LOEWS CORP
Form 10-Q
August 04, 2014
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF

THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2014

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934
For the Transition Period From __________ to __________

Commission File Number 1-6541

LOEWS CORPORATION

(Exact name of registrant as specified in its charter)

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

667 Madison Avenue, New York, N.Y. 10065-8087

(Address of principal executive offices) (Zip Code)

(212) 521-2000

(Registrant s telephone number, including area code)

NOT APPLICABLE

(Former name, former address and former fiscal year, if changed since last report)

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

Yes X No ____

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

Yes X No ____ Not Applicable ____

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

Large accelerated filer X Accelerated filer ____ Non-accelerated filer ____ Smaller reporting company ____

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

Yes ____ No X

Class	Outstanding at July 28, 2014
Common stock, $0.01 par value	381,108,162 shares

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

Loews Corporation and Subsidiaries

CONSOLIDATED CONDENSED BALANCE SHEETS

(Unaudited)

	June 30, 2014	December 31, 2013
(Dollar amounts in millions, except per share data)		
Assets:		
Investments:		
Fixed maturities, amortized cost of $37,346 and $39,426	**$ 40,585**	$ 41,320
Equity securities, cost of $825 and $881	**864**	871
Limited partnership investments	**3,561**	3,420
Other invested assets	**665**	562
Short term investments	**7,276**	6,772
Total investments	**52,951**	52,945
Cash	**277**	294
Receivables	**8,441**	9,338
Property, plant and equipment	**14,133**	13,524
Goodwill	**355**	357
Assets of discontinued operations	**4,406**	1,041
Other assets	**1,681**	1,635
Deferred acquisition costs of insurance subsidiaries	**650**	624
Separate account business		181
Total assets	**$ 82,894**	$ 79,939
Liabilities and Equity:		
Insurance reserves:		
Claim and claim adjustment expense	**$ 23,996**	$ 24,089
Future policy benefits	**8,696**	10,471
Unearned premiums	**3,851**	3,718
Policyholders funds	**27**	116
Total insurance reserves	**36,570**	38,394

Payable to brokers	**815**	134
Short term debt	**974**	819
Long term debt	**9,828**	9,525
Deferred income taxes	**996**	716
Liabilities of discontinued operations	**3,946**	632
Other liabilities	**4,410**	4,632
Separate account business		181
Total liabilities	**57,539**	55,033
Commitments and contingent liabilities		
Preferred stock, $0.10 par value:		
Authorized 100,000,000 shares		
Common stock, $0.01 par value:		
Authorized 1,800,000,000 shares		
Issued 387,476,248 and 387,210,096 shares	**4**	4
Additional paid-in capital	**3,608**	3,607
Retained earnings	**15,633**	15,508
Accumulated other comprehensive income	**807**	339
	20,052	19,458
Less treasury stock, at cost (4,471,870 shares)	**(195)**	
Total shareholders equity	**19,857**	19,458
Noncontrolling interests	**5,498**	5,448
Total equity	**25,355**	24,906
Total liabilities and equity	**$ 82,894**	$ 79,939

See accompanying Notes to Consolidated Condensed Financial Statements.

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Loews Corporation and Subsidiaries

CONSOLIDATED CONDENSED STATEMENTS OF INCOME

(Unaudited)

(In millions, except per share data)	Three Months Ended June 30, 2014	Three Months Ended June 30, 2013	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013
Revenues:				
Insurance premiums	**$ 1,811**	$ 1,800	**$ 3,617**	$ 3,564
Net investment income	**597**	535	**1,174**	1,134
Investment gains (losses):				
Other-than-temporary impairment losses	**(5)**	(16)	**(7)**	(34)
Portion of other-than-temporary impairment losses recognized in Other comprehensive income (loss)				
Net impairment losses recognized in earnings	**(5)**	(16)	**(7)**	(34)
Other net investment gains (losses)	**(9)**	2	**35**	39
Total investment gains (losses)	**(14)**	(14)	**28**	5
Contract drilling revenues	**650**	745	**1,335**	1,445
Other	**549**	550	**1,127**	1,086
Total	**3,593**	3,616	**7,281**	7,234
Expenses:				
Insurance claims and policyholders benefits	**1,441**	1,485	**2,887**	2,881
Amortization of deferred acquisition costs	**335**	335	**664**	663
Contract drilling expenses	**395**	369	**765**	744
Other operating expenses	**750**	753	**1,657**	1,532
Interest	**126**	108	**248**	211
Total	**3,047**	3,050	**6,221**	6,031
Income before income tax	**546**	566	**1,060**	1,203
Income tax expense	**(145)**	(163)	**(248)**	(323)
Income from continuing operations	**401**	403	**812**	880
Discontinued operations, net	**(186)**	9	**(413)**	(70)
Net income	**215**	412	**399**	810
Amounts attributable to noncontrolling interests	**(99)**	(143)	**(224)**	(299)

Net income attributable to Loews Corporation	**$ 116**	$ 269	**$ 175**	$ 511
Net income attributable to Loews Corporation:				
Income from continuing operations	**$ 303**	$ 261	**$ 568**	$ 583
Discontinued operations, net	**(187)**	8	**(393)**	(72)
Net income	**$ 116**	$ 269	**$ 175**	$ 511
Basic and diluted net income per share:				
Income from continuing operations	**$ 0.79**	$ 0.67	**$ 1.47**	$ 1.49
Discontinued operations, net	**(0.49)**	0.02	**(1.02)**	(0.18)
Net income	**$ 0.30**	$ 0.69	**$ 0.45**	$ 1.31
Dividends per share	**$ 0.0625**	$ 0.0625	**$ 0.125**	$ 0.125
Weighted-average shares outstanding:				
Shares of common stock	**385.72**	388.79	**386.53**	390.08
Dilutive potential shares of common stock	**0.65**	0.83	**0.68**	0.80
Total weighted-average shares outstanding assuming dilution	**386.37**	389.62	**387.21**	390.88

See accompanying Notes to Consolidated Condensed Financial Statements.

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Loews Corporation and Subsidiaries

CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	**2014**	2013	**2014**	2013
Net income	**$ 215**	$ 412	**$ 399**	$ 810
Other comprehensive income (loss), after tax				
Changes in:				
Net unrealized gains (losses) on investments with other-than-temporary impairments	**2**	(8)	**14**	6
Net other unrealized gains (losses) on investments	**270**	(585)	**507**	(647)
Total unrealized gains (losses) on available-for-sale investments	**272**	(593)	**521**	(641)
Discontinued operations	**10**	11	**15**	(5)
Unrealized gains (losses) on cash flow hedges		(1)	**3**	(6)
Pension liability	**(53)**	5	**(54)**	9
Foreign currency	**42**	(13)	**36**	(74)
Other comprehensive income (loss)	**271**	(591)	**521**	(717)
Comprehensive income (loss)	**486**	(179)	**920**	93
Amounts attributable to noncontrolling interests	**(126)**	(83)	**(277)**	(225)
Total comprehensive income (loss) attributable to Loews Corporation	**$ 360**	$ (262)	**$ 643**	$ (132)

See accompanying Notes to Consolidated Condensed Financial Statements.

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Loews Corporation and Subsidiaries

CONSOLIDATED CONDENSED STATEMENTS OF EQUITY

(Unaudited)

			Loews Corporation Shareholders				
(In millions)	Total	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Common Stock Held in Treasury	Noncontrolling Interests
Balance, January 1, 2013	$ 24,676	$ 4	$ 3,595	$ 15,192	$ 678	$ (10)	$ 5,217
Net income	810			511			299
Other comprehensive loss	(717)				(643)		(74)
Dividends paid	(292)			(49)			(243)
Issuance of equity securities by subsidiary	337		51		2		284
Purchase of Loews treasury stock	(177)					(177)	
Issuance of Loews common stock	3		3				
Stock-based compensation	7		(6)				13
Other	(5)						(5)
Balance, June 30, 2013	$ 24,642	$ 4	$ 3,643	$ 15,654	$ 37	$ (187)	$ 5,491
Balance, January 1, 2014	**$ 24,906**	**$ 4**	**$ 3,607**	**$ 15,508**	**$ 339**	**$ -**	**$ 5,448**
Net income	**399**			**175**			**224**
Other comprehensive income	**521**				**468**		**53**
Dividends paid	**(232)**			**(48)**			**(184)**
Purchases of subsidiary stock from noncontrolling	**(83)**		**(8)**				**(75)**

interests							
Purchases of Loews treasury stock	**(195)**					**(195)**	
Issuance of Loews common stock	**5**		**5**				
Stock-based compensation	**14**		**4**				**10**
Other	**20**			**(2)**			**22**
Balance, June 30, 2014	**$ 25,355**	**$ 4**	**$ 3,608**	**$ 15,633**	**$ 807**	**$ (195)**	**$ 5,498**

See accompanying Notes to Consolidated Condensed Financial Statements.

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Loews Corporation and Subsidiaries

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS

(Unaudited)

Six Months Ended June 30 **(In millions)**	**2014**	2013
Operating Activities:		
Net income	**$ 399**	$ 810
Adjustments to reconcile net income to net cash provided (used) by operating activities, net	**1,112**	613
Changes in operating assets and liabilities, net:		
Receivables	**(142)**	(180)
Deferred acquisition costs	**(10)**	(43)
Insurance reserves	**234**	198
Other assets	**(178)**	(70)
Other liabilities	**(106)**	54
Trading securities	**(117)**	(879)
Net cash flow operating activities	**1,192**	503
Investing Activities:		
Purchases of fixed maturities	**(4,921)**	(5,656)
Proceeds from sales of fixed maturities	**2,919**	3,143
Proceeds from maturities of fixed maturities	**1,954**	1,820
Purchases of equity securities	**(11)**	(33)
Proceeds from sales of equity securities	**14**	60
Purchases of limited partnership investments	**(109)**	(203)
Proceeds from sales of limited partnership investments	**118**	169
Purchases of property, plant and equipment	**(1,152)**	(1,150)
Dispositions	**30**	24
Change in short term investments	**3**	616
Other, net	**(4)**	(83)
Net cash flow investing activities	**(1,159)**	(1,293)
Financing Activities:		
Dividends paid	**(48)**	(49)
Dividends paid to noncontrolling interests	**(184)**	(243)
Purchases of subsidiary stock from noncontrolling interests	**(88)**	
Purchases of Loews treasury stock	**(182)**	(180)
Issuance of Loews common stock	**5**	3
Proceeds from sale of subsidiary stock	**4**	370
Principal payments on debt	**(331)**	(742)

Issuance of debt		**766**		1,598
Other, net		**17**		(23)
Net cash flow financing activities		**(41)**		734
Effect of foreign exchange rate on cash		**2**		(6)
Transfer of cash to assets of discontinued operations		**(11)**		(2)
Net change in cash		**(17)**		(64)
Cash, beginning of period		**294**		226
Cash, end of period	**$**	**277**	$	162

See accompanying Notes to Consolidated Condensed Financial Statements.

Loews Corporation and Subsidiaries

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

(Unaudited)

1. Basis of Presentation

Loews Corporation is a holding company. Its subsidiaries are engaged in the following lines of business: commercial property and casualty insurance (CNA Financial Corporation (CNA), a 90% owned subsidiary); the operation of offshore oil and gas drilling rigs (Diamond Offshore Drilling, Inc. (Diamond Offshore), a 51% owned subsidiary); transportation and storage of natural gas and natural gas liquids and gathering and processing of natural gas (Boardwalk Pipeline Partners, LP (Boardwalk Pipeline), a 53% owned subsidiary); and the operation of a chain of hotels (Loews Hotels Holding Corporation (Loews Hotels), a wholly owned subsidiary). Unless the context otherwise requires, the terms Company, Loews and Registrant as used herein mean Loews Corporation excluding its subsidiaries and the term Net income (loss) attributable to Loews Corporation as used herein means Net income (loss) attributable to Loews Corporation shareholders.

In the opinion of management, the accompanying unaudited Consolidated Condensed Financial Statements reflect all adjustments (consisting of only normal recurring accruals) necessary to present fairly the financial position as of June 30, 2014 and December 31, 2013, the results of operations and comprehensive income for the three and six months ended June 30, 2014 and 2013 and changes in shareholders equity and cash flows for the six months ended June 30, 2014 and 2013.

Net income for the second quarter and first half of each of the years is not necessarily indicative of net income for that entire year.

Reference is made to the Notes to Consolidated Financial Statements in the 2013 Annual Report on Form 10-K which should be read in conjunction with these Consolidated Condensed Financial Statements.

The Company presents basic and diluted net income per share on the Consolidated Condensed Statements of Income. Basic net income per share excludes dilution and is computed by dividing net income attributable to common stock by the weighted average number of common shares outstanding for the period. Diluted net income per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock. Stock appreciation rights (SARs) of 2.2 million, 1.4 million, 2.1 million and 1.7 million shares were not included in the diluted weighted average shares amounts for the three and six months ended June 30, 2014 and 2013 due to the exercise price being greater than the average stock price.

Updated accounting guidance not yet adopted In April of 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-08, Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity. Under the new accounting guidance, only disposals representing a strategic shift in operations should be presented as discontinued operations. The update also requires new disclosures for discontinued operations and disposals that do not meet the definition of a discontinued operation. The new accounting guidance is to be applied prospectively for fiscal years, and interim periods within those years, beginning after December 15, 2014, and will not have a material impact on the Company s consolidated financial statements.

In May of 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). The core principle of the new accounting guidance is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The new accounting guidance provides a five-step analysis of transactions to determine when and how revenue is recognized and requires enhanced disclosures about revenue. This update is effective for annual reporting periods beginning after December 15, 2016, including interim periods, and can be adopted either retrospectively or as a cumulative effect adjustment at the date of adoption. The Company is currently evaluating the effect that adopting this new accounting guidance will have on its consolidated financial statements.

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2. Acquisitions and Divestitures

Continental Assurance Company (CAC) On August 1, 2014, CNA closed the previously announced sale of the majority of its run-off annuity and pension deposit business through the sale of the common stock of CAC. The business sold, which was previously reported within the Life & Group Non-Core segment, is reported as discontinued operations in the Consolidated Condensed Statements of Income for the three and six months ended June 30, 2014 and 2013 and the assets and liabilities are presented as discontinued operations on the Consolidated Condensed Balance Sheet as of June 30, 2014. The Company has elected not to present these assets and liabilities as discontinued operations for the comparative period in the Consolidated Condensed Balance Sheets.

The sales agreement included a 100% coinsurance agreement on a separate small block of annuity business outside of CAC. The assets and liabilities related to the coinsurance agreement do not qualify for discontinued operations presentation, therefore they are not reflected as discontinued operations on the Consolidated Condensed Balance Sheet as of June 30, 2014.

HighMount In May of 2014, the Company announced that HighMount Exploration & Production LLC (HighMount), its natural gas and oil exploration and production subsidiary, is pursuing strategic alternatives, including a potential sale of the business. In furtherance of that pursuit, the Company initiated an auction process and expects to sell HighMount, therefore the assets and liabilities of HighMount have been reclassified as discontinued operations on the Consolidated Condensed Balance Sheets as of June 30, 2014 and December 31, 2013, and are reported at estimated fair value. In the second quarter of 2014, the Company recognized an impairment charge of $259 million ($167 million after tax) related to the excess carrying value of HighMount over the estimated fair value, less costs to sell. The Company measured estimated fair value using an estimated sale price arrived at by assessing market response in the auction process in relation to valuation models provided by HighMount s financial advisors, which are Level 3 inputs of the fair value hierarchy. The impairment charge is subject to adjustment in future periods, which could be positive or negative, reflecting the final sale price and transaction costs. The assets and liabilities of HighMount consist primarily of natural gas and oil reserves, related liabilities and long term debt. The results of operations of HighMount have been reclassified as discontinued operations in the Consolidated Condensed Statements of Income for the three and six months ended June 30, 2014 and 2013.

See Note 14 for further discussion of discontinued operations.

Bluegrass Project As discussed in Note 2 of the Notes to Consolidated Financial Statements in the Company s Annual Report on Form 10-K for the year ended December 31, 2013, Boardwalk Pipeline executed a series of agreements in 2013 with The Williams Companies, Inc. to develop the Bluegrass Project, a joint venture project that would develop a pipeline to transport natural gas liquids. The open season for capacity on the pipeline ended in the first quarter of 2014, and although discussions with potential customers continued throughout the first quarter, Boardwalk Pipeline was unable to obtain sufficient firm customer commitments to support the project. Further, delays in the development of the project and other factors have resulted in escalations in the estimated costs to complete the project. Considering these factors, the Company determined that it would no longer make capital investments in the Bluegrass Project. In the first quarter of 2014, the Company expensed the previously capitalized project costs that had been incurred, resulting in a charge of $94 million ($55 million after tax and noncontrolling interests), inclusive of a $10 million charge recorded by Boardwalk Pipeline Partners, LP. This charge was recorded within Other operating expenses on the Consolidated Condensed Statements of Income. The Company does not expect to incur significant additional charges related to this joint venture project.

Loews Hotels In 2014, Loews Hotels added three properties to its portfolio. Loews Hotels has a joint venture interest in the Cabana Bay Beach Resort, an 1,800 guestroom hotel at Universal Orlando, Florida, which opened in March of

2014. In July of 2014, Loews Hotels purchased the Loews Chicago O Hare Hotel, a 556 guestroom hotel, and the Loews Minneapolis Hotel, a 255 guestroom hotel, for a total cost of approximately $190 million funded with a combination of cash and debt. Construction continues on the Loews Chicago Hotel, a 400 guestroom hotel, which Loews Hotels agreed to purchase upon completion of development, expected to occur in late 2014. The Loews Chicago Hotel is planned to open in early 2015.

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3. Investments

Net investment income is as follows:

(In millions)	Three Months Ended June 30, 2014	Three Months Ended June 30, 2013	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013
Fixed maturity securities	**$ 451**	$ 454	**$ 903**	$ 911
Short term investments	**1**	1	**2**	3
Limited partnership investments	**116**	84	**203**	230
Equity securities	**3**	3	**5**	6
Income (loss) from trading portfolio (a)	**30**	1	**70**	(2)
Other	**10**	6	**18**	12
Total investment income	**611**	549	**1,201**	1,160
Investment expenses	**(14)**	(14)	**(27)**	(26)
Net investment income	**$ 597**	$ 535	**$ 1,174**	$ 1,134

(a) Includes net unrealized gains (losses) related to changes in fair value on trading securities still held of $40, $(30), $60 and $(43) for the three and six months ended June 30, 2014 and 2013.

