our Stock Option Plan. In accordance with its practice, in 2006 our Compensation Committee established an annual award in January authorizing the grant of SARs in four increments over the year. These SARs vest with respect to 25% of the total number of securities underlying each annual award on an annual basis commencing on the anniversary of the date our Compensation Committee took action to authorize the awards. Please read our "Compensation Discussion and Analysis" above, under the heading "Stock Based Awards," for more information concerning awards under our Stock Option Plan.

(3) The exercise prices per share shown were calculated in accordance with our Stock Option Plan by averaging the high and low sales prices of our Common Stock as traded on The New York Stock Exchange on the business day immediately preceding the grant date.

The following table shows information provided by Diamond Offshore regarding grants to each of Messrs. J.S. Tisch and A.L. Rebell under Diamond Offshore's stock option plan during the year ended December 31, 2006.

**Grants of Plan-Based Awards**
**(Diamond Offshore)**

| Name | Grant Date | Action Date | All Other Option/SAR Awards; Number of Securities Underlying Options/SARs (1) | Exercise or Base Price of Option/SAR Awards (2) | Closing Market Price on Date of Grant | Grant Date Fair Value of Stock and Option/SAR Awards |
|---|---|---|---|---|---|---|
| J.S. Tisch | 04/27/06 | 04/24/06 | 7,500 | $92.67 | $90.30 | $334,575 |
| | 07/03/06 | 04/24/06 | 7,500 | 83.44 | 85.44 | 304,575 |
| | 10/02/06 | 04/24/06 | 7,500 | 71.87 | 68.51 | 251,250 |
| | 12/31/06 | 04/24/06 | 7,500 | 79.77 | 79.94 | 285,540 |
| A.L. Rebell | 01/03/06 | 04/19/05 | 500 | 69.38 | 72.83 | 16,135 |
| | 04/03/06 | 04/19/05 | 500 | 89.39 | 89.72 | 21,330 |
| | 07/03/06 | 04/24/06 | 500 | 83.44 | 85.44 | 20,305 |
| | 10/02/06 | 04/24/06 | 500 | 71.87 | 68.51 | 16,750 |

(1) These amounts represent awards of SARs and stock options granted, respectively, to Messrs. J.S. Tisch and A.L. Rebell, by Diamond Offshore under its stock option plan. In accordance with its practice, in 2006 the incentive compensation committee of Diamond Offshore's board of directors established an annual award in April authorizing the award of SARs to its executive officers, including Mr. J.S. Tisch, in four increments over the year. These SARs vest with respect to 25% of the total number of securities underlying each grant on an annual basis commencing on the anniversary of the first grant date of the year. In addition, in each of 2005 and 2006, the board of directors of Diamond Offshore, in accordance with its practice, established an annual award in April authorizing the award of stock options to its non-employee directors, including Mr. A.L. Rebell, in four increments over the following twelve month period. These options vested immediately upon their grant.

(2) The exercise prices per share were calculated in accordance with Diamond Offshore's stock option plan by averaging the high and low sales prices of Diamond Offshore's common stock as traded on The New York Stock Exchange on the business day immediately preceding the grant date.

The following table shows information regarding awards granted to each of our Named Executive Officers under our Stock Option Plan outstanding as of December 31, 2006. All awards with expiration dates prior to January 2016 represent stock options, and all awards with expiration dates during or after January 2016 represent SARs.

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**Outstanding Equity Awards at Fiscal Year-End**
**(Loews Common Stock)**

**Option/SAR Awards (1)**

| Name | Number of Securities Underlying Unexercised Options/SARs Exercisable | Number of Securities Underlying Unexercised Options/SARs Unexercisable | Option/SAR Exercise Price | Option/SAR Expiration Date |
|---|---|---|---|---|
| J.S. Tisch | 60,000 | 0 | $10.05 | 01/18/10 |
| | 60,000 | 0 | &# | |