Investment gains (losses) are as follows:

(In millions)	Three Months Ended June 30, 2014	Three Months Ended June 30, 2013	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013
Fixed maturity securities	**$ (19)**	$ (7)	**$ 19**	$ 20
Equity securities		(2)	**5**	(15)
Derivative instruments	**1**	(5)	**1**	(3)
Short term investments and other	**4**		**3**	3
Investment gains (losses) (a)	**$ (14)**	$ (14)	**$ 28**	$ 5

(a) Includes gross realized gains of $20, $38, $78 and $79 and gross realized losses of $39, $47, $54 and $74 on available-for-sale securities for the three and six months ended June 30, 2014 and 2013.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	**2014**	2013
(In millions)				
Fixed maturity securities available-for-sale:				
Corporate and other bonds	**$ 2**	$ 5	**$ 3**	$ 8
Asset-backed:				
Residential mortgage-backed	**1**	3	**2**	3
Other asset-backed	**1**	1	**1**	1
Total asset-backed	**2**	4	**3**	4
Total fixed maturities available-for-sale	**4**	9	**6**	12
Equity securities available-for-sale:				
Common stock	**1**	2	**1**	2
Preferred stock		5		20
Total equity securities available-for-sale	**1**	7	**1**	22
Net OTTI losses recognized in earnings	**$ 5**	$ 16	**$ 7**	$ 34

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

June 30, 2014	**Cost or Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Estimated Fair Value**	**Unrealized OTTI Losses (Gains)**
(In millions)					
Fixed maturity securities:					
Corporate and other bonds	**$ 17,276**	**$ 1,852**	**$ 30**	**$19,098**	
States, municipalities and political subdivisions	**11,215**	**1,178**	**70**	**12,323**	
Asset-backed:					
Residential mortgage-backed	**4,882**	**202**	**14**	**5,070**	**$ (51)**
Commercial mortgage-backed	**1,999**	**107**	**7**	**2,099**	**(3)**
Other asset-backed	**1,172**	**16**	**3**	**1,185**	

Total asset-backed	**8,053**	**325**	**24**	**8,354**	**(54)**
U.S. Treasury and obligations of government-sponsored enterprises	**61**	**6**	**1**	**66**	
Foreign government	**533**	**18**	**1**	**550**	
Redeemable preferred stock	**39**	**3**		**42**	
Fixed maturities available-for-sale	**37,177**	**3,382**	**126**	**40,433**	**(54)**
Fixed maturities, trading	**169**		**17**	**152**	
Total fixed maturities	**37,346**	**3,382**	**143**	**40,585**	**(54)**
Equity securities:					
Common stock	**46**	**14**		**60**	
Preferred stock	**129**	**5**		**134**	
Equity securities available-for-sale	**175**	**19**	**-**	**194**	**-**
Equity securities, trading	**650**	**119**	**99**	**670**	
Total equity securities	**825**	**138**	**99**	**864**	**-**
Total	**$ 38,171**	**$ 3,520**	**$ 242**	**$41,449**	**$ (54)**

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December 31, 2013	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Unrealized OTTI Losses (Gains)
(In millions)					
Fixed maturity securities:					
Corporate and other bonds	$ 19,352	$ 1,645	$ 135	$ 20,862	
States, municipalities and political subdivisions	11,281	548	272	11,557	
Asset-backed:					
Residential mortgage-backed	4,940	123	92	4,971	$ (37)
Commercial mortgage-backed	1,995	90	22	2,063	(3)
Other asset-backed	945	13	3	955	
Total asset-backed	7,880	226	117	7,989	(40)
U.S. Treasury and obligations of government-sponsored enterprises	139	6	1	144	
Foreign government	531	15	3	543	
Redeemable preferred stock	92	10		102	
Fixed maturities available-for-sale	39,275	2,450	528	41,197	(40)
Fixed maturities, trading	151		28	123	
Total fixed maturities	39,426	2,450	556	41,320	(40)
Equity securities:					
Common stock	36	9		45	
Preferred stock	143	1	4	140	
Equity securities available-for-sale	179	10	4	185	-
Equity securities, trading	702	119	135	686	
Total equity securities	881	129	139	871	-
Total	$ 40,307	$ 2,579	$ 695	$ 42,191	$ (40)

The net unrealized gains on investments included in the tables above are recorded as a component of Accumulated other comprehensive income (AOCI). When presented in AOCI, these amounts are net of tax and noncontrolling interests and any required Shadow Adjustments. At June 30, 2014 and December 31, 2013, the net unrealized gains on investments included in AOCI were net of Shadow Adjustments of $841 million and $478 million. To the extent that unrealized gains on fixed income securities supporting certain products within CNA s Life & Group Non-Core segment would result in a premium deficiency if realized, a related decrease in Deferred acquisition costs, and/or increase in Insurance reserves is recorded, net of tax and noncontrolling interests, as a reduction of net unrealized gains through Other comprehensive income (loss) (Shadow Adjustments).

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

	Less than 12 Months		12 Months or Longer		Total	
June 30, 2014	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
(In millions)						
Fixed maturity securities:						
Corporate and other bonds	$ 813	$ 12	$ 548	$ 18	$ 1,361	$ 30
States, municipalities and political subdivisions	316	2	587	68	903	70
Asset-backed:						
Residential mortgage-backed	125	1	332	13	457	14
Commercial mortgage-backed	205	2	171	5	376	7
Other asset-backed	269	3	12		281	3
Total asset-backed	599	6	515	18	1,114	24
U.S. Treasury and obligations of government-sponsored enterprises	2	1	4		6	1
Foreign government	39	1	9		48	1
Total fixed maturity securities	1,769	22	1,663	104	3,432	126
Preferred stock	10		2		12	
Total	$ 1,779	$ 22	$ 1,665	$ 104	$ 3,444	$ 126

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	Less than 12 Months		12 Months or Longer		Total	
December 31, 2013	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
(In millions)						
Fixed maturity securities:						
Corporate and other bonds	$ 3,592	$ 129	$ 72	$ 6	$ 3,664	$ 135
States, municipalities and political subdivisions	3,251	197	129	75	3,380	272
Asset-backed:						
Residential mortgage-backed	1,293	29	343	63	1,636	92
Commercial mortgage-backed	640	22			640	22
Other asset-backed	269	3			269	3
Total asset-backed	2,202	54	343	63	2,545	117
U.S. Treasury and obligations of government-sponsored enterprises	13	1			13	1
Foreign government	111	3			111	3
Total fixed maturity securities	9,169	384	544	144	9,713	528
Preferred stock	87	4			87	4
Total	$ 9,256	$ 388	$ 544	$ 144	$ 9,800	$ 532

Based on current facts and circumstances, the Company believes the unrealized losses presented in the table above are primarily attributable to broader economic conditions, changes in interest rates and credit spreads, market illiquidity and other market factors, but are not indicative of the ultimate collectibility of the current amortized cost of the securities. The Company has no current intent to sell securities with unrealized losses, nor is it more likely than not that it will be required to sell prior to recovery of amortized cost; accordingly, the Company has determined that there are no additional OTTI losses to be recorded at June 30, 2014.

The following table summarizes the activity for the three and six months ended June 30, 2014 and 2013 related to the pretax credit loss component reflected in Retained earnings on fixed maturity securities still held at June 30, 2014 and 2013 for which a portion of an OTTI loss was recognized in Other comprehensive income (loss).

	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2014	2013	**2014**	2013
(In millions)				

Beginning balance of credit losses on fixed maturity securities	**$ 69**	$ 92	**$ 74**	$ 95
Additional credit losses for securities for which an OTTI loss was previously recognized		1		1
Reductions for securities sold during the period	**(3)**	(4)	**(5)**	(7)
Reductions for securities the Company intends to sell or more likely than not will be required to sell			**(3)**	
Ending balance of credit losses on fixed maturity securities	**$ 66**	$ 89	**$ 66**	$ 89

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Contractual Maturity

The following table summarizes available-for-sale fixed maturity securities by contractual maturity at June 30, 2014 and December 31, 2013. Actual maturities may differ from contractual maturities because certain securities may be called or prepaid with or without call or prepayment penalties. Securities not due at a single date are allocated based on weighted average life.

	June 30, 2014		December 31, 2013	
	Cost or Amortized Cost	**Estimated Fair Value**	Cost or Amortized Cost	Estimated Fair Value
(In millions)				
Due in one year or less	**$ 2,832**	**$ 2,883**	$ 2,420	$ 2,455
Due after one year through five years	**9,251**	**9,893**	9,496	10,068
Due after five years through ten years	**11,206**	**11,792**	11,667	11,954
Due after ten years	**13,888**	**15,865**	15,692	16,720
Total	**$ 37,177**	**$ 40,433**	$ 39,275	$ 41,197

Investment Commitments

As of June 30, 2014, the Company had committed approximately $348 million to future capital calls from various third-party limited partnership investments in exchange for an ownership interest in the related partnerships.

The Company invests in various privately placed debt securities, including bank loans, as part of its overall investment strategy and has committed to additional future purchases, sales and funding. As of June 30, 2014, the Company had commitments to purchase or fund additional amounts of $244 million and sell $158 million under the terms of such securities.

4. Fair Value

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

Level 1 Quoted prices for identical instruments in active markets.

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

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

Prices may fall within Level 1, 2 or 3 depending upon the methodologies and inputs used to estimate fair value for each specific security. In general, the Company seeks to price securities using third party pricing services. Securities not priced by pricing services are submitted to independent brokers for valuation and, if those are not available, internally developed pricing models are used to value assets using methodologies and inputs the Company believes market participants would use to value the assets. Prices obtained from third-party pricing services or brokers are not adjusted by the Company.

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The Company performs control procedures over information obtained from pricing services and brokers to ensure prices received represent a reasonable estimate of fair value and to confirm representations regarding whether inputs are observable or unobservable. Procedures include (i) the review of pricing service or broker pricing methodologies, (ii) back-testing, where past fair value estimates are compared to actual transactions executed in the market on similar dates, (iii) exception reporting, where changes in price, period-over-period, are reviewed and challenged with the pricing service or broker based on exception criteria, (iv) detailed analysis, where the Company performs an independent analysis of the inputs and assumptions used to price individual securities and (v) pricing validation, where prices received are compared to prices independently estimated by the Company.

The fair values of CNA s life settlement contracts are included in Other assets on the Consolidated Condensed Balance Sheets. Equity options purchased are included in Equity securities, and all other derivative assets are included in Receivables. Derivative liabilities are included in Payable to brokers. Assets and liabilities measured at fair value on a recurring basis and assets and liabilities of discontinued operations measured on a nonrecurring basis at June 30, 2014 are summarized in the tables below:

June 30, 2014	**Level 1**	**Level 2**	**Level 3**	**Total**
(In millions)				
Fixed maturity securities:				
Corporate and other bonds	**$ 34**	**$ 18,870**	**$ 194**	**$ 19,098**
States, municipalities and political subdivisions		**12,244**	**79**	**12,323**
Asset-backed:				
Residential mortgage-backed		**4,885**	**185**	**5,070**
Commercial mortgage-backed		**2,040**	**59**	**2,099**
Other asset-backed		**559**	**626**	**1,185**
Total asset-backed		**7,484**	**870**	**8,354**
U.S. Treasury and obligations of government-sponsored enterprises	**62**	**4**		**66**
Foreign government	**60**	**490**		**550**
Redeemable preferred stock	**30**	**12**		**42**
Fixed maturities available-for-sale	**186**	**39,104**	**1,143**	**40,433**
Fixed maturities, trading		**61**	**91**	**152**
Total fixed maturities	**$ 186**	**$ 39,165**	**$ 1,234**	**$ 40,585**
Equity securities available-for-sale	**$ 137**	**$ 55**	**$ 2**	**$ 194**
Equity securities, trading	**666**		**4**	**670**
Total equity securities	**$ 803**	**$ 55**	**$ 6**	**$ 864**
Short term investments	**$ 6,575**	**$ 606**		**$ 7,181**

Other invested assets	**102**	**45**		**147**
Receivables		**7**		**7**
Life settlement contracts			**$ 86**	**86**
Payable to brokers	**(579)**	**(1)**		**(580)**
Assets of discontinued operations		**3,593**	**813**	**4,406**
Liabilities of discontinued operations		**(3,343)**	**(603)**	**(3,946)**

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December 31, 2013	Level 1	Level 2	Level 3	Total
(In millions)				
Fixed maturity securities:				
Corporate and other bonds	$ 33	$ 20,625	$ 204	$ 20,862
States, municipalities and political subdivisions		11,486	71	11,557
Asset-backed:				
Residential mortgage-backed		4,640	331	4,971
Commercial mortgage-backed		1,912	151	2,063
Other asset-backed		509	446	955
Total asset-backed		7,061	928	7,989
U.S. Treasury and obligations of government-sponsored enterprises	116	28		144
Foreign government	81	462		543
Redeemable preferred stock	45	57		102
Fixed maturities available-for-sale	275	39,719	1,203	41,197
Fixed maturities, trading		43	80	123
Total fixed maturities	$ 275	$ 39,762	$ 1,283	$ 41,320
Equity securities available-for-sale	$ 126	$ 48	$ 11	$ 185
Equity securities, trading	678		8	686
Total equity securities	$ 804	$ 48	$ 19	$ 871
Short term investments	$ 6,134	$ 563		$ 6,697
Other invested assets		54		54
Receivables		3		3
Life settlement contracts			$ 88	88
Separate account business	9	171	1	181
Payable to brokers	(40)	(1)	(3)	(44)
Assets of discontinued operations	28	2	2	32
Liabilities of discontinued operations		(6)	(2)	(8)

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The tables below present reconciliations for all assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the three and six months ended June 30, 2014 and 2013:

		Net Realized Gains (Losses) and Net Chang in Unrealized Gains (Losses)								Unrealized Gains (Losses) Recognized in Net Income on Level 3 Assets and Liabilities
2014	Balance, April 1	Included in Net Income	Included in OCI	Purchases	Sales	Settlements	Transfers into Level 3	Transfers out of Level 3	Balance, June 30	Held at June 30
(In millions)										
Fixed maturity securities:										
Corporate and other bonds	$ 189	$ 1		$ 21	$ (6)	$ (5)	$ 5	$ (11)	$ 194	
States, municipalities and political subdivisions	86	1	$ 1	1	(10)				79	
Asset-backed:										
Residential mortgage-backed	359	(24)	47	22	(174)	(19)		(26)	185	
Commercial mortgage- backed	126	1	1		(60)	(1)	12	(20)	59	
Other asset-backed	439		4	229	(28)	(18)			626	$ (1)
Total asset-backed	924	(23)	52	251	(262)	(38)	12	(46)	870	(1)
Fixed maturities available-for-sale	1,199	(21)	53	273	(278)	(43)	17	(57)	1,143	(1)
Fixed maturities, trading	85	6							91	6
	$ 1,284	$ (15)	$ 53	$ 273	$ (278)	$ (43)	$ 17	$ (57)	$ 1,234	$ 5

Total fixed maturities										
Equity securities available-for-sale	**$ 2**								**$ 2**	
Equity securities trading	**2**	**$ 1**		**$ 1**					**4**	**$ 1**
Total equity securities	**$ 4**	**$ 1**	**$ -**	**$ 1**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 6**	**$ 1**
Life settlement contracts	**$ 87**	**$ 12**				**$ (13)**			**$ 86**	**$ 1**
Derivative financial instruments, net	**(4)**	**1**			**$ 1**			**$ 2**	**-**	

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2013	Balance, April 1	Net Realized Gains (Losses) and Net Change in Unrealized Gains (Losses) Included in Net Income	Included in OCI	Purchases	Sales	Settlements	Transfers into Level 3	Transfers out of Level 3	Balance, June 30	Unrealized Gains (Losses) Recognized in Net Income on Level 3 Assets and Liabilities Held at June 30
(In millions)										
Fixed maturity securities:										
Corporate and other bonds	$ 283	$ 1	$ (3)	$ 13	$ (54)	$ (6)		$ (32)	$ 202	$ (1)
States, municipalities and political subdivisions	129		4	37	(32)	(3)	$ 5		140	
Asset-backed:										
Residential mortgage-backed	450	(1)	(1)	50	(10)	(21)	4	(43)	428	(2)
Commercial mortgage- backed	177		4	5		(2)	21	(40)	165	
Other asset-backed	396		(3)	38	(33)	(11)			387	(1)
Total asset-backed	1,023	(1)	-	93	(43)	(34)	25	(83)	980	(3)
Redeemable preferred stock	26		(1)						25	
Fixed maturities available-for-sale	1,461	-	-	143	(129)	(43)	30	(115)	1,347	(4)
Fixed maturities, trading	107				(20)				87	
Total fixed maturities	$ 1,568	$ -	$ -	$ 143	$ (149)	$ (43)	$ 30	$ (115)	$ 1,434	$ (4)
	$ 19	$ (5)	$ (1)						$ 13	$ (5)

Equity securities available-for-sale										
Equity securities trading	3	(1)							2	(2)
Total equity securities	$ 22	$ (6)	$ (1)	$ -	$ -	$ -	$ -	$ -	$ 15	$ (7)
Short term investments	$ 5				$ (5)				$ -	
Life settlement contracts	95	$ 4				$ (8)			91	$ (1)
Separate account business	2								2	
Derivative financial instruments, net	2	2	$ 2	$ 1	(1)	(1)			5	

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2014 (In millions)	Balance, January 1	Net Realized Gains (Losses) and Net Change in Unrealized Gains (Losses) Included in Net Income	Included in OCI	Purchases	Sales	Settlements	Transfers into Level 3	Transfers out of Level 3	Balance, June 30	Unrealized Gains (Losses) Recognized in Net Income on Level 3 Assets and Liabilities Held at June 30
Fixed maturity securities:										
Corporate and other bonds	$ 204	$ 2	$ 1	$ 26	$ (10)	$ (10)	$ 8	$ (27)	$ 194	
States, municipalities and political subdivisions	71	1	2	1	(10)		14		79	
Asset-backed:										
Residential mortgage-backed	331	(23)	62	47	(174)	(40)	21	(39)	185	
Commercial mortgage-backed	151	2			(60)	(2)	12	(44)	59	
Other asset-backed	446	1	4	377	(111)	(90)		(1)	626	$ (1)
Total asset-backed	928	(20)	66	424	(345)	(132)	33	(84)	870	(1)
Fixed maturities available-for-sale	1,203	(17)	69	451	(365)	(142)	55	(111)	1,143	(1)
Fixed maturities, trading	80	11							91	11
Total fixed maturities	$ 1,283	$ (6)	$ 69	$ 451	$ (365)	$ (142)	$ 55	$ (111)	$ 1,234	$ 10
Equity securities available-for-sale	$ 11	$ 3	$ (4)		$ (8)				$ 2	
	8			$ 2	(6)				4	

Equity securities trading										
Total equity securities	**$ 19**	**$ 3**	**$ (4)**	**$ 2**	**$ (14)**	**$ -**	**$ -**	**$ -**	**$ 6**	**$ -**
Life settlement contracts	**$ 88**	**$ 22**				**$ (24)**			**$ 86**	**$ 2**
Separate account business	**1**							**$ (1)**	**-**	
Derivative financial instruments, net	**(3)**	**1**		**$ (2)**	**$ 2**			**2**	**-**	**2**

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2013	Balance, January 1	Net Realized Gains (Losses) and Net Change in Unrealized Gains (Losses) Included in Net Income	Included in OCI	Purchases	Sales	Settlements	Transfers into Level 3	Transfers out of Level 3	Balance, June 30	Unrealized Gains (Losses) Recognized in Net Income on Level 3 Assets and Liabilities Held at June 30
(In millions)										
Fixed maturity securities:										
Corporate and other bonds	$ 219	$ 1	$ (1)	$ 104	$ (71)	$ (26)	$ 26	$ (50)	$ 202	$ (2)
States, municipalities and political subdivisions	96	(3)	4	122	(79)	(5)	5		140	
Asset-backed:										
Residential mortgage-backed	413	2	(1)	111	(10)	(32)	4	(59)	428	(2)
Commercial mortgage-backed	129	1	9	78		(9)	21	(64)	165	
Other asset-backed	368	3	(2)	174	(132)	(24)			387	(1)
Total asset-backed	910	6	6	363	(142)	(65)	25	(123)	980	(3)
Redeemable preferred stock	26		(1)						25	
Fixed maturities available-for-sale	1,251	4	8	589	(292)	(96)	56	(173)	1,347	(5)
Fixed maturities, trading	89	1		19	(22)				87	1
Total fixed maturities	$ 1,340	$ 5	$ 8	$ 608	$ (314)	$ (96)	$ 56	$ (173)	$ 1,434	$ (4)
	$ 34	$ (20)						$ (1)	$ 13	$ (20)

Equity securities available-for-sale										
Equity securities trading	7	(5)							2	(5)
Total equity securities	$ 41	$ (25)	$ -	$ -	$ -	$ -	$ -	$ (1)	$ 15	$ (25)
Short term investments	$ 6				$ (6)				$ -	
Other invested assets	1				(1)				-	
Life settlement contracts	100	$ 11				$ (20)			91	$ 1
Separate account business	2								2	
Derivative financial instruments, net	5	5	$ (2)	$ 1		(4)			5	1

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

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

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Securities may be transferred in or out of levels within the fair value hierarchy based on the availability of observable market information and quoted prices used to determine the fair value of the security. The availability of observable market information and quoted prices varies based on market conditions and trading volume. During the three months ended June 30, 2014 there were $1 million of transfers from Level 2 to Level 1 and no transfers from Level 1 to Level 2. During the six months ended June 30, 2014 there were $24 million of transfers from Level 2 to Level 1 and $1 million from Level 1 to Level 2. There were no transfers between Level 1 and Level 2 during the three or six months ended June 30, 2013. The Company s policy is to recognize transfers between levels at the beginning of quarterly reporting periods.

Valuation Methodologies and Inputs

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

Fixed Maturity Securities

Fixed maturity securities are valued using methodologies that model information generated by market transactions involving identical or comparable assets, as well as discounted cash flow methodologies. Common inputs include: prices from recently executed transactions of similar securities, broker/dealer quotes, benchmark yields, spreads off benchmark yields, interest rates and U.S. Treasury or swap curves. Specifically for asset-backed securities, key inputs include prepayment and default projections based on past performance of the underlying collateral and current market data.

Level 1 securities include exchange traded bonds, highly liquid U.S. and foreign government bonds, and redeemable preferred stock, valued using quoted market prices. Level 2 securities include most other fixed maturity securities as the significant inputs are observable in the marketplace. Securities are generally assigned to Level 3 in cases where broker/dealer quotes are significant inputs to the valuation and there is a lack of transparency as to whether these quotes are based on information that is observable in the marketplace. Level 3 securities also include private placement debt securities whose fair value is determined using internal models with inputs that are not market observable.

Equity Securities

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

Derivative Financial Instruments

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

Short Term Investments

Securities that are actively traded and have quoted prices are classified as Level 1. These securities include money market funds and treasury bills. Level 2 primarily includes commercial paper, for which all inputs are market observable. Fixed maturity securities purchased within one year of maturity are classified consistent with fixed maturity securities discussed above. Short term investments as presented in the tables above differ from the amounts presented in the Consolidated Condensed Balance Sheets because certain short term investments, such as time deposits, are not measured at fair value.

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Other Invested Assets

Level 1 securities include exchange traded open-end funds valued using quoted market prices. Level 2 securities include overseas deposits which can be redeemed at net asset value in 90 days or less.

Life Settlement Contracts

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

Separate Account Business

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

Assets and Liabilities of Discontinued Operations on a Nonrecurring Basis

Assets and liabilities of discontinued operations relate to CAC and HighMount, as discussed in Notes 2 and 14. The assets and liabilities for CAC are valued using the agreed upon transaction price for the sale of the common stock of CAC and are classified within Level 2 of the fair value hierarchy. The estimated fair value of HighMount s assets and liabilities is based on an expected sale price arrived at by assessing market response in the auction process in relation to valuation models provided by HighMount s financial advisors, which are Level 3 inputs of the fair value hierarchy.

Significant Unobservable Inputs

The table below presents quantitative information about the significant unobservable inputs utilized by the Company in the fair value measurements of Level 3 assets. Valuations for assets and liabilities not presented in the table below are primarily based on broker/dealer quotes for which there is a lack of transparency as to inputs used to develop the valuations. The quantitative detail of unobservable inputs from these broker quotes is neither provided nor reasonably available to the Company.

June 30, 2014	Fair Value (In millions)	Valuation Technique(s)	Unobservable Input(s)	Range (Weighted Average)
Assets				
Fixed maturity securities	**$ 115**	**Discounted cash flow**	**Credit spread**	**2% 15% (4%)**

Equity securities	**2**	**Market approach**	**Private offering price**		**$4,334 per share**
Life settlement contracts	**86**	**Discounted cash flow**	**Discount rate risk premium**		**9%**
			Mortality assumption	**70%**	**743% (194%)**

December 31, 2013

Assets					
Fixed maturity securities	$ 142	Discounted cash flow	Credit spread	2%	20% (4%)
Equity securities	10	Market approach	Private offering price	$360	$4,268 per share
					($1,148 per share)
Life settlement contracts	88	Discounted cash flow	Discount rate risk premium		9%
			Mortality assumption	70%	743% (192%)

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For fixed maturity securities, an increase in the credit spread assumptions would result in a lower fair value measurement. For equity securities, an increase in the private offering price, earnings projections and earnings multiple would result in a higher fair value measurement. For life settlement contracts, an increase in the discount rate risk premium or decrease in the mortality assumption would result in a lower fair value measurement.

Financial Assets and Liabilities Not Measured at Fair Value

The carrying amount, estimated fair value and the level of the fair value hierarchy of the Company s financial instrument assets and liabilities which are not measured at fair value on the Consolidated Condensed Balance Sheets are listed in the tables below. The carrying amounts and estimated fair values of short term debt and long term debt exclude capital lease obligations. The carrying amounts reported on the Consolidated Condensed Balance Sheets for cash and short term investments not carried at fair value and certain other assets and liabilities approximate fair value due to the short term nature of these items.

	Carrying	**Estimated Fair Value**			
June 30, 2014	**Amount**	**Level 1**	**Level 2**	**Level 3**	**Total**
(In millions)					
Financial Assets:					
Other invested assets	**$ 518**			**$ 540**	**$ 540**
Financial Liabilities:					
Short term debt	**974**		**$ 815**	**175**	**990**
Long term debt	**9,818**		**10,598**	**10**	**10,608**
December 31, 2013					
Financial Assets:					
Other invested assets	$ 508			$ 515	$ 515
Financial Liabilities:					
Premium deposits and annuity contracts	57			58	58
Short term debt	818		$ 832	20	852
Long term debt	9,515		9,907	182	10,089
Long term debt included in discontinued operations	500		500		500

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

The fair values of mortgage loans, included in Other invested assets, were based on the present value of the expected future cash flows discounted at the current interest rate for similar financial instruments, adjusted for specific loan risk.

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

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

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5. Derivative Financial Instruments

A summary of the aggregate contractual or notional amounts and gross estimated fair values related to derivative financial instruments follows. The contractual or notional amounts for derivatives are used to calculate the exchange of contractual payments under the agreements and may not be representative of the potential for gain or loss on these instruments.

	June 30, 2014			December 31, 2013		
	Contractual/ Notional Amount	**Estimated Fair Value Asset**	**(Liability)**	Contractual/ Notional Amount	Estimated Fair Value Asset	(Liability)
(In millions)						
With hedge designation:						
Commodities:						
Forwards short	**$ 8**			$ 11	$ 1	
Foreign exchange:						
Currency forwards short	**167**	**$ 6**		114	2	$ (1)
Without hedge designation:						
Equity markets:						
Options purchased	**1,467**	**37**		1,561	41	
written	**777**		**$ (21)**	729		(23)
Equity swaps and warrants						
long	**12**	**5**		17	9	
Interest rate risk:						
Credit default swaps						
purchased protection	**255**			50		(3)
sold protection	**5**			25		
Foreign exchange:						
Currency forwards long				55		
short	**219**		**(1)**	113		
Currency options long	**375**	**1**				
Discontinued operations:						
Interest rate risk:						
Interest rate swaps	**200**		**(2)**	300		(4)
Commodities:						

Forwards	short	**127**	**1**	**(8)**	180	4	(4)
Forwards	long	**134**	**1**	**(4)**			

Gross estimated fair values of derivative positions are currently presented in Equity securities, Receivables, Payable to brokers and Assets and Liabilities of discontinued operations on the Consolidated Condensed Balance Sheets. There would be no significant difference in the balance included in such accounts if the estimated fair values were presented net for the periods ended June 30, 2014 and December 31, 2013.

In connection with the anticipated sale of HighMount, as discussed in Note 2, cash flow hedge accounting treatment was discontinued for all of HighMount s commodity and interest rate swaps in the second quarter of 2014 and a loss of $3 million after tax was reclassified from AOCI into Discontinued operations, net for those hedges where the original forecasted transactions are no longer probable of occurring. In addition, mark-to-market losses of $2 million after tax were recognized on these derivatives in the second quarter of 2014.

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For derivative financial instruments without hedge designation, changes in the fair value of derivatives not held in a trading portfolio are reported in Investment gains (losses) and changes in the fair value of derivatives held for trading purposes are reported in Net investment income on the Consolidated Condensed Statements of Income. Gains of $1 million and losses of $5 million for the three months ended June 30, 2014 and 2013 and gains of $1 million and losses of $3 million for the six months ended June 30, 2014 and 2013 were included in Investment gains (losses). Losses of $3 million for the three months ended June 30, 2014 and 2013 and gains of $5 million and losses of $16 million for the six months ended June 30, 2014 and 2013 were included in Net investment income.

The Company s derivative financial instruments with cash flow hedge designation hedge variable price risk associated with the purchase and sale of natural gas and exposure to foreign currency losses on future foreign currency expenditures. Gains of $5 million and losses of $2 million were recognized in OCI related to these cash flow hedges for the three months ended June 30, 2014 and 2013. Gains of $8 million and losses of $7 million were recognized in OCI related to these cash flow hedges for the six months ended June 30, 2014 and 2013. For the three months ended June 30, 2014 and 2013, gains of $4 million and $1 million were reclassified from AOCI into income. For the six months ended June 30, 2014 and 2013, gains of $3 million and $2 million were reclassified from AOCI into income. As of June 30, 2014, the estimated amount of net unrealized gains associated with these cash flow hedges that will be reclassified from AOCI into earnings during the next twelve months was $3 million. The net amounts recognized due to ineffectiveness were less than $1 million for the three and six months ended June 30, 2014 and 2013.

6. Claim and Claim Adjustment Expense Reserves

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

Establishing claim and claim adjustment expense reserves, including claim and claim adjustment expense reserves for catastrophic events that have occurred, is an estimation process. Many factors can ultimately affect the final settlement of a claim and, therefore, the necessary reserve. Changes in the law, results of litigation, medical costs, the cost of repair materials and labor rates can all affect ultimate claim costs. In addition, time can be a critical part of reserving determinations since the longer the span between the incidence of a loss and the payment or settlement of the claim, the more variable the ultimate settlement amount can be. Accordingly, short-tail claims, such as property damage claims, tend to be more reasonably estimable than long-tail claims, such as workers compensation, general liability and professional liability claims. Adjustments to prior year reserve estimates, if necessary, are reflected in the results of operations in the period that the need for such adjustments is determined. There can be no assurance that CNA s ultimate cost for insurance losses will not exceed current estimates.

Catastrophes are an inherent risk of the property and casualty insurance business and have contributed to material period-to-period fluctuations in CNA s results of operations and/or equity. CNA reported catastrophe losses, net of reinsurance, of $56 million and $65 million for the three months ended June 30, 2014 and 2013 and $130 million and $104 million for the six months ended June 30, 2014 and 2013. Catastrophe losses in 2014 related primarily to U.S. weather-related events.

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Net Prior Year Development

The following tables and discussion include the net prior year development recorded for CNA Specialty, CNA Commercial and Other.

Three Months Ended June 30, 2014	**CNA Specialty**	**CNA Commercial**	**Other**	**Total**
(In millions)				
Pretax (favorable) unfavorable net prior year claim and allocated claim adjustment expense reserve development	**$ (55)**	**$ 79**		**$ 24**
Pretax (favorable) unfavorable premium development	**(1)**	**(5)**	**$ 4**	**(2)**
Total pretax (favorable) unfavorable net prior year development	**$ (56)**	**$ 74**	**$ 4**	**$ 22**
Three Months Ended June 30, 2013				
Pretax (favorable) unfavorable net prior year claim and allocated claim adjustment expense reserve development	$ (41)	$ 27	$ 9	$ (5)
Pretax (favorable) unfavorable premium development	(5)	(5)	2	(8)
Total pretax (favorable) unfavorable net prior year development	$ (46)	$ 22	$ 11	$ (13)
Six Months Ended June 30, 2014				
Pretax (favorable) unfavorable net prior year claim and allocated claim adjustment expense reserve development	**$ (57)**	**$ 96**	**$ 10**	**$ 49**
Pretax (favorable) unfavorable premium development	**(9)**	**(24)**		**(33)**
Total pretax (favorable) unfavorable net prior year development	**$ (66)**	**$ 72**	**$ 10**	**$ 16**
Six Months Ended June 30, 2013				
	$ (56)	$ 16	$ 9	$ (31)

Pretax (favorable) unfavorable net prior year claim and allocated claim adjustment expense reserve development								
Pretax (favorable) unfavorable premium development		(13)		(15)		7		(21)
Total pretax (favorable) unfavorable net prior year development	$	(69)	$	1	$	16	$	(52)

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CNA Specialty

The following table and discussion provide further detail of the net prior year claim and allocated claim adjustment expense reserve development (development) recorded for the CNA Specialty segment:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
(In millions)	**2014**	2013	**2014**	2013
Medical professional liability	**$ 1**	$ (17)	**$ 2**	$ (20)
Other professional liability and management liability	**(58)**	(23)	**(64)**	(24)
Surety		1	**1**	2
Other	**2**	(2)	**4**	(14)
Total pretax (favorable) unfavorable net prior year claim and allocated claim adjustment expense reserve development	**$ (55)**	$ (41)	**$ (57)**	$ (56)

Three Months

2014

Favorable development for other professional liability and management liability was primarily related to favorable outcomes on individual large claims in accident years 2009 and prior, which contributed to a lower estimate of ultimate severity. Additionally, there was better than expected severity in accident years 2008 through 2011.

2013

Favorable development for medical professional liability was primarily due to a decrease in incurred loss severity in accident years 2009 and prior.

Overall, favorable development for other professional liability and management liability was related to better than expected loss emergence in accident years 2007 through 2009. Unfavorable development was recorded in accident years 2010 through 2012 related to an increase in severity.

Six Months

2014

Favorable development for other professional liability and management liability was primarily related to favorable outcomes on individual large claims in accident years 2009 and prior, which contributed to a lower estimate of ultimate severity. Additionally, there was better than expected severity in accident years 2008 through 2011.

2013

Overall, favorable development for medical professional liability reflects favorable experience in accident years 2009 and prior. Unfavorable development was recorded for accident years 2010 and 2011 due to higher than expected large loss activity.

Overall, favorable development for other professional liability and management liability was related to better than expected loss emergence in accident years 2007 through 2009. Unfavorable development was recorded in accident years 2010 through 2012 related to an increase in severity.

Favorable development for other coverages was primarily due to better than expected loss emergence in property coverages in accident years 2010 and subsequent.

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CNA Commercial

The following table and discussion provide further detail of the development recorded for the CNA Commercial segment. The majority of the 2014 unfavorable development relates to business classes which CNA has exited, but also includes Small Business where CNA is taking underwriting actions in an effort to improve profitability.

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	**2014**	2013	**2014**	2013
Commercial auto	**$ 20**	$ 2	**$ 40**	$ (3)
General liability	**30**	15	**25**	(6)
Workers compensation	**40**	45	**50**	70
Property and other	**(11)**	(35)	**(19)**	(45)
Total pretax (favorable) unfavorable net prior year claim and allocated claim adjustment expense reserve development	**$ 79**	$ 27	**$ 96**	$ 16

Three Months

2014

Unfavorable development for commercial auto was primarily related to higher than expected frequency of large losses in accident years 2010 through 2013.

Unfavorable development for general liability was primarily related to higher than expected severity in accident years 2009 through 2011. In addition, there was higher than expected severity in accident year 2013 related to Small Business.

Unfavorable development for workers compensation was primarily due to higher than expected severity related to Defense Base Act contractors in accident years 2012 and 2013.

Favorable development for property and other first-party coverages was recorded in accident years 2012 and prior, primarily related to fewer claims than expected and favorable individual claim settlements.

2013

Unfavorable development for general liability coverages was primarily related to increased incurred loss severity in accident years 2010 through 2012.

Unfavorable development for workers compensation was primarily in response to legislation enacted during 2013 related to the New York Fund for Reopened Cases. The law change necessitated an increase in reserves as re-opened workers compensation claims can no longer be turned over to the state for handling and payment after December 31, 2013.

Favorable development for property and other coverages was primarily related to favorable outcomes on litigated catastrophe claims in accident years 2005 and 2010 and favorable loss emergence on non-catastrophe losses in accident year 2012.

Six Months

2014

Unfavorable development for commercial auto was primarily related to higher than expected frequency of large losses in accident years 2010 through 2013. Additionally, unfavorable development was recorded for higher than expected frequency in accident years 2012 and 2013 and higher than expected severity in accident years 2010 and 2011.

Unfavorable development for general liability was primarily related to higher than expected severity in accident years 2009 through 2011. In addition, there was higher than expected severity in accident year 2013 related to Small Business.

Unfavorable development for workers compensation was primarily due to higher than expected severity related to Defense Base Act contractors in accident years 2012 and 2013 and the recognition of losses related to favorable premium development in accident year 2013.

Favorable development for property and other first-party coverages was recorded in accident years 2012 and prior, primarily related to fewer claims than expected and favorable individual claim settlements.

2013

Overall, favorable development for general liability coverages was primarily related to better than expected loss emergence in accident years 2002 and prior. Unfavorable development was recorded in accident years 2010 through 2012 primarily related to increased incurred loss severity.

Unfavorable development for workers compensation was recorded in response to legislation in New York as discussed above. Additional unfavorable development was primarily due to higher than expected large losses and increased severity in the state of California in accident year 2010.

Favorable development for property and other coverages was primarily related to favorable outcomes on litigated catastrophe claims in accident years 2005 and 2010 and favorable loss emergence on non-catastrophe losses in accident year 2012.

7. Income Taxes

During 2013, Diamond Offshore received notification from the Egyptian tax authorities proposing a $1.2 billion increase in taxable income for the years 2006 to 2008. In December of 2013, Diamond Offshore accrued an additional $57 million of expense for uncertain tax positions in Egypt for all open years. During the first quarter of 2014, Diamond Offshore settled certain disputes for the years 2006 through 2008 with the Egyptian tax authorities, resulting in a net reduction to income tax expense of $17 million.

During the second quarter of 2014, the Appeals Committee in Egypt issued a decision regarding one remaining open item for the years 2006 to 2008. Diamond Offshore has filed an objection with the Egyptian courts to continue disputing the matter and believes that its position will, more likely than not, be sustained. However, if Diamond Offshore s position is not sustained, tax expense and related penalties would increase by approximately $50 million related to this issue for the 2006 through 2008 tax years as of June 30, 2014.

In July of 2014, the United Kingdom Finance Act (Finance Act) was enacted, with an effective date retroactive to April 1, 2014. Certain provisions of the Finance Act will limit the amount of tax deductions available with respect to Diamond Offshore s rigs operating in the United Kingdom (U.K.) under bareboat charter arrangements, which could significantly increase income tax expense in the U.K.

8. Debt

CNA Financial

In February of 2014, CNA completed a public offering of $550 million aggregate principal amount of 4.0% senior notes due May 15, 2024. CNA intends to use the net proceeds from this offering to repurchase, redeem, repay or otherwise retire the $549 million outstanding aggregate principal balance of its 5.9% senior notes due December 15, 2014.

Diamond Offshore

In March of 2014, Diamond Offshore entered into an agreement to increase its revolving credit facility by $250 million and extend the maturity date by six months. The credit agreement provides for a $1.0 billion revolving credit facility for general corporate purposes, maturing on March 17, 2019.

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9. Shareholders Equity

Accumulated Other Comprehensive Income

The tables below display the changes in Accumulated other comprehensive income (AOCI) by component for the three and six months ended June 30, 2013 and 2014:

(In millions)	OTTI Gains (Losses)	Unrealized Gains (Losses) on Investments	Discontinued Operations	Cash Flow Hedges	Pension Liability	Foreign Currency Translation	Total Accumulated Other Comprehensive Income (Loss)
Balance, April 1, 2013	$ 31	$ 1,176	$ 4	$ (6)	$ (727)	$ 88	$ 566
Other comprehensive income (loss) before reclassifications, after tax of $4, $317, $(7), $2, $0 and $0	(8)	(589)	14			(13)	(596)
Reclassification of (gains) losses from accumulated other comprehensive income, after tax of $0, $(3), $2, $0, $(2) and $0		4	(3)	(1)	5		5
Other comprehensive income (loss)	(8)	(585)	11	(1)	5	(13)	(591)
Issuance of equity securities by subsidiary					2		2
Amounts attributable to noncontrolling interests		59			(1)	2	60
Balance, June 30, 2013	$ 23	$ 650	$ 15	$ (7)	$ (721)	$ 77	$ 37
Balance, April 1, 2014	**$ 29**	**$ 820**	**$ 21**	**$ (2)**	**$ (432)**	**$ 127**	**$ 563**
Other comprehensive income before reclassifications, after tax of $(1), $(140), $(4), $(2), $0 and $0	**2**	**257**	**3**	**3**		**42**	**307**
Reclassification of (gains) losses from accumulated other		**13**	**7**	**(3)**	**(53)**		**(36)**

comprehensive income, after tax of $0, $(6), $(2), $1, $27 and $0														
Other comprehensive income (loss)		**2**		**270**		**10**		**-**		**(53)**		**42**		**271**
Amounts attributable to noncontrolling interests		**(1)**		**(28)**		**(1)**		**(1)**		**7**		**(3)**		**(27)**
Balance, June 30, 2014	**$**	**30**	**$**	**1,062**	**$**	**30**	**$**	**(3)**	**$**	**(478)**	**$**	**166**	**$**	**807**

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(In millions)	OTTI Gains (Losses)	Unrealized Gains (Losses) on Investments	Discontinued Operations	Cash Flow Hedges	Pension Liability	Foreign Currency Translation	Total Accumulated Other Comprehensive Income (Loss)
Balance, January 1, 2013	$ 18	$ 1,233	$ 20	$ (4)	$ (732)	$ 143	$ 678
Other comprehensive income (loss) before reclassifications, after tax of $(3), $346, $(2), $3, $0 and $0	6	(638)	6	(4)		(74)	(704)
Reclassification of (gains) losses from accumulated other comprehensive income, after tax of $0, $3, $6, $0, $(5) and $0		(9)	(11)	(2)	9		(13)
Other comprehensive income (loss)	6	(647)	(5)	(6)	9	(74)	(717)
Issuance of equity securities by subsidiary					2		2
Amounts attributable to noncontrolling interests	(1)	64		3		8	74
Balance, June 30, 2013	$ 23	$ 650	$ 15	$ (7)	$ (721)	$ 77	$ 37
Balance, January 1, 2014	**$ 23**	**$ 622**	**$ (3)**	**$ (4)**	**$ (432)**	**$ 133**	**$ 339**
Transfer to net assets of discontinued operations	**(5)**	**(15)**	**20**				**-**
Other comprehensive income before reclassifications, after tax of $(7), $(281), $(5), $(3), $0 and $0	**14**	**521**	**5**	**5**		**36**	**581**
Reclassification of (gains) losses from accumulated other comprehensive income, after tax of $0, $8, $(5), $1, $26 and $0		**(14)**	**10**	**(2)**	**(54)**		**(60)**
Other comprehensive income (loss)	**14**	**507**	**15**	**3**	**(54)**	**36**	**521**
	(2)	**(52)**	**(2)**	**(2)**	**8**	**(3)**	**(53)**

Amounts attributable to noncontrolling interests														
Balance, June 30, 2014	**$**	**30**	**$**	**1,062**	**$**	**30**	**$**	**(3)**	**$**	**(478)**	**$**	**166**	**$**	**807**

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Amounts reclassified from AOCI shown above are reported in Net income as follows:

Major Category of AOCI	Affected Line Item
OTTI gains (losses)	Investment gains (losses)
Unrealized gains (losses) on investments	Investment gains (losses)
Unrealized gains (losses) and cash flow hedges related to discontinued operations	Discontinued operations, net
Cash flow hedges	Other revenues and Contract drilling expenses
Pension liability	Other operating expenses

Subsidiary Equity Transactions

Diamond Offshore repurchased 1.9 million shares of its common stock at an aggregate cost of $88 million during the six months ended June 30, 2014. The Company s percentage ownership interest in Diamond Offshore increased as a result of these repurchases, from 50.4% to 51.1%. The repurchase price of the shares exceeded the Company s carrying value, resulting in a decrease to Additional paid-in capital of $8 million.

Treasury Stock

The Company repurchased 4.5 million and 4.0 million shares of Loews common stock at aggregate costs of $195 million and $177 million during the six months ended June 30, 2014 and 2013.

10. Benefit Plans

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

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

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

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

The components of net periodic benefit cost are as follows:

	Pension Benefits			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	**2014**	2013
(In millions)				
Service cost	**$ 3**	$ 6	**$ 8**	$ 12
Interest cost	**37**	33	**74**	67
Expected return on plan assets	**(52)**	(50)	**(105)**	(99)
Amortization of unrecognized net loss	**8**	14	**15**	28
Regulatory asset decrease	**1**		**1**	
Net periodic benefit cost	**$ (3)**	$ 3	**$ (7)**	$ 8

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	Other Postretirement Benefits			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	**2014**	2013
(In millions)				
Interest cost	**$ 1**	$ 1	**$ 2**	$ 2
Expected return on plan assets	**(1)**	(1)	**(2)**	(2)
Amortization of unrecognized prior service benefit	**(7)**	(7)	**(13)**	(13)
Curtailment gain	**(86)**		**(86)**	
Net periodic benefit cost	**$ (93)**	$ (7)	**$ (99)**	$ (13)

In the second quarter of 2014, CNA eliminated certain postretirement medical benefits associated with the CNA Health and Group Benefits Program. This change is a negative plan amendment and also resulted in an $86 million curtailment gain which is included in Other operating expenses in the Consolidated Condensed Statements of Income. In connection with the plan amendment, CNA remeasured the plan benefit obligation which resulted in a decrease to the discount rate used to determine the benefit obligation from 3.6% to 3.1%.

11. Business Segments

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

CNA s results are reported in four business segments: CNA Specialty, CNA Commercial, Life & Group Non-Core and Other. CNA Specialty provides a broad array of professional, financial and specialty property and casualty products and services, primarily through insurance brokers and managing general underwriters. CNA Commercial includes property and casualty coverages sold to small businesses and middle market entities and organizations primarily through an independent agency distribution system. CNA Commercial also includes commercial insurance and risk management products sold to large corporations primarily through insurance brokers. Life & Group Non-Core primarily includes the results of the life and group lines of business that are in run-off. Other includes the operations of Hardy Underwriting Bermuda Limited (Hardy), corporate expenses, including interest on corporate debt, and the results of certain property and casualty business primarily in run-off, including CNA Re and asbestos and environmental pollution. Hardy is a specialized Lloyd s of London underwriter primarily of short-tail exposures in marine and aviation, non-marine property, specialty lines and property treaty reinsurance.

Diamond Offshore owns and operates offshore drilling rigs that are chartered on a contract basis for fixed terms by companies engaged in exploration and production of hydrocarbons. Offshore rigs are mobile units that can be relocated based on market demand. Diamond Offshore s fleet consists of 44 drilling rigs, including four newbuild rigs which are under construction and one rig being constructed utilizing the hull of one of Diamond Offshore s existing mid-water floaters. On June 30, 2014, Diamond Offshore s drilling rigs were located offshore 11 countries in addition to the United States.

Boardwalk Pipeline is engaged in the interstate transportation and storage of natural gas and NGLs and gathering and processing of natural gas. This segment consists of interstate natural gas pipeline systems originating in the Gulf Coast region, Oklahoma and Arkansas, and extending north and east through the midwestern states of Tennessee, Kentucky, Illinois, Indiana and Ohio, natural gas storage facilities in four states and NGL pipelines and storage facilities in Louisiana, with approximately 14,450 miles of pipeline.

Loews Hotels operates a chain of 21 hotels, 20 of which are in the United States and one is in Canada.

The Corporate and other segment consists primarily of corporate investment income, corporate interest expense and other unallocated expenses.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies in Note 1 of the Notes to Consolidated Financial Statements in the Company s Annual Report on Form 10-K for the year ended December 31, 2013. In addition, CNA does not maintain a distinct investment portfolio for every insurance segment, and accordingly, allocation of assets to each segment is not performed. Therefore, a significant portion of net investment income and investment gains (losses) are allocated based on each segment s carried insurance reserves, as adjusted.

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The HighMount and CAC businesses are reported as discontinued operations in the Consolidated Condensed Statements of Income for the three and six months ended June 30, 2014 and 2013. See Notes 2 and 14 for further discussion of discontinued operations.

The following tables set forth the Company s consolidated revenues and income (loss) by business segment:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	**2014**	2013
(In millions)				
Revenues (a):				
CNA Financial:				
CNA Specialty	**$ 993**	$ 954	**$ 1,972**	$ 1,910
CNA Commercial	**1,027**	1,104	**2,068**	2,205
Life & Group Non-Core	**316**	303	**647**	618
Other	**104**	89	**216**	172
Total CNA Financial	**2,440**	2,450	**4,903**	4,905
Diamond Offshore	**701**	760	**1,411**	1,492
Boardwalk Pipeline	**295**	304	**652**	633
Loews Hotels	**112**	101	**217**	195
Corporate and other	**45**	1	**98**	9
Total	**$ 3,593**	$ 3,616	**$ 7,281**	$ 7,234
Income (loss) before income tax and noncontrolling interests (a):				
CNA Financial:				
CNA Specialty	**$ 269**	$ 220	**$ 481**	$ 435
CNA Commercial	**80**	161	**207**	359
Life & Group Non-Core	**(23)**	(84)	**(39)**	(107)
Other	**39**	(25)	**17**	(65)
Total CNA Financial	**365**	272	**666**	622
Diamond Offshore	**112**	257	**280**	462
Boardwalk Pipeline	**54**	67	**77**	166
Loews Hotels	**9**	2	**14**	2
Corporate and other	**6**	(32)	**23**	(49)
Total	**$ 546**	$ 566	**$ 1,060**	$ 1,203

Net income (loss) (a):				
CNA Financial:				
CNA Specialty	**$ 160**	$ 129	**$ 288**	$ 257
CNA Commercial	**48**	94	**125**	209
Life & Group Non-Core	**6**	(36)	**13**	(36)
Other	**21**	(15)	**9**	(40)
Total CNA Financial	**235**	172	**435**	390
Diamond Offshore	**42**	87	**111**	169
Boardwalk Pipeline	**17**	22	**(1)**	55
Loews Hotels	**5**	1	**8**	1
Corporate and other	**4**	(21)	**15**	(32)
Income from continuing operations	**303**	261	**568**	583
Discontinued operations, net	**(187)**	8	**(393)**	(72)
Total	**$ 116**	$ 269	**$ 175**	$ 511

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	**2014**	2013
Revenues and Income (loss) before income tax and noncontrolling interests:				
CNA Financial:				
CNA Specialty	**$ (5)**	$ (6)	**$ 7**	$ (3)
CNA Commercial	**(7)**	(12)	**5**	(8)
Life & Group Non-Core	**(4)**		**12**	9
Other	**2**	4	**4**	7
Total	**$ (14)**	$ (14)	**$ 28**	$ 5
Net income (loss):				
CNA Financial:				
CNA Specialty	**$ (3)**	$ (3)	**$ 4**	$ (1)
CNA Commercial	**(5)**	(6)	**2**	(4)
Life & Group Non-Core	**(3)**		**6**	6
Other	**2**	1	**3**	3
Total	**$ (9)**	$ (8)	**$ 15**	$ 4

12. Legal Proceedings

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

13. Commitments and Contingencies

CNA Financial

In the course of selling business entities and assets to third parties, CNA has agreed to indemnify purchasers for losses arising out of breaches of representation and warranties with respect to the business entities or assets being sold, including, in certain cases, losses arising from undisclosed liabilities or certain named litigation. Such indemnification agreements may include provisions that survive indefinitely. As of June 30, 2014, the aggregate amount of quantifiable indemnification agreements in effect for sales of business entities, assets and third party loans was $699 million.

In addition, CNA has agreed to provide indemnification to third party purchasers for certain losses associated with sold business entities or assets that are not limited by a contractual monetary amount. As of June 30, 2014, CNA had outstanding unlimited indemnifications in connection with the sales of certain of its business entities or assets that included tax liabilities arising prior to a purchaser s ownership of an entity or asset, defects in title at the time of sale, employee claims arising prior to closing and in some cases losses arising from certain litigation and undisclosed liabilities. Certain provisions of the indemnification agreements survive indefinitely while others survive until the applicable statutes of limitation expire, or until the agreed upon contract terms expire.

Diamond Offshore

In July of 2014, Diamond Offshore was notified by Petróleo Brasileiro S.A., (Petrobras) that it is currently challenging assessments by Brazilian tax authorities of withholding taxes associated with the provision of drilling rigs for its operations in Brazil during the years 2008 and 2009. If Petrobras is ultimately assessed such withholding taxes, it will seek reimbursement from Diamond Offshore for the portion allocable to its drilling rigs. Diamond Offshore disputes any basis for Petrobras to obtain such reimbursement and has notified Petrobras of its position and intends to pursue all legal remedies available to defend itself. However, if Diamond Offshore s position is not sustained, the amount of such reimbursement could be material.

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14. Discontinued Operations

As discussed in Note 2, HighMount and the CAC business are classified and presented as discontinued operations.

The Consolidated Condensed Statements of Income include discontinued operations of HighMount for the three and six months ended June 30, 2014 and 2013, as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	**2014**	2013
(In millions)				
Revenues:				
Other revenue, primarily operating	**$ 46**	$ 66	**$ 101**	$ 134
Total	**46**	66	**101**	134
Expenses:				
Other operating expenses				
Impairment of natural gas and oil properties			**29**	145
Operating	**56**	53	**111**	110
Interest	**3**	4	**5**	9
Total	**59**	57	**145**	264
Income (loss) before income tax	**(13)**	9	**(44)**	(130)
Income tax (expense) benefit	**(12)**	(4)	**(1)**	47
Results of discontinued operations, net of income tax	**(25)**	5	**(45)**	(83)
Impairment loss, net of tax benefit of $92	**(167)**		**(167)**	
Income (loss) from discontinued operations	**$ (192)**	$ 5	**$ (212)**	$ (83)

The Consolidated Condensed Statements of Income include discontinued operations of the CAC business for the three and six months ended June 30, 2014 and 2013, as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	**2014**	2013
(In millions)				

Revenues:								
Net investment income	**$**	**39**	$	44	**$**	**80**	$	86
Investment gains		**1**				**2**		5
Other				(1)				
Total revenues	**$**	**40**	$	43	**$**	**82**	$	91
Expenses:								
Insurance claims and policyholders benefits		**32**		36		**63**		69
Other operating expenses		**1**		1		**2**		2
Total		**33**		37		**65**		71
Income before income tax		**7**		6		**17**		20
Income tax expense		**(1)**		(2)		**(4)**		(7)
Results of discontinued operations, net of income tax		**6**		4		**13**		13
Impairment loss, net of tax benefit of $41						**(214)**		
Amounts attributable to noncontrolling interests		**(1)**		(1)		**20**		(2)
Income (loss) from discontinued operations	**$**	**5**	$	3	**$**	**(181)**	$	11

The following table presents the assets and liabilities reported as discontinued operations as of June 30, 2014:

	CNA	HighMount	Eliminations	Total
(In millions)				
Assets:				
Investments, including cash	**$ 2,845**	**$ 25**		**$ 2,870**
Receivables	**811**	**38**	**$ (16)**	**833**
Property, plant and equipment		**1,014**		**1,014**
Deferred income taxes		**552**	**(552)**	**-**
Other assets	**46**	**11**		**57**
Separate account business	**146**			**146**
Assets of discontinued operations	**3,848**	**1,640**	**(568)**	**4,920**
Less: Impairment of carrying value	**(255)**	**(259)**		**(514)**
Total assets of discontinued operations	**$ 3,593**	**$ 1,381**	**$ (568)**	**$ 4,406**
Liabilities:				
Insurance reserves	**$ 3,109**			**$ 3,109**
Short term debt		**$ 480**		**480**
Other liabilities	**88**	**123**		**211**
Separate account business	**146**			**146**
Total liabilities of discontinued operations	**$ 3,343**	**$ 603**	**$ -**	**$ 3,946**

The following table presents the assets and liabilities of HighMount reported as discontinued operations as of December 31, 2013:

	HighMount	Eliminations	Total
(In millions)			
Assets:			
Investments, including cash	$ 29		$ 29
Receivables	143	$ (120)	23
Property, plant and equipment	974		974
Deferred income taxes	517	(517)	-

Other assets		15				15
Total assets of discontinued operations	$	1,678	$	(637)	$	1,041
Liabilities:						
Short term debt	$	21			$	21
Long term debt		481				481
Other liabilities		130				130
Total liabilities of discontinued operations	$	632	$	-	$	632

15. Consolidating Financial Information

The following schedules present the Company s consolidating balance sheet information at June 30, 2014 and December 31, 2013, and consolidating statements of income information for the three and six months ended June 30, 2014 and 2013. These schedules present the individual subsidiaries of the Company and their contribution to the Consolidated Condensed Financial Statements. Amounts presented will not necessarily be the same as those in the individual financial statements of the Company s subsidiaries due to adjustments for purchase accounting, income taxes and noncontrolling interests. In addition, many of the Company s subsidiaries use a classified balance sheet which also leads to differences in amounts reported for certain line items.

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

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Loews Corporation

Consolidating Balance Sheet Information

June 30, 2014	CNA Financial	Diamond Offshore	Boardwalk Pipeline	Loews Hotels	Corporate and Other	Eliminations	Total
(In millions)							
Assets:							
Investments	$ 46,080	$ 1,315		$ 107	$ 5,449		$ 52,951
Cash	204	16	$ 44	2	11		277
Receivables	7,674	575	84	35	95	$ (22)	8,441
Property, plant and equipment	271	6,060	7,319	442	41		14,133
Deferred income taxes	22			3		(25)	-
Goodwill	120	20	215				355
Assets of discontinued operations	3,593				1,381	(568)	4,406
Investments in capital stocks of subsidiaries					17,483	(17,483)	-
Other assets	791	376	288	192	21	13	1,681
Deferred acquisition costs of insurance subsidiaries	650						650
Total assets	$ 59,405	$ 8,362	$ 7,950	$ 781	$ 24,481	$ (18,085)	$ 82,894
Liabilities and Equity:							
Insurance reserves	$ 36,570						$ 36,570
Payable to brokers	214				$ 601		815
Short term debt	549	$ 250		$ 175			974

Long term debt	2,558	2,230	$ 3,350	11	1,679		9,828
Deferred income taxes	94	525	695	43	219	$ (580)	996
Liabilities of discontinued operations	3,343				603		3,946
Other liabilities	3,035	787	408	10	669	(499)	4,410
Total liabilities	46,363	3,792	4,453	239	3,771	(1,079)	57,539
Total shareholders equity	11,708	2,347	1,556	542	20,710	(17,006)	19,857
Noncontrolling interests	1,334	2,223	1,941				5,498
Total equity	13,042	4,570	3,497	542	20,710	(17,006)	25,355
Total liabilities and equity	$ 59,405	$ 8,362	$ 7,950	$ 781	$ 24,481	$ (18,085)	$ 82,894

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Loews Corporation

Consolidating Balance Sheet Information

December 31, 2013	CNA Financial	Diamond Offshore	Boardwalk Pipeline	Loews Hotels	Corporate and Other	Eliminations	Total
(In millions)							
Assets:							
Investments	$ 46,107	$ 2,061		$ 43	$ 4,734		$ 52,945
Cash	195	36	$ 29	10	24		294
Receivables	8,666	498	97	28	74	$ (25)	9,338
Property, plant and equipment	282	5,472	7,296	430	44		13,524
Deferred income taxes	244			3		(247)	-
Goodwill	119	20	215	3			357
Assets of discontinued operations					1,678	(637)	1,041
Investments in capital stocks of subsidiaries					17,264	(17,264)	-
Other assets	741	305	360	183	7	39	1,635
Deferred acquisition costs of insurance subsidiaries	624						624
Separate account business	181						181
Total assets	$ 57,159	$ 8,392	$ 7,997	$ 700	$ 23,825	$ (18,134)	$ 79,939
Liabilities and Equity:							
Insurance reserves	$ 38,394						$ 38,394
Payable to brokers	85	$ 1			$ 48		134
Short term debt	549	250		$ 20			819
Long term debt	2,011	2,230	$ 3,424	182	1,678		9,525
		516	689	41	195	$ (725)	716

Deferred income taxes							
Liabilities of discontinued operations					632		632
Other liabilities	3,323	734	427	23	690	(565)	4,632
Separate account business	181						181
Total liabilities	44,543	3,731	4,540	266	3,243	(1,290)	55,033
Total shareholders equity	11,354	2,362	1,570	434	20,582	(16,844)	19,458
Noncontrolling interests	1,262	2,299	1,887				5,448
Total equity	12,616	4,661	3,457	434	20,582	(16,844)	24,906
Total liabilities and equity	$ 57,159	$ 8,392	$ 7,997	$ 700	$ 23,825	$ (18,134)	$ 79,939

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Loews Corporation

Consolidating Statement of Income Information

Six Months Ended June 30, 2014	CNA Financial	Diamond Offshore	Boardwalk Pipeline	Loews Hotels	Corporate and Other	Eliminations	Total
(In millions)							
Revenues:							
Insurance premiums	$ 3,617						$ 3,617
Net investment income	1,076	$ 1			$ 97		1,174
Intercompany interest and dividends					512	$ (512)	-
Investment gains	28						28
Contract drilling revenues		1,335					1,335
Other	182	75	$ 652	$ 217	1		1,127
Total	4,903	1,411	652	217	610	(512)	7,281
Expenses:							
Insurance claims and policyholders benefits	2,887						2,887
Amortization of deferred acquisition costs	664						664
Contract drilling expenses		765					765
Other operating expenses	596	329	494	200	38		1,657
Interest	90	37	81	3	37		248

Total	**4,237**	**1,131**	**575**	**203**	**75**	**-**	**6,221**
Income before income tax	**666**	**280**	**77**	**14**	**535**	**(512)**	**1,060**
Income tax (expense) benefit	**(182)**	**(53)**	**1**	**(6)**	**(8)**		**(248)**
Income from continuing operations	**484**	**227**	**78**	**8**	**527**	**(512)**	**812**
Discontinued operations, net	**(201)**				**(212)**		**(413)**
Net income	**283**	**227**	**78**	**8**	**315**	**(512)**	**399**
Amounts attributable to noncontrolling interests	**(29)**	**(116)**	**(79)**				**(224)**
Net income (loss) attributable to Loews Corporation	**$ 254**	**$ 111**	**$ (1)**	**$ 8**	**$ 315**	**$ (512)**	**$ 175**

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Loews Corporation

Consolidating Statement of Income Information

Six Months Ended June 30, 2013	CNA Financial	Diamond Offshore	Boardwalk Pipeline	Loews Hotels	Corporate and Other	Eliminations	Total
(In millions)							
Revenues:							
Insurance premiums	$ 3,564						$ 3,564
Net investment income	1,125	$ 1			$ 8		1,134
Intercompany interest and dividends					364	$ (364)	-
Investment gains	5						5
Contract drilling revenues		1,445					1,445
Other	211	46	$ 633	$ 195	1		1,086
Total	4,905	1,492	633	195	373	(364)	7,234
Expenses:							
Insurance claims and policyholders benefits	2,881						2,881
Amortization of deferred acquisition costs	663						663
Contract drilling expenses		744					744
Other operating expenses	656	270	386	187	33		1,532
Interest	83	16	81	6	25		211

Total	4,283	1,030	467	193	58	-	6,031
Income before income tax	622	462	166	2	315	(364)	1,203
Income tax (expense) benefit	(189)	(114)	(36)	(1)	17		(323)
Income from continuing operations	433	348	130	1	332	(364)	880
Discontinued operations, net	13				(83)		(70)
Net income	446	348	130	1	249	(364)	810
Amounts attributable to noncontrolling interests	(45)	(179)	(75)				(299)
Net income attributable to Loews Corporation	$ 401	$ 169	$ 55	$ 1	$ 249	$ (364)	$ 511

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

Management s discussion and analysis of financial condition and results of operations (MD&A) should be read in conjunction with our Consolidated Condensed Financial Statements included in Item 1 of this Report, Risk Factors included in Part II, Item 1A of this Report, and the Consolidated Financial Statements, Risk Factors, and MD&A included in our Annual Report on Form 10-K for the year ended December 31, 2013. This MD&A is comprised of the following sections:

OVERVIEW

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

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

- operation of offshore oil and gas drilling rigs (Diamond Offshore Drilling, Inc. (Diamond Offshore), a 51% owned subsidiary);

transportation and storage of natural gas and natural gas liquids and gathering and processing of natural gas (Boardwalk Pipeline Partners, LP (Boardwalk Pipeline), a 53% owned subsidiary);

operation of a chain of hotels (Loews Hotels Holding Corporation (Loews Hotels), a wholly owned subsidiary).
See below for a discussion of discontinued operations.

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

Consolidated Financial Results

Income from continuing operations for the 2014 second quarter was $303 million, or $0.79 per share, compared to $261 million, or $0.67 per share, in the 2013 second quarter. Net income attributable to Loews for the three months ended June 30, 2014 includes a loss from discontinued operations of $187 million primarily consisting of an impairment loss of $167 million at HighMount related to the excess carrying value over the estimated fair value less costs to sell. Net income for the six months ended June 30, 2014 includes a loss from discontinued operations of $393 million primarily related to the HighMount impairment loss and an impairment loss of $193 million at CNA

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related to the sale of its annuity and pension deposit business. Income from continuing operations increased primarily due to higher earnings at CNA and increased parent company investment income as a result of improved performance of the trading portfolio. These increases were partially offset by lower earnings at Diamond Offshore.

CNA s earnings were impacted by improved current accident year underwriting results substantially offset by unfavorable net prior year development. Additionally, CNA s earnings increased due to a curtailment gain of $50 million (after tax and noncontrolling interests) related to the re-measurement of postretirement benefit obligations and improved results in the Life & Group None-Core business. The 2013 results included a legal settlement benefit of $27 million (after tax and noncontrolling interests).

Diamond Offshore s earnings decreased primarily due to lower utilization, higher contract drilling expense and increased interest expense as a result of higher debt levels. These declines were partially offset by higher dayrates earned.

Net income decreased due to the loss from discontinued operations attributable mainly to the impairment loss at HighMount, partially offset by the increase in income from continuing operations discussed above.

Income from continuing operations for the six months ended June 30, 2014 was $568 million, or $1.47 per share, compared to $583 million, or $1.49 per share in the prior year period. Income from continuing operations decreased primarily due to lower earnings at Diamond Offshore and a $55 million charge (after tax and noncontrolling interests) related to the write-off of all previously capitalized costs incurred by the Company and Boardwalk Pipeline for the proposed Bluegrass project. These decreases were partially offset by higher earnings at CNA and increased parent company investment income as a result of improved performance of the trading portfolio.

CNA s earnings increased primarily due to the reasons discussed in three month comparison above partially offset by lower net investment income as a result of reduced limited partnership income and higher catastrophe losses.

Diamond Offshore s earnings decreased primarily due to the reasons discussed in three month comparison above.

Net income decreased primarily due to the loss from discontinued operations attributable mainly to the impairment losses at HighMount and CNA as well as the decrease in income from continuing operations discussed above.

Book value per share increased to $51.85 at June 30, 2014 from $50.25 at December 31, 2013 and $49.36 at June 30, 2013. Book value per share excluding Accumulated other comprehensive income (AOCI) increased to $49.74 at June 30, 2014 from $49.38 at December 31, 2013 and $49.26 at June 30, 2013.

Discontinued Operations

On August 1, 2014, CNA closed the previously announced sale of the majority of its run-off annuity and pension deposit business through the sale of the common stock of Continental Assurance Company (CAC). In connection with the then pending sale, we recorded an impairment charge of $193 million (after tax and noncontrolling interests) in the first quarter of 2014. The business sold, which was previously reported within the Life & Group Non-Core segment, is reported as discontinued operations in the Consolidated Condensed Statements of Income for the three and six months ended June 30, 2014 and 2013 and assets and liabilities of discontinued operations in the Consolidated Condensed Balance Sheet as of June 30, 2014.

In connection with the sale of CAC, on August 1, 2014, CNA entered into a coinsurance agreement on a separate small block of annuity business outside of CAC. As a result of the funds withheld basis used in this reinsurance transaction, we estimate we will recognize a loss of approximately $31 million (after tax and noncontrolling interests) in the third quarter of 2014 due to the difference between market value and book value of the funds withheld assets at the reinsurance contract s inception. In subsequent periods, we will recognize realized gains to the extent the funds withheld assets are sold or the market value of those assets reduces to the maturity value of the securities. A realized loss will be recognized if the market value of those assets increases.

In May of 2014, we announced that HighMount, our natural gas and oil exploration and production subsidiary, is pursuing strategic alternatives, including a potential sale of the business. In furtherance of that pursuit, we have initiated an auction process that we expect will result in a sale of HighMount. As a result, the assets and liabilities of HighMount have been reclassified as discontinued operations on the Consolidated Condensed Balance Sheets as of June 30, 2014 and December 31, 2013, and are reported at estimated fair value. We measured estimated fair value using an estimated sale price arrived at by assessing market response in the auction process in relation to valuation models provided by HighMount s financial advisors, which are Level 3 inputs of the fair value hierarchy. In the

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second quarter of 2014, we recognized an impairment charge of $259 million ($167 million after tax) related to the excess carrying value of HighMount over the estimated fair value, less costs to sell. We expect to incur exit and disposal costs, some of which are reflected in the impairment charge, including among others, severance and retention costs, lease termination costs, professional service and investment banking fees, and costs associated with closing derivative positions. Future period results will include certain of the exit and disposal costs as well as potential adjustments to the impairment charge, which could be positive or negative, reflecting the final sale price and transaction costs. The results of operations of HighMount have been reclassified as discontinued operations in the Consolidated Condensed Statements of Income for the three and six months ended June 30, 2014 and 2013.

Parent Company Structure

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

CRITICAL ACCOUNTING ESTIMATES

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

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

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

Insurance Reserves
Reinsurance and Other Receivables
Litigation
Valuation of Investments and Impairment of Securities
Long Term Care Products
Payout Annuity Contracts
Pension and Postretirement Benefit Obligations
Valuation of HighMount s Proved Reserves
Impairment of Long-Lived Assets
Goodwill

Income Taxes

Due to the inherent uncertainties involved with these types of judgments, actual results could differ significantly from estimates, which may have a material adverse impact on our results of operations or equity. See the Critical Accounting Estimates section and the Results of Operations by Business Segment CNA Financial Reserves Estimates and Uncertainties section of our MD&A included under Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2013 for further information.

RESULTS OF OPERATIONS BY BUSINESS SEGMENT

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

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CNA Financial

The following table summarizes the results of operations for CNA for the three and six months ended June 30, 2014 and 2013 as presented in Note 15 of the Notes to Consolidated Condensed Financial Statements included in Item 1 of this Report:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	**2014**	2013
(In millions)				
Revenues:				
Insurance premiums	**$ 1,811**	$ 1,800	**$ 3,617**	$ 3,564
Net investment income	**550**	534	**1,076**	1,125
Investment gains (losses)	**(14)**	(14)	**28**	5
Other	**93**	130	**182**	211
Total	**2,440**	2,450	**4,903**	4,905
Expenses:				
Insurance claims and policyholders benefits	**1,441**	1,485	**2,887**	2,881
Amortization of deferred acquisition costs	**335**	335	**664**	663
Other operating expenses	**253**	317	**596**	656
Interest	**46**	41	**90**	83
Total	**2,075**	2,178	**4,237**	4,283
Income before income tax	**365**	272	**666**	622
Income tax expense	**(103)**	(81)	**(182)**	(189)
Income from continuing operations	**262**	191	**484**	433
Discontinued operations, net	**6**	4	**(201)**	13
Net income	**268**	195	**283**	446
Amounts attributable to noncontrolling interests	**(28)**	(20)	**(29)**	(45)
Net income attributable to Loews Corporation	**$ 240**	$ 175	**$ 254**	$ 401

Three Months Ended June 30, 2014 Compared to 2013

Income from continuing operations increased $71 million for the three months ended June 30, 2014 as compared with the same period in 2013, due to improved current accident year underwriting results, a $50 million (after tax and noncontrolling interests) postretirement plan curtailment gain, improved results in the Life & Group Non-Core segment driven by the long term care business and lower catastrophe losses, partially offset by unfavorable net prior year development and a 2013 legal settlement benefit of $27 million (after tax and noncontrolling interests). See the Investments section of this MD&A for further discussion of net realized investment results and net investment income. Further information on net prior year development is included in Note 6 of the Notes to Consolidated Condensed Financial Statements included under Item 1.

Six Months Ended June 30, 2014 Compared to 2013

Income from continuing operations increased $51 million for the six months ended June 30, 2014 as compared with the same period in 2013, due to improved non-catastrophe current accident year underwriting results, a $50 million (after tax and noncontrolling interests) postretirement plan curtailment gain, increased net realized investment gains and improved results in the Life & Group long term care business, partially offset by lower net investment income, the unfavorable effect of net prior year development, higher catastrophe losses and a 2013 legal settlement benefit of $27 million (after tax and noncontrolling interests).

CNA Property and Casualty Insurance Operations

CNA s property and casualty insurance operations consist of professional, financial, specialty property and casualty products and services and commercial insurance and risk management products.

In the evaluation of the results of the property and casualty businesses, CNA utilizes the loss ratio, the expense ratio, the dividend ratio and the combined ratio. These ratios are calculated using GAAP financial results. The loss ratio is the percentage of net incurred claim and claim adjustment expenses to net earned premiums. The expense ratio is the percentage of insurance underwriting and acquisition expenses, including the amortization of deferred

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acquisition costs, to net earned premiums. The dividend ratio is the ratio of policyholders dividends incurred to net earned premiums. The combined ratio is the sum of the loss, expense and dividend ratios.

The following tables summarize the results of CNA s property and casualty operations for the three and six months ended June, 2014 and 2013:

Three Months Ended June 30, 2014	**CNA Specialty**	**CNA Commercial**	**Hardy**	**Total**
(In millions, except %)				
Net written premiums	**$ 742**	**$ 779**	**$ 133**	**$ 1,654**
Net earned premiums	**763**	**817**	**92**	**1,672**
Net investment income	**161**	**208**	**1**	**370**
Net operating income (loss)	**163**	**53**	**(4)**	**212**
Net realized investment losses	**(3)**	**(5)**	**(1)**	**(9)**
Net income (loss)	**160**	**48**	**(5)**	**203**
Ratios:				
Loss and loss adjustment expense	**55.8%**	**80.3%**	**56.2%**	**67.8%**
Expense	**30.5**	**34.4**	**46.7**	**33.3**
Dividend	**0.1**	**0.3**		**0.2**
Combined	**86.4%**	**115.0%**	**102.9%**	**101.3%**

Three Months Ended June 30, 2013				
Net written premiums	$ 756	$ 826	$ 138	$ 1,720
Net earned premiums	746	840	76	1,662
Net investment income	151	211	1	363
Net operating income (loss)	132	100	(2)	230
Net realized investment losses	(3)	(6)		(9)
Net income (loss)	129	94	(2)	221
Ratios:				
Loss and loss adjustment expense	60.6%	76.5%	53.9%	68.4%
Expense	29.7	34.9	44.5	32.9
Dividend	0.1	0.3		0.2
Combined	90.4%	111.7%	98.4%	101.5%

Six Months Ended June 30, 2014

Net written premiums	$ 1,538	$ 1,678	$ 205	$ 3,421
Net earned premiums	1,511	1,639	190	3,340
Net investment income	312	406	2	720
Net operating income	284	123	2	409
Net realized investment gains (losses)	4	2	(1)	5
Net income	288	125	1	414
Ratios:				
Loss and loss adjustment expense	60.0%	77.9%	47.2%	68.0%
Expense	30.2	34.2	47.5	33.2
Dividend	0.1	0.3		0.2
Combined	90.3%	112.4%	94.7%	101.4%

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Six Months Ended June 30, 2013	CNA Specialty	CNA Commercial	Hardy	Total
(In millions, except %)				
Net written premiums	$ 1,559	$ 1,744	$ 193	$ 3,496
Net earned premiums	1,469	1,677	140	3,286
Net investment income	321	461	2	784
Net operating income (loss)	258	213	(9)	462
Net realized investment gains (losses)	(1)	(4)	1	(4)
Net income (loss)	257	209	(8)	458
Ratios:				
Loss and loss adjustment expense	62.4%	74.1%	51.5%	67.9%
Expense	30.1	35.0	50.1	33.4
Dividend	0.2	0.2		0.2
Combined	92.7%	109.3%	101.6%	101.5%

Three Months Ended June 30, 2014 Compared to 2013

Net written premiums decreased $66 million for the three months ended June 30, 2014 as compared with the same period in 2013, primarily driven by underwriting actions taken in certain business classes and a decreased level of new business, partially offset by continued rate increases in CNA Commercial. Net earned premiums increased $10 million for the three months ended June 30, 2014 as compared with the same period in 2013, primarily driven by the increase in net written premiums over recent quarters for CNA Specialty and an increase at Hardy, partially offset by a decrease in CNA Commercial.

CNA Specialty s average rate increased 4% for the three months ended June 30, 2014 as compared with an increase of 6% for the three months ended June 30, 2013, for the policies that renewed in each period. Retention of 82% and 85% was achieved in each period. CNA Commercial s average rate increased 4% for the three months ended June 30, 2014 as compared with an increase of 9% for the three months ended June 30, 2013, for the policies that renewed in each period. Retention of 70% and 75% was achieved in each period. Hardy s average rate decreased 8% for the three months ended June 30, 2014 as compared with a decrease of 1% for the three months ended June 30, 2013 for the policies that renewed in each period. Retention of 67% and 69% was achieved in each period.

Net operating income decreased $18 million for the three months ended June 30, 2014 as compared with the same period in 2013. The decrease in net operating income was primarily due to higher unfavorable net prior year development in CNA Commercial and a 2013 legal settlement benefit of $27 million (after tax and noncontrolling interests), partially offset by improved underwriting results. Catastrophe losses were $33 million (after tax and noncontrolling interests) for the three months ended June 30, 2014 as compared to catastrophe losses of $38 million (after tax and noncontrolling interests) for the same period in 2013.

Unfavorable net prior year development of $22 million and favorable net prior year development of $10 million was recorded for the three months ended June 30, 2014 and 2013. The majority of the 2014 unfavorable development relates to business classes in CNA Commercial which CNA has exited, but also includes Small Business in CNA Commercial where CNA is taking underwriting actions in an effort to improve profitability. Further information on net prior year development is included in Note 6 of the Notes to Consolidated Condensed Financial Statements included under Item 1.

CNA Specialty s combined ratio decreased 4.0 points for the three months ended June 30, 2014 as compared with the same period in 2013. The loss ratio decreased 4.8 points, due primarily to an improved current accident year loss ratio, as well as increased favorable net prior year development.

CNA Commercial s combined ratio increased 3.3 points for the three months ended June 30, 2014 as compared with the same period in 2013. The loss ratio increased 3.8 points, primarily due to higher unfavorable net prior year development, partially offset by lower catastrophe losses and an improved non-catastrophe current accident year loss ratio.

Hardy s combined ratio increased 4.5 points for the three months ended June 30, 2014 as compared with the same period in 2013. The loss ratio increased 2.3 points due to deterioration in the current accident year loss ratio, including higher catastrophe losses, partially offset by lower unfavorable net prior year development. The expense ratio increased 2.2 points driven by integration costs and the effect of foreign currency exchange rates.

Six Months Ended June 30, 2014 Compared to 2013

Net written premiums decreased $75 million for the six months ended June 30, 2014 as compared with the same period in 2013, primarily driven by underwriting actions taken in certain business classes and a decreased level of new business in CNA Commercial, partially offset by continued rate increases in CNA Commercial and reduced reinsurance cost in Hardy. Net earned premiums increased $54 million for the six months ended June 30, 2014 as compared with the same period in 2013, primarily driven by the increase in net written premiums over recent quarters for CNA Specialty and an increase at Hardy, partially offset by a decrease in CNA Commercial.

CNA Specialty s average rate increased 4% for the six months ended June 30, 2014 as compared with an increase of 7% for the six months ended June 30, 2013, for the policies that renewed in each period. Retention of 83% and 85% was achieved in each period. CNA Commercial s average rate increased 5% for the six months ended June 30, 2014 as compared with an increase of 9% for the six months ended June 30, 2013, for the policies that renewed in each period. Retention of 73% and 76% was achieved in each period. Hardy s average rate decreased 5% for the six months ended June 30, 2014 as compared with a flat rate for the six months ended June 30, 2013 for the policies that renewed in the period. Retention of 72% and 70% was achieved in each period.

Net operating income decreased $53 million for the six months ended June 30, 2014 as compared with the same period in 2013. The decrease in net operating income was primarily due to higher unfavorable net prior year development in CNA Commercial, lower net investment income and a 2013 legal settlement benefit of $27 million (after tax and noncontrolling interests) in CNA Commercial, partially offset by improved underwriting results. Catastrophe losses were $76 million (after tax and noncontrolling interests) for the six months ended June 30, 2014 as compared to catastrophe losses of $61 million (after tax and noncontrolling interests) for the same period in 2013.

Unfavorable net prior year development of $16 million and favorable net prior year development of $51 million was recorded for the six months ended June 30, 2014 and 2013. The 2014 unfavorable development is primarily due to the reasons discussed in the three month comparison above. Further information on net prior year development is included in Note 6 of the Notes to Consolidated Condensed Financial Statements included under Item 1.

CNA Specialty s combined ratio decreased 2.4 points for the six months ended June 30, 2014 as compared with the same period in 2013. The loss ratio decreased 2.4 points, due to an improved non-catastrophe current accident year loss ratio, partially offset by higher catastrophe losses.

CNA Commercial s combined ratio increased 3.1 points for the six months ended June 30, 2014 as compared with the same period in 2013. The loss ratio increased 3.8 points, primarily due to higher unfavorable net prior year development and higher catastrophe losses, partially offset by an improved non-catastrophe current accident year loss ratio.

Hardy s combined ratio improved 6.9 points for the six months ended June 30, 2014 as compared with the same period in 2013. The loss ratio improved 4.3 points, due to lower unfavorable net prior year development, partially offset by deterioration in the current accident year loss ratio. The expense ratio improved 2.6 points, primarily due to a higher net earned premium base.

Life & Group Non-Core and Other Operations

Life & Group Non-Core primarily includes the results of CNA s individual and group long term care business, as well as closed blocks of structured settlement liabilities, group accident and health reinsurance and life settlement contracts. These businesses are being managed as a run-off operation. CNA s group long term care business, while considered non-core, continues to accept new employees in existing groups. Other primarily includes certain CNA corporate expenses, including interest on corporate debt and the results of certain property and casualty business in run-off, including CNA Re and asbestos and environmental pollution (A&EP).

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The following tables summarize the results of CNA s Life & Group Non-Core and Other operations for the three and six months ended June 30, 2014 and 2013:

	Life & Group		
Three Months Ended June 30, 2014	**Non-Core**	**Other**	**Total**
(In millions)			
Net earned premiums	**$ 139**		**$ 139**
Net investment income	**173**	**$ 7**	**180**
Net operating income	**9**	**23**	**32**
Net realized investment gains (losses)	**(3)**	**3**	**-**
Net income from continuing operations	**6**	**26**	**32**
Three Months Ended June 30, 2013			
Net earned premiums	$ 138		$ 138
Net investment income	163	$ 8	171
Net operating loss	(36)	(14)	(50)
Net realized investment gains		1	1
Net loss from continuing operations	(36)	(13)	(49)
Six Months Ended June 30, 2014			
Net earned premiums	**$ 278**		**$ 278**
Net investment income	**344**	**$ 12**	**356**
Net operating income	**7**	**4**	**11**
Net realized investment gains	**6**	**4**	**10**
Net income from continuing operations	**13**	**8**	**21**
Six Months Ended June 30, 2013			
Net earned premiums	$ 279		$ 279
Net investment income	325	$ 16	341
Net operating loss	(42)	(34)	(76)
Net realized investment gains	6	2	8
Net loss from continuing operations	(36)	(32)	(68)

Three Months Ended June 30, 2014 Compared to 2013

Results from continuing operations increased $81 million for the three months ended June 30, 2014 as compared with the same period in 2013, primarily driven by CNA s long term care business which benefited from favorable morbidity and persistency, rate increase actions, higher net investment income driven by a higher invested asset base and a gain on a life settlement contract in 2014. In addition, results in 2014 included a $50 million (after tax and noncontrolling interests) gain related to a postretirement plan curtailment as further discussed in Note 10 of the Notes to Consolidated Condensed Financial Statements included under Item 1. These favorable items were partially offset by higher interest expense from a new debt issuance in February 2014 in advance of the December 2014 maturity of CNA s existing debt and a 2013 release of an allowance established for officer notes receivable.

Six Months Ended June 30, 2014 Compared to 2013

Results from continuing operations increased $89 million for the six months ended June 30, 2014 as compared with the same period in 2013, primarily due to the same reasons discussed above for the three month comparison. CNA s long term care business benefited from favorable persistency, rate increase actions and favorable morbidity.

Diamond Offshore

Diamond Offshore provides contract drilling services to the energy industry around the world with a fleet of 44 offshore drilling rigs, including five rigs under construction. The recently completed deepwater floater *Ocean Onyx* has been working under a one-year contract in the U.S. Gulf of Mexico since mid-January 2014 and the ultra-deepwater drillship *Ocean BlackHawk* recently began drilling operations under a five-year contract in the Gulf of Mexico. During the latter half of 2014, Diamond Offshore expects to take delivery of two additional ultra-deepwater drillships, the *Ocean BlackHornet* and *Ocean BlackRhino*, as well as the deepwater floater *Ocean Apex*. The remaining ultra-deepwater drillship, the *Ocean BlackLion*, and the harsh environment, ultra-deepwater semisubmersible *Ocean GreatWhite* are expected to be delivered in 2015 and 2016. Of these rigs, the *Ocean BlackLion* is not yet contracted.

The North Sea enhancement project for the *Ocean Patriot* was completed late in the second quarter of 2014 and the rig is en route to England, where the rig will make final preparations for its three year contract in the North Sea, which is expected to commence in the fourth quarter of 2014. The *Ocean Confidence* is currently undergoing a service-life-extension project in the Canary Islands, which is expected to keep the rig out of drilling service until early in the second quarter of 2015. Diamond Offshore transferred nine months of contracted backlog from the *Ocean Confidence* to its third newbuild drillship, the *Ocean BlackRhino*, which is expected to commence in early 2015 in the Gulf of Mexico.

Floater markets, in general, continue to weaken, and industry analysts predict that a depressed market will continue at least through 2015. Newbuild rig deliveries and established rigs coming off contract continue to fuel an oversupply of floaters in both the ultra-deepwater and deepwater markets. The oversupply of rigs, exacerbated by cutbacks and/or delays in customer drilling programs, has led to fierce competition for a limited number of jobs resulting in lower contracted dayrates, the execution of shorter term contracts and, in some cases, the idling of rigs. There have been few bidding opportunities during the first half of 2014, and the outlook for the remainder of the year and into 2015 is generally pessimistic. Dayrates may decline further, as some industry analysts predict that lower rates may be exchanged for utilization of newbuilds and higher specification rigs.

The market for deepwater floaters has continued to trend downward in tandem with the ultra-deepwater market. Demand in this market is intermittent with limited bidding opportunities. As a result, multiple existing rigs face pockets of idle time in 2014 and 2015 and newbuild rigs may also have challenges securing work. Dayrates have also declined compared to prior peak markets and are projected by industry analysts to continue to soften in 2014.

Conditions in the mid-water market vary by region. Market analysts predict further decline in contracted dayrates in most geographic markets. Frontier markets across Southeast Asia and South America, including Colombia, Myanmar, Nicaragua, Peru and Trinidad and Tobago, remain areas of future possible market demand. Certain of Diamond Offshore s rigs are either currently working or contracted for future work in Colombia and Trinidad and Tobago, however, future opportunities in these areas are not expected to emerge quickly.

Based on industry data, nine newbuild floaters were ordered since the beginning of 2014, adding to the supply of rigs competing in the offshore drilling market. There are approximately 65 competitive or non-owner operated newbuild floaters on order and in addition, an estimated 29 rigs potentially to be built on behalf of Petróleo Brasileiro S.A., (Petrobas) which is currently Diamond Offshore s largest single customer based on annual consolidated revenues. Of the competitive rigs, 26 of the 47 newbuilds scheduled for delivery in the second half of 2014 through 2015, including one of Diamond Offshore s drillships that is expected to be delivered in 2015, as well as over half of the 11 newbuilds scheduled for delivery in 2016, are not yet contracted for future work. Six of the seven newbuilds on order with an estimated delivery in 2017 have not yet been contracted. The influx of newbuilds into the market, combined with established rigs coming off contract in 2014 and 2015, is expected to contribute to the further weakening of the ultra-deepwater and deepwater floater markets.

In addition, the offshore drilling industry is challenged by growing regulatory demands and more complex customer specifications, which could disadvantage the marketability of some lower specification rigs. Customer focus on completing existing projects, possible reduction or deferral of new investment, reallocation of budgets away from offshore projects and particular customer requirements in certain markets could also displace or reduce demand and result in the migration of some ultra-deepwater rigs to work in deepwater and, likewise, some deepwater rigs to compete against mid-water rigs.

Impact of changes in tax laws, their interpretation and enforcement

Diamond Offshore operates through various subsidiaries in a number of countries throughout the world. As a result, it is subject to highly complex tax laws, treaties and regulations in the jurisdictions in which it operates, which may change and are subject to interpretation. Changes in laws, treaties and regulations and the interpretation or enforcement of such laws, treaties and regulations may put Diamond Offshore at risk for future tax assessments and liabilities which could be substantial and could have a material adverse effect on its financial condition, results of operations and cash flows. Refer to Notes 7 and 13 of the Notes to Consolidated Condensed Financial Statements included under Item 1 for additional information.

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Contract Drilling Backlog

The following table reflects Diamond Offshore s contract drilling backlog as of July 23, 2014 and February 5, 2014 (the date reported in our Annual Report on Form 10-K for the year ended December 31, 2013). Contract drilling backlog as presented below includes only firm commitments (typically represented by signed contracts) and is calculated by multiplying the contracted operating dayrate by the firm contract period and adding one half of any potential rig performance bonuses. Diamond Offshore s calculation also assumes full utilization of its drilling equipment for the contract period (excluding scheduled shipyard and survey days); however, the amount of actual revenue earned and the actual periods during which revenues are earned will be different than the amounts and periods shown in the tables below due to various factors. Utilization rates, which generally approach 92% - 98% during contracted periods, can be adversely impacted by downtime due to various operating factors including, but not limited to, weather conditions and unscheduled repairs and maintenance. Contract drilling backlog excludes revenues for mobilization, demobilization, contract preparation and customer reimbursables. No revenue is generally earned during periods of downtime for regulatory surveys. Changes in Diamond Offshore s contract drilling backlog between periods are generally a function of the performance of work on term contracts, as well as the extension or modification of existing term contracts and the execution of additional contracts.

Contract drilling backlog for mid-water floaters no longer includes an aggregate of approximately $107 million in previously reported backlog for the third quarter of 2014 through 2015, associated with a customer s termination of its contract for the mid-water semisubmersible *Ocean Vanguard*. The contract which provided for a dayrate of approximately $454,000 was estimated to conclude in accordance with its terms in late February of 2015. Diamond Offshore disputes the customer s basis for terminating the contract and intends to defend its rights under the contract.

(In millions)	**July 23, 2014**	February 5, 2014
Floaters:		
Ultra-Deepwater (a)	**$ 3,751**	$ 4,111
Deepwater (b)	**901**	794
Mid-Water (c)	**1,375**	1,744
Total Floaters	**6,027**	6,649
Jack-ups	**216**	180
Total	**$ 6,243**	$ 6,829

(a) As of July 23, 2014, for ultra-deepwater floaters includes (i) $545 million attributable to contracted operations offshore Brazil for the years 2014 to 2015, (ii) $904 million attributable to future work for the *Ocean BlackHornet* which is under construction, for the years 2014 to 2020, (iii) $146 million attributable to future work for the *Ocean BlackRhino* which is under construction, for 2015 and (iv) $641 million attributable to future work for the *Ocean GreatWhite* which is also under construction, for the years 2016 to 2020.

(b) As of July 23, 2014, for deepwater floaters includes (i) $275 million attributable to contracted operations offshore Brazil for the years 2014 to 2016 and (ii) $36 million in 2015 attributable to future work for the *Ocean Apex* which is under construction.

(c) As of July 23, 2014, for mid-water floaters includes $237 million attributable to contracted operations offshore Brazil for the years 2014 to 2015.

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The following table reflects the amount of Diamond Offshore s contract drilling backlog by year as of July 23, 2014:

Year Ended December 31	**Total**	**2014 (a)**	**2015**	**2016**	**2017 - 2020**
(In millions)					
Floaters:					
Ultra-Deepwater (b)	**$ 3,751**	**$ 552**	**$ 1,191**	**$ 499**	**$ 1,509**
Deepwater (c)	**901**	**256**	**401**	**208**	**36**
Mid-Water (d)	**1,375**	**464**	**503**	**218**	**190**
Total Floaters	**6,027**	**1,272**	**2,095**	**925**	**1,735**
Jack-ups	**216**	**75**	**109**	**32**	
Total	**$ 6,243**	**$ 1,347**	**$ 2,204**	**$ 957**	**$ 1,735**

(a) Represents a six month period beginning July 1, 2014.
(b) As of July 23, 2014, for ultra-deepwater floaters includes (i) $221 million and $324 million for the years 2014 and 2015 attributable to contracted operations offshore Brazil, (ii) $180 and $181 million for the years 2015 and 2016 and $543 million in the aggregate for the years 2017 to 2020 attributable to future work for the *Ocean BlackHornet* which is under construction, (iii) $146 million for 2015 attributable to future work for the *Ocean BlackRhino* which is under construction and (iv) $107 million for the year 2016 and $534 million in the aggregate for the years 2017 to 2020 attributable to future work for the *Ocean GreatWhite* which is under construction.
(c) As of July 23, 2014, for deepwater floaters includes $79 million, $134 million and $62 million for the years 2014 to 2016, attributable to contracted operations offshore Brazil and (ii) $36 million in 2015 attributable to future work for the *Ocean Apex* which is under construction.
(d) As of July 23, 2014, for mid-water floaters includes $158 million and $79 million for the years 2014 and 2015 attributable to contracted operations offshore Brazil.

The following table reflects the percentage of rig days committed by year as of July 23, 2014. The percentage of rig days committed is calculated as the ratio of total days committed under contracts, as well as scheduled shipyard, survey and mobilization days for all rigs in Diamond Offshore s fleet, to total available days (number of rigs multiplied by the number of days in a particular year). Total available days have been calculated based on the expected final commissioning dates for rigs under construction.

Year Ended December 31	**2014 (a) (b)**	**2015 (b)**	**2016 (b)**	**2017 2020**
Floaters:				
Ultra-Deepwater	**87%**	**67%**	**26%**	**20%**
Deepwater	**57%**	**39%**	**21%**	**1%**
Mid-Water	**58%**	**28%**	**12%**	**4%**

Total Floaters	**66%**	**42%**	**18%**	**9%**
Jack-ups	**62%**	**39%**	**11%**	

(a) Represents a six month period beginning July 1, 2014.

(b) As of July 23, 2014, includes approximately 503, 40 and 238 currently known, scheduled shipyard days for rig commissioning, contract preparation, surveys, and extended maintenance projects, as well as rig mobilization days for 2014, 2015 and 2016.

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Dayrate and Utilization Statistics

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	**2014**	2013
Revenue earning days (a)				
Floaters:				
Ultra-Deepwater	**420**	672	**933**	1,198
Deepwater	**281**	451	**624**	873
Mid-Water	**1,107**	1,058	**2,136**	2,099
Jack-ups	**464**	469	**965**	918
Utilization (b)				
Floaters:				
Ultra-Deepwater	**51%**	92%	**58%**	83%
Deepwater	**51%**	99%	**58%**	97%
Mid-Water	**68%**	65%	**66%**	64%
Jack-ups	**74%**	74%	**77%**	72%
Average daily revenue (c)				
Floaters:				
Ultra-Deepwater	**$ 402,800**	$ 341,800	**$ 394,100**	$ 350,000
Deepwater	**418,400**	408,600	**418,300**	399,200
Mid-Water	**265,600**	271,300	**270,700**	266,500
Jack-ups	**96,700**	88,400	**94,800**	86,800

(a) A revenue earning day is defined as a 24-hour period during which a rig earns a dayrate after commencement of operations and excludes mobilization, demobilization and contract preparation days.

(b) Utilization is calculated as the ratio of total revenue earning days divided by the total calendar days in the period for all rigs in Diamond Offshore s fleet (including cold stacked rigs).

(c) Average daily revenue is defined as contract drilling revenue (excluding revenue for mobilization, demobilization and contract preparation) per revenue earning day.

Results of Operations

The following table summarizes the results of operations for Diamond Offshore for the three and six months ended June 30, 2014 and 2013 as presented in Note 15 of the Notes to Consolidated Condensed Financial Statements included in Item 1 of this Report:

	Three Months Ended	Six Months Ended

(In millions)	June 30, 2014	2013	June 30, 2014	2013
Revenues:				
Contract drilling revenues	**$ 650**	$ 745	**$ 1,335**	$ 1,445
Net investment income	**1**		**1**	1
Other	**50**	15	**75**	46
Total	**701**	760	**1,411**	1,492
Expenses:				
Contract drilling expenses	**395**	369	**765**	744
Other operating expenses	**175**	126	**329**	270
Interest	**19**	8	**37**	16
Total	**589**	503	**1,131**	1,030
Income before income tax	**112**	257	**280**	462
Income tax expense	**(26)**	(78)	**(53)**	(114)
Amounts attributable to noncontrolling interests	**(44)**	(92)	**(116)**	(179)
Net income attributable to Loews Corporation	**$ 42**	$ 87	**$ 111**	$ 169

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Three Months Ended June 30, 2014 Compared to 2013

Contract drilling revenue decreased $95 million for the three months ended June 30, 2014 as compared with the 2013 period, and contract drilling expense increased $26 million during the same period. Contract drilling revenue decreased primarily due to fewer revenue earning days from ultra-deepwater and deepwater floaters, partially offset by an overall increase in revenue from mid-water floaters and jack-up rigs. The increase in contract drilling expense is primarily due to increased costs for rig repairs and maintenance, rig mobilizations and regulatory inspections.

Revenue generated by ultra-deepwater floaters decreased $48 million during the three months ended June 30, 2014 as compared with the 2013 period primarily due to a decrease in utilization of $86 million, partially offset by higher average daily revenue of $26 million and $11 million of revenue recognized under a settlement agreement with a customer. Revenue earning days decreased primarily due to downtime associated with planned shipyard projects and inspections and unplanned downtime between contracts. The increase in average daily revenue is primarily due to a contract extension for the *Ocean Rover* at a significantly higher dayrate than previously earned.

Revenue generated by deepwater floaters decreased $64 million during the three months ended June 30, 2014 as compared with the 2013 period primarily due to lower utilization of $69 million, partially offset by higher average daily revenue of $3 million and recognition of $3 million in deferred revenue associated with rig mobilizations and capital upgrades. The decrease in revenue earning days was the result of incremental unplanned downtime associated with the warm stacking of rigs between contracts and scheduled downtime for surveys, partially offset by revenue earning days for the *Ocean Onyx* which was placed into service in January of 2014.

Revenue generated by mid-water floaters increased $12 million during the three months ended June 30, 2014 as compared with the 2013 period primarily due to higher utilization of $13 million and $4 million of revenue recognized under a settlement agreement with a customer, partially offset by a decrease in average daily revenue of $6 million. The increase in revenue earning days reflects reduced downtime for shipyard inspections, projects and downtime between contracts, partially offset by planned downtime for the *Ocean Patriot* s North Sea enhancement project and unplanned downtime for the *Ocean Vanguard* as a result of early termination of its contract. The decrease in average daily revenue reflects most mid-water floaters working at lower dayrates than previously earned during the same period in 2013, excluding Diamond Offshore s North Sea rigs.

Revenue earned by jack-up rigs increased $5 million during the three months ended June 30, 2014 as compared with the same period in 2013 primarily due to several rigs operating at higher dayrates than previously earned during the same period in 2013.

Net income decreased $45 million during the three months ended June 30, 2014 as compared with the 2013 period reflecting the decrease in revenue and increase in contract drilling expense as discussed above, higher general and administrative expense reflecting higher compensation costs and professional fees, an increase in depreciation expense due to a larger depreciable asset base which included the *Ocean Onyx* and the *Ocean BlackHawk*, placed in service in the first quarter of 2014, as well as an increase in interest expense related to the $1.0 billion of senior unsecured notes issued in November of 2013. These unfavorable results were partially offset by a $9 million gain ($3 million after tax and noncontrolling interests) recognized on the sale of the previously held for sale jack-up rig *Ocean Spartan* during the three months ended June 30, 2014.

Diamond Offshore s effective tax rate decreased for the three months ended June 30, 2014 as compared with the 2013 period primarily as a result of differences in the mix of Diamond Offshore s domestic and international pretax earnings and losses. The 2013 period also included $9 million of income tax expense to close several prior tax years in Mexico.

Six Months Ended June 30, 2014 Compared to 2013

Contract drilling revenue decreased $110 million for the six months ended June 30, 2014 as compared with the 2013 period, and contract drilling expense increased $21 million during the same period. Contract drilling revenue decreased primarily due to fewer revenue earning days from ultra-deepwater and deepwater floaters, partially offset by an overall increase in average daily revenue. The increase in contract drilling expense is primarily due to higher costs associated with labor and personnel, rig repairs and maintenance, rig mobilization and inspections, partially offset by lower freight costs and agency fees.

Revenue generated by ultra-deepwater floaters decreased $34 million during the six months ended June 30, 2014 as compared with the 2013 period as a result of a decrease in utilization of $93 million, partially offset by higher average daily revenue earned of $41 million and $11 million of revenue recognized under a settlement agreement with a customer. The reduction in revenue earning days is primarily due to incremental downtime for inspections and shipyard projects, including the *Ocean Confidence* life-extension project, downtime in between contracts and rig mobilizations, partially offset by incremental revenue earnings days for the *Ocean BlackHawk* which was placed in service in the first quarter of 2014. Average daily revenue increased primarily due to several rigs operating under higher dayrates during the six months ended June 30, 2014 as compared to the same period in 2013.

Revenue generated by deepwater floaters decreased $82 million during the six months ended June 30, 2014 as compared with the 2013 period due to lower utilization of $100 million, partially offset by higher average daily revenue of $12 million and recognition of $6 million in mobilization and contract preparation revenue. The decrease in revenue earning days was the result of incremental scheduled downtime for surveys and shipyard projects combined with unplanned downtime associated with the warm stacking of rigs between contracts, partially offset by revenue earning days for the *Ocean Onyx* which was placed into service in January of 2014. Average daily revenue increased during the six months ended June 30, 2014 primarily due to the *Ocean America* working at significantly higher dayrates than those earned during the same period in 2013.

Revenue generated by mid-water floaters decreased $7 million during the six months ended June 30, 2014 as compared with the 2013 period due to lower mobilization and contract preparation revenue of $30 million, partially offset by higher utilization of $10 million, an increase in average daily revenue of $9 million, and $4 million of revenue recognized under a settlement agreement with a customer. The increase in revenue earning days reflects the net impact of less downtime for repairs, regulatory inspections and rig mobilizations, partially offset by an increase in downtime associated with *the Ocean Patriot s* North Sea enhancement project. The increase in average daily revenue earned primarily reflects higher contracted dayrates earned by several rigs during the six months ended June 30, 2014 as compared with the same period in 2013.

Revenue earned by jack-up rigs increased $13 million during the six months ended June 30, 2014 as compared with the same period in 2013 primarily due to utilization of a rig which was warm stacked during the 2013 period.

Net income decreased $58 million during the six months ended June 30, 2014 as compared with the 2013 period reflecting the decrease in revenue, increase in contract drilling expense, higher general and administrative expense and depreciation expense as well as an increase in interest expense, partially offset by a gain on the sale of the *Ocean Spartan* as discussed above.

Diamond Offshore s effective tax rate decreased for the six months ended June 30, 2014 as compared with the 2013 period primarily as a result of differences in the mix of Diamond Offshore s domestic and international pretax earnings and losses. The 2014 period includes the settlement of certain disputes in Egypt for the years 2006 through 2008 for $6 million, resulting in a net reduction to income tax expense of $17 million. The 2013 period included the impact of The American Taxpayer Relief Act of 2012, which reduced income tax expense by $28 million, partially offset by a $9 million increase in income tax expense to close prior tax years in Mexico.

Boardwalk Pipeline

Boardwalk Pipeline derives revenues primarily from the transportation and storage of natural gas and natural gas liquids (NGLs) and gathering and processing of natural gas for third parties. Transportation services consist of firm natural gas transportation, where the customer pays a capacity reservation charge to reserve pipeline capacity at certain receipt and delivery points along pipeline systems, plus a commodity and fuel charge on the volume of natural gas actually transported, and interruptible natural gas transportation, where the customer pays to transport gas only when capacity is available and used. Boardwalk Pipeline offers firm natural gas storage services in which the customer reserves and pays for a specific amount of storage capacity, including injection and withdrawal rights, and interruptible storage and parking and lending (PAL) services where the customer receives and pays for capacity only when it is available and used. Boardwalk Pipeline s NGL contracts are generally fee-based and are dependent on actual volumes transported or stored, although in some cases minimum volume requirements apply. Boardwalk Pipeline s NGL storage rates are market based and contracts are typically fixed price arrangements with escalation clauses. Boardwalk Pipeline sells minor amounts of surplus propane, and periodically sells surplus ethylene, at market prices available at the time of sale. Boardwalk Pipeline is not in the business of buying and selling natural gas other than for system management purposes, but changes in the level of natural gas prices may impact the volumes of gas transported and stored on its pipeline systems. Boardwalk Pipeline s operating costs and expenses typically do not vary significantly based upon the amount of products transported, with the exception of fuel consumed at its compressor stations.

Boardwalk Pipeline provides natural gas transportation services to customers that are directly connected to its pipeline system and, through interconnects with third-party pipelines, to customers that are not directly connected to its system. Transportation rates that Boardwalk Pipeline is able to charge customers are heavily influenced by longer term trends in, for example, the amount and geographical location of natural gas production and demand for gas by end-users such as power plants, petrochemical facilities and liquefied natural gas (LNG) export facilities. As a result of changes in longer term trends such as the development of gas production from the Marcellus and Utica areas and changes to related pipeline infrastructure, basis differentials corresponding to traditional flow patterns on Boardwalk Pipeline s pipeline systems (generally south to north and west to east) have narrowed significantly in recent years, reducing the transportation rates and adversely impacting other contract terms that can be negotiated with customers for available transportation capacity and for contracts due for renewal for Boardwalk Pipeline s transportation services, which has materially adversely affected Boardwalk Pipeline s revenues, earnings and distributable cash flow.

A substantial portion of Boardwalk Pipeline s transportation capacity is contracted for under firm transportation agreements. Each year a portion of Boardwalk Pipeline s firm transportation agreements expire and need to be renewed or replaced. Due to the factors noted above and discussed further in the Results of Operations by Business Segment Boardwalk Pipeline of our Annual Report on Form 10-K for the year ended December 31, 2013, in recent periods Boardwalk Pipeline has generally seen the renewal of expiring contracts at lower rates and for shorter terms than in the past which has materially adversely impacted firm and interruptible transportation revenues. Capacity not renewed and available for sale on a short term basis has been and continues to be sold at rates reflective of basis spreads, which generally have been lower than historical rates, under short term firm or interruptible contracts, or in some cases not sold at all. Rates for short term and interruptible transportation services are influenced by the factors discussed above but can be more heavily affected by shorter term conditions such as current and forecasted weather. For example, the extremely cold weather across the eastern and Midwestern United States in the first half of 2014 positively impacted the revenues Boardwalk Pipeline earned from its short term firm and interruptible transportation services.

Boardwalk Pipeline is beginning to experience an increase in demand to transport gas from north to south instead of south to north as has traditionally been seen, as a result of projected increases in gas production from primarily the Marcellus and Utica areas and growing demand for natural gas primarily in the Gulf Coast area from new and planned power plants, petrochemical facilities and LNG export facilities. This new flow pattern is resulting in potential growth project opportunities that will require significant capital expenditures to make parts of Boardwalk Pipeline s system bi-directional, and in many instances, will utilize available pipeline capacity.

The value of Boardwalk Pipeline s storage and PAL services (comprised of parking gas for customers and/or lending gas to customers) is affected by natural gas price differentials between time periods, such as winter to summer (time period price spreads), the price volatility of natural gas and other factors. Boardwalk Pipeline s storage and parking services have greater value when the natural gas futures market is in contango (a positive time period price spread), while Boardwalk Pipeline s lending service has greater value when the futures market is backwardated (a negative time period price spread). Boardwalk Pipeline has seen the value of its storage and PAL services adversely impacted by some of the market factors discussed above which have contributed to a narrowing of time period price spreads. The narrowing of spreads has reduced the rates Boardwalk Pipeline can charge and the capacity it can sell under storage and PAL services. Although during the first half of 2014, the futures market was significantly backwardated, partly reflecting the harsh weather conditions in late 2013 and early 2014, and Boardwalk Pipeline earned revenues from lending gas to customers under PAL services, the favorable price spreads have since lessened. Storage market fundamentals can be volatile in a relatively short period of time. Based on the current narrowing of time period price spreads and fewer market participants, Boardwalk Pipeline is currently experiencing weakened demand for its storage and PAL services.

Bluegrass Project

As discussed in Note 2 of the Notes to Consolidated Financial Statements in the Company s Annual Report on Form 10-K for the year ended December 31, 2013, Boardwalk Pipeline executed a series of agreements in 2013 with The Williams Companies, Inc. to develop the Bluegrass Project, a joint venture project that would develop a pipeline to transport natural gas liquids. The open season for capacity on the pipeline ended in the first quarter of 2014, and although discussions with potential customers continued throughout the first quarter, Boardwalk Pipeline was unable to obtain sufficient firm customer commitments to support the project. Further, delays in the development of the project and other factors have resulted in escalations in the estimated costs to complete the project. Considering these factors, we and Boardwalk Pipeline determined we would no longer make capital investments in the Bluegrass Project. As a result, in the first quarter of 2014, we expensed the previously capitalized project costs that had been incurred, resulting in a charge of $94 million ($55 million after tax and noncontrolling interests), inclusive of a $10 million charge recorded by Boardwalk Pipeline Partners, LP.

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Results of Operations

The following table summarizes the results of operations for Boardwalk Pipeline for the three and six months ended June 30, 2014 and 2013 as presented in Note 15 of the Notes to Consolidated Condensed Financial Statements included under Item 1 of this Report:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	**2014**	2013
(In millions)				
Revenues:				
Other revenue, primarily operating	**$ 295**	$ 304	**$ 652**	$ 633
Total	**295**	304	**652**	633
Expenses:				
Operating	**201**	196	**494**	386
Interest	**40**	41	**81**	81
Total	**241**	237	**575**	467
Income before income tax	**54**	67	**77**	166
Income tax (expense) benefit	**(10)**	(14)	**1**	(36)
Amounts attributable to noncontrolling interests	**(27)**	(31)	**(79)**	(75)
Net income (loss) attributable to Loews Corporation	**$ 17**	$ 22	**$ (1)**	$ 55

Three Months Ended June 30, 2014 Compared to 2013

Total revenues decreased $9 million for the three months ended June 30, 2014, compared to the same period in 2013. This decrease is primarily due to lower firm transportation revenues due to the effects of contract renewals and market conditions discussed above. Storage and PAL revenues were lower by $3 million as a result of the effects of unfavorable market conditions on time period price spreads. The 2013 period was favorably impacted by a $17 million gain from the sale of storage gas. The decrease in revenues was partially offset by an $8 million increase in transportation and other revenues from growth projects recently placed into service and the continued impact from the colder than normal winter weather in Boardwalk Pipeline s market areas.

Operating expenses increased $5 million for the three months ended June 30, 2014, compared to the same period in 2013. This increase is primarily due to a $2 million increase in fuel expense primarily due to higher natural gas prices, a $2 million increase in depreciation expense primarily due to an increase in the asset base and a $2 million increase in general and administrative costs due to higher employee related costs.

Net income for the three months ended June 30, 2014 decreased $5 million as compared with the 2013 period reflecting lower revenues and increased operating expenses as discussed above.

Six Months Ended June 30, 2014 Compared to 2013

Total revenues increased $19 million for the six months ended June 30, 2014, compared to the same period in 2013. This increase is primarily due to a $34 million increase in transportation and other revenues generally due to the colder than normal winter weather in Boardwalk Pipeline s market areas and growth projects which were recently placed into service, partially offset by lower firm transportation revenues due to the effects of the market and contract renewal conditions discussed above. Storage and PAL revenues were lower by $1 million as a result of the effects of unfavorable market conditions on time period price spreads. The 2013 period was favorably impacted by a $17 million gain from the sale of storage gas.

Operating expenses increased $108 million for the six months ended June 30, 2014, compared to the same period in 2013. This increase is primarily due to a charge of $94 million to write off previously capitalized costs incurred for the Bluegrass Project, a $9 million increase in fuel expense primarily due to higher natural gas prices and a $5 million increase in depreciation expense primarily due to an increase in the asset base.

Net results for the six months ended June 30, 2014 decreased $56 million as compared with the 2013 period primarily reflecting the Bluegrass Project related charge, partially offset by higher revenues as discussed above.

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Loews Hotels

Recent Acquisitions

In 2014, Loews Hotels added three properties to its portfolio. Loews Hotels has a joint venture interest in the Cabana Bay Beach Resort, an 1,800 guestroom hotel at Universal Orlando, Florida, which opened in March of 2014. In July of 2014, Loews Hotels purchased the Loews Chicago O Hare Hotel, a 556 guestroom hotel, and the Loews Minneapolis Hotel, a 255 guestroom hotel. Construction continues on the Loews Chicago Hotel, a 400 guestroom hotel, which Loews Hotels agreed to purchase upon completion of development, expected to occur in late 2014. The Loews Chicago Hotel is planned to open in early 2015.

Results of Operations

The following table summarizes the results of operations for Loews Hotels for the three and six months ended June 30, 2014 and 2013 as presented in Note 15 of the Notes to Consolidated Condensed Financial Statements included in Item 1 of this Report:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	**2014**	2013
(In millions)				
Revenues:				
Operating revenue	**$ 93**	$ 89	**$ 178**	$ 170
Revenues related to reimbursable expenses	**19**	12	**39**	25
Total	**112**	101	**217**	195
Expenses:				
Other operating expenses				
Operating	**79**	80	**156**	159
Reimbursable expenses	**19**	12	**39**	25
Depreciation	**8**	10	**16**	18
Equity income from joint ventures	**(5)**	(6)	**(11)**	(15)
Interest	**2**	3	**3**	6
Total	**103**	99	**203**	193
Income before income tax	**9**	2	**14**	2
Income tax expense	**(4)**	(1)	**(6)**	(1)
Net income attributable to Loews Corporation	**$ 5**	$ 1	**$ 8**	$ 1

EBITDA	**$**	**19**	$	15	**$**	**33**	$	26

Earnings before interest, tax, depreciation and amortization (EBITDA) is an indicator of operating performance used by Loews Hotels to measure its ability to service debt, fund capital expenditures and expand its business. EBITDA is a non-GAAP financial measure that is not meant to replace net income as defined by GAAP. The following table reconciles EBITDA to Net income attributable to Loews Corporation for the three and six months ended June 30, 2014 and 2013:

	Three Months Ended June 30,				**Six Months Ended June 30,**			
		2014		2013		**2014**		2013
(In millions)								
EBITDA	**$**	**19**	$	15	**$**	**33**	$	26
Depreciation		**(8)**		(10)		**(16)**		(18)
Interest		**(2)**		(3)		**(3)**		(6)
Income tax expense		**(4)**		(1)		**(6)**		(1)
Net income attributable to Loews Corporation	**$**	**5**	$	1	**$**	**8**	$	1

Results of operations for the three and six months ended June 30, 2014 and 2013 include the impact of the 2013 closure of the Loews Regency Hotel for renovation and the addition of the Loews Madison Hotel and the Loews Boston Hotel in 2013. In July of 2013, partial equity interests in the Loews Madison Hotel and the Loews Boston Hotel were sold. Upon the sale of the equity interests, Loews Hotels share of earnings for these hotels is included in Equity income from joint ventures.

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Reimbursable expenses relate mainly to payroll incurred by Loews Hotels on behalf of the owners of joint venture and managed hotel properties.

Operating revenues increased $4 million and $8 million for the three and six months ended June 30, 2014 as compared to the 2013 periods, primarily due to the Loews Regency Hotel, which was closed for renovation in 2013, partially offset by the impact of the changes in ownership for the Loews Madison Hotel and the Loews Boston Hotel, as discussed above, in 2013.

Revenue per available room (RevPAR) is an industry measure of the combined effect of occupancy rates and average room rates on room revenues. Other hotel operating revenues, not included in RevPAR, primarily include guest charges for food and beverages. RevPAR, occupancy rates and average room rates are for owned and joint venture hotels. RevPAR increased $22.36 to $199.57 and $20.36 to $194.13 for the three and six months ended June 30, 2014 as compared to the 2013 periods, reflecting an increase in occupancy and average room rates.

Operating expenses decreased $1 million and $3 million for the three and six months ended June 30, 2014 as compared to the 2013 periods, primarily due to the impact of the Loews Madison Hotel and the Loews Boston Hotel in 2013, partially offset by increased costs due to the reopening of the Loews Regency Hotel in the first quarter of 2014.

Equity earnings from joint venture properties decreased $1 million and $4 million for the three and six months ended June 30, 2014 as compared to the 2013 periods. These decreases were primarily due to the inclusion of the Loews Boston Hotel and Loews Madison Hotel as joint ventures and the development of a new hotel, the Cabana Bay Beach Resort at Universal Orlando, which opened during the six months ended June 30, 2014, partially offset by improved earnings at the Loews Hollywood Hotel.

Corporate and Other

Corporate and Other operations consist primarily of investment income at the Parent Company, corporate interest expenses and other corporate administrative costs. Investment income includes earnings on cash and short term investments held at the Parent Company level to meet current and future liquidity needs, as well as results of limited partnership investments and the trading portfolio.

The following table summarizes the results of operations for Corporate and Other for the three and six months ended June 30, 2014 and 2013 as presented in Note 15 of the Notes to Consolidated Condensed Financial Statements included in Item 1 of this Report:

	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2014	2013	**2014**	2013
(In millions)				
Revenues:				
Net investment income	**$ 46**	$ 1	**$ 97**	$ 8
Other	**(1)**		**1**	1

Total	**45**	1	**98**	9
Expenses:				
Operating	**20**	18	**38**	33
Interest	**19**	15	**37**	25
Total	**39**	33	**75**	58
Income (loss) before income tax	**6**	(32)	**23**	(49)
Income tax (expense) benefit	**(2)**	11	**(8)**	17
Net income (loss) attributable to Loews Corporation	**$ 4**	$ (21)	**$ 15**	$ (32)

Net investment income increased by $45 million and $89 million for the three and six months ended June 30, 2014, as compared to the 2013 periods, primarily due to improved performance of equity based investments, partially offset by lower performance of fixed income investments in the trading portfolio.

Interest expense increased $4 million and $12 million for the three and six months ended June 30, 2014, primarily due to a May of 2013 public offering of $500 million aggregate principal amount of 2.6% senior notes due May 15, 2023 and $500 million aggregate principal amount of 4.1% senior notes due May 15, 2043.

Discontinued Operations

Results from discontinued operations (after tax and noncontrolling interests) were net losses of $187 million and $393 million for the three and six months ended June 30, 2014 as compared to net income of $8 million and a net loss of $72 million for the three and six months ended June 30, 2013. The three and six months ended June 30, 2014 reflect an impairment charge of $167 million related to the excess carrying value of HighMount over the estimated fair value, less costs to sell. Results for 2014 also include a loss from HighMount operations of $45 million including exit and disposal costs incurred in the second quarter related to the potential sale. As a result of the anticipated sale, hedge accounting treatment was discontinued for all of HighMount s interest rate and commodity swaps and a mark-to-market loss of $2 million was recorded. A net derivative loss of $3 million was reclassified from AOCI into earnings for those hedges where the forecasted transactions are no longer probable to occur. Additional expenses will be recorded in the second half of 2014 through the close of the sale of HighMount related to exit and disposal costs primarily for employee retention and severance programs and for any adjustments to the impairment charge related to the actual fair value received for HighMount. Results for the six months ended June 30, 2014 and 2013 include ceiling test impairment charges of $19 million and $92 million.

Results for the six months ended June 30, 2014 include income from CAC operations of $12 million and a first quarter of 2014 impairment charge of $193 million recorded in connection with the pending sale of the CAC business.

LIQUIDITY AND CAPITAL RESOURCES

CNA Financial

CNA s primary operating cash flow sources are premiums and investment income from its insurance subsidiaries. CNA s primary operating cash flow uses are payments for claims, policy benefits and operating expenses including interest expense on corporate debt. Additionally, cash may be paid or received for income taxes.

For the six months ended June 30, 2014, net cash provided by operating activities was $587 million as compared with $569 million for the same period in 2013. Cash provided by operating activities reflected increased receipts relating to returns on limited partnerships, substantially offset by increased tax payments.

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

For the six months ended June 30, 2014, net cash used by investing activities was $734 million as compared with $471 million for the same period in 2013. The cash flow from investing activities is affected by various factors such as the anticipated payment of claims, financing activity, asset/liability management and individual security buy and sell decisions made in the normal course of portfolio management.

Cash flows from financing activities may include proceeds from the issuance of debt and equity securities, outflows for shareholder dividends or repayment of debt and outlays to reacquire equity instruments.

For the six months ended June 30, 2014, net cash provided by financing activities was $163 million as compared with net cash used of $127 million for the same period in 2013. In February of 2014, CNA issued $550 million of 4.0% senior notes due May 15, 2024 and invested the proceeds in short term interest bearing securities. CNA intends to use the proceeds to repurchase, redeem, repay or otherwise retire the $549 million outstanding aggregate principal balance of its 5.9% senior notes due December 15, 2014.

CNA believes that its present cash flows from operations, investing activities and financing activities are sufficient to fund its current and expected working capital and debt obligation needs and CNA does not expect this to change in the near term. There are currently no amounts outstanding under CNA s $250 million senior unsecured revolving credit facility and no borrowings outstanding through CNA s membership in the Federal Home Loan Bank of Chicago.

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Diamond Offshore

Cash and investments totaled $1.3 billion at June 30, 2014, compared to $2.1 billion at December 31, 2013. During the first six months of 2014, Diamond Offshore paid cash dividends totaling $244 million, consisting of aggregate regular cash dividends of $34 million and aggregate special cash dividends of $210 million. On July 23, 2014, Diamond Offshore declared a regular quarterly dividend of $0.125 per share and a special dividend of $0.75 per share.

Cash provided by operating activities for the six months ended June 30, 2014 decreased $153 million compared to the 2013 period, primarily due to lower cash receipts from contract drilling services of $98 million and higher cash payments related to contract drilling expenses of $100 million, primarily for expenditures associated with rig mobilizations and contract preparation work, partially offset by lower cash income taxes paid of $45 million.

Diamond Offshore is currently obligated under various agreements in connection with five ongoing rig construction projects. The following is a summary of Diamond Offshore s construction projects as of June 30, 2014:

(In millions)	**Expected Delivery (a)**	**Total Project Cost (b)**	**Project Expenditures to date (c)**
Ultra-deepwater drillships:			
Ocean BlackHornet	Q3 2014	$ 635	$ 222
Ocean BlackRhino	Q4 2014	$ 645	$ 209
Ocean BlackLion	Q1 2015	$ 655	$ 177
Ultra-deepwater floater:			
Ocean GreatWhite	Q1 2016	$ 755	$ 192
Deepwater floater:			
Ocean Apex	Q4 2014	$ 370	$ 324

(a) Represents expected delivery date of vessel from shipyard and does not include additional non-operating days for commissioning, contract preparation and mobilization to initial area of operation, which will occur prior to the rig being placed in service.
(b) Total project costs include contractual payments for shipyard construction, commissioning, capital spares and project management costs and does not include capitalized interest.
(c) Represents total project expenditures from inception of project to June 30, 2014, excluding project-to-date capitalized interest.

For 2014, Diamond Offshore has budgeted approximately $2.0 billion for capital expenditures of which approximately $1.5 billion is expected to be spent on current rig construction projects and approximately $135 million is expected to be spent on a service life extension project for the *Ocean Confidence*. The remainder will be spent on Diamond Offshore s ongoing capital maintenance and replacement programs.

Depending on market and other conditions, Diamond Offshore may purchase shares of its outstanding common stock in the open market or otherwise. During the six months ended June 30, 2014, Diamond Offshore purchased 1.9 million shares of its common stock at an aggregate cost of $88 million.

In March of 2014, Diamond Offshore entered into an agreement to increase its revolving credit facility by $250 million and extend the maturity date by six months. The credit agreement provides for a $1.0 billion revolving credit facility for general corporate purposes, maturing on March 17, 2019. At June 30, 2014, there were no loans or letters of credit outstanding under the credit agreement.

As a result of Diamond Offshore s intention to indefinitely reinvest the earnings of its wholly owned subsidiary, Diamond Offshore International Limited (DOIL), to finance its foreign activities, Diamond Offshore does not expect such earnings to be available for distribution to its stockholders or to finance its domestic activities. Diamond Offshore believes that the operating cash flows generated by and cash reserves of DOIL, and the operating cash flows available to and cash reserves of Diamond Offshore will be sufficient to meet both its working capital requirements and its capital commitments. However, in light of the significant cash requirements of Diamond Offshore s capital expansion program in 2014 and 2015, Diamond Offshore may make use of its credit facility to finance its capital expenditures, working capital requirements and to maintain a certain level of cash reserves. Diamond Offshore will continue to make periodic assessments based on its capital spending programs and industry conditions and will adjust capital spending programs if required. Diamond Offshore, may, from time to time, issue debt or equity securities, or a combination thereof, to finance capital expenditures, the acquisition of assets and businesses or for general corporate purposes. Diamond Offshore s ability to access the capital markets by issuing debt or equity securities will be dependent on its results of operations, current financial condition, current market conditions and other factors beyond its control.

Boardwalk Pipeline

At June 30, 2014 and December 31, 2013, cash and investments amounted to $44 million and $29 million. Funds from operations for the six months ended June 30, 2014 amounted to $308 million, compared to $285 million for the 2013 period. For the six months ended June 30, 2014 and 2013, Boardwalk Pipeline s capital expenditures were $163 million and $142 million.

Boardwalk Pipeline expects total capital expenditures to be approximately $420 million in 2014, including approximately $90 million to $100 million for maintenance capital. The 2014 growth capital expenditures primarily relate to the Southeast Market Expansion project which consists of an interconnection between Boardwalk Pipeline s Gulf South pipeline and Petal facilities, additional compression facilities and approximately 70 miles of additional pipeline, adding 0.5 Bcf per day of peak-day transmission capacity. The project, which was approved by the Federal Energy Regulatory Commission, is expected to be placed in service in the fourth quarter of 2014 and will cost approximately $300 million. The Southeast Market Expansion project is fully contracted with a weighted average contract life of approximately 10 years. Approximately $143 million has been spent on the project to date. Boardwalk Pipeline expects to finance its 2014 growth capital expenditures through cash generated from operations and from its available credit facilities.

As of June 30, 2014, Boardwalk Pipeline had $100 million of loans outstanding under its revolving credit facility with a weighted-average interest rate of 1.5% and had no letters of credit issued. As of June 30, 2014, Boardwalk Pipeline was in compliance with all covenant requirements under the credit facility and had an available borrowing capacity of $900 million.

In July of 2014, Boardwalk Pipeline entered into a subordinated loan agreement with a subsidiary of the Company to provide $300 million of financing. The agreement provides for a draw period through December 31, 2015 and maturing in July of 2024, subject to certain mandatory pre-payment requirements as provided in the subordinated loan agreement. Currently, there are no amounts outstanding under this facility.

Loews Hotels

Cash and investments totaled $109 million at June 30, 2014, as compared to $53 million at December 31, 2013. During the six months ended June 30, 2014, we made net capital contributions of approximately $90 million to Loews Hotels. Capital expenditures for renovations, capital improvements and development of new properties are estimated to be approximately $420 million for the remainder of 2014, including the purchases of the Loews Chicago O Hare Hotel and the Loews Minneapolis Hotel in July of 2014. Funds for these capital expenditures, including acquisitions of new properties, renovations and working capital requirements are expected to be provided from operations, newly incurred debt, existing cash balances and advances or capital contributions from us.

Corporate and Other

Parent Company cash and investments, net of receivables and payables at June 30, 2014 totaled $4.9 billion, as compared to $4.7 billion at December 31, 2013. During the six months ended June 30, 2014, we received $512 million in interest and dividends from our subsidiaries, including a special dividend from CNA of $242 million. These inflows were partially offset by the payment of $182 million to fund treasury stock purchases, the payment of $48 million of cash dividends to our shareholders and cash contributions of approximately $195 million to our subsidiaries.

As of June 30, 2014, there were 383,004,378 shares of Loews common stock outstanding. Depending on market and other conditions, we may purchase our shares and shares of our subsidiaries outstanding common stock in the open market or otherwise. During the six months ended June 30, 2014, we purchased 4.5 million shares of Loews common stock.

We have an effective Registration Statement on Form S-3 registering the future sale of an unlimited amount of our debt and equity securities. From time to time, we consider issuance of Parent Company indebtedness under this registration statement.

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

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INVESTMENTS

Investment activities of non-insurance subsidiaries primarily include investments in fixed income securities, including short term investments. The Parent Company portfolio also includes equity securities, including short sales and derivative instruments, and investments in limited partnerships. These types of investments generally present greater volatility, less liquidity and greater risk than fixed income investments and are included within Results of Operations Corporate and Other.

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

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

Insurance

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

Net Investment Income

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	**2014**	2013
(In millions)				
Fixed maturity securities:				
Taxable	**$ 350**	$ 383	**$ 702**	$ 771
Tax-exempt	**101**	71	**201**	140
Total fixed maturity securities	**451**	454	**903**	911
Limited partnership investments	**97**	79	**170**	210
Other, net of investment expense	**2**	1	**3**	4

Net investment income before tax	**$**	**550**	$	534	**$**	**1,076**	$	1,125
Net investment income after tax and noncontrolling interests	**$**	**351**	$	331	**$**	**684**	$	695
Effective income yield for the fixed maturity securities portfolio, before tax		**4.9%**		5.0%		**4.9%**		5.0%
Effective income yield for the fixed maturity securities portfolio, after tax		**3.5%**		3.5%		**3.5%**		3.5%

Net investment income after tax and noncontrolling interests for the three months ended June 30, 2014 increased $20 million as compared with the same period in 2013. The increase was driven by limited partnership investment income, additional investments in tax-exempt securities and a higher invested asset base.

Net investment income after tax and noncontrolling interests for the six months ended June 30, 2014 decreased $11 million as compared with the same period in 2013. The decrease was driven by limited partnership investment income, partially offset by additional investments in tax-exempt securities and a higher invested asset base.

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Net Realized Investment Gains (Losses)

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	**2014**	2013
(In millions)				
Realized investment gains (losses):				
Fixed maturity securities:				
Corporate and other bonds	**$ 8**	$ 13	**$ 22**	$ 39
States, municipalities and political subdivisions	**(5)**		**18**	(2)
Asset-backed	**(24)**	(21)	**(23)**	(18)
Foreign government	**2**	1	**2**	1
Total fixed maturity securities	**(19)**	(7)	**19**	20
Equity securities		(2)	**5**	(15)
Derivative securities	**1**	(5)	**1**	(3)
Short term investments and other	**4**		**3**	3
Total realized investment gains (losses)	**(14)**	(14)	**28**	5
Income tax (expense) benefit	**4**	6	**(11)**	
Amounts attributable to noncontrolling interests	**1**		**(2)**	(1)
Net realized investment gains (losses) attributable to Loews Corporation	**$ (9)**	$ (8)	**$ 15**	$ 4

Net realized investment gains increased $11 million for the six months ended June 30, 2014 as compared with the same period in 2013. The increase was primarily driven by lower OTTI losses recognized in earnings. Further information on CNA s realized gains and losses, including OTTI losses, is set forth in Note 3 of the Notes to Consolidated Condensed Financial Statements included under Item 1.

Portfolio Quality

CNA s fixed maturity portfolio consists primarily of high quality bonds, 92.9% and 92.1% of which were rated as investment grade (rated BBB- or higher) at June 30, 2014 and December 31, 2013. The classification between investment grade and non-investment grade is based on a ratings methodology that takes into account ratings from Standard & Poor s (S&P) and Moody s Investors Service, Inc. (Moody s) in that order of preference. If a security is n rated by these rating agencies, CNA formulates an internal rating. At June 30, 2014 and December 31, 2013, approximately 98% and 99% of the fixed maturity portfolio was rated by S&P or Moody s, or was issued or guaranteed by the U.S. Government, Government agencies or Government-sponsored enterprises.

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

(In millions of dollars)	June 30, 2014		December 31, 2013	
U.S. Government, Government agencies and Government-sponsored enterprises	**$ 3,693**	**9.1%**	$ 3,683	8.9%
AAA	**2,825**	**7.0**	2,776	6.7
AA and A	**20,279**	**50.1**	20,353	49.4
BBB	**10,802**	**26.7**	11,171	27.1
Non-investment grade	**2,869**	**7.1**	3,250	7.9
Total	**$ 40,468**	**100.0%**	$ 41,233	100.0%

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Non-investment grade fixed maturity securities, as presented in the table below, include high-yield securities rated below BBB- by bond rating agencies and other unrated securities that, according to CNA s analysis, are below investment grade. Non-investment grade securities generally involve a greater degree of risk than investment grade securities. The amortized cost of CNA s non-investment grade fixed maturity securities was $2.7 billion and $3.1 billion at June 30, 2014 and December 31, 2013. The following table summarizes the ratings of these securities at fair value:

	June 30, 2014		December 31, 2013	
(In millions of dollars)				
BB	**$ 1,145**	**39.9%**	$ 1,393	42.9%
B	**819**	**28.5**	967	29.8
CCC-C	**666**	**23.2**	649	20.0
D	**239**	**8.4**	241	7.3
Total	**$ 2,869**	**100.0%**	$ 3,250	100.0%

The following table summarizes available-for-sale fixed maturity securities in a gross unrealized loss position by ratings distribution:

June 30, 2014	**Estimated Fair value**	**%**	**Gross Unrealized Losses**	**%**
(In millions of dollars)				
U.S. Government, Government agencies and Government-sponsored enterprises	**$ 193**	**5.6%**	**$ 6**	**4.8%**
AAA	**399**	**11.6**	**11**	**8.7**
AA	**873**	**25.4**	**73**	**57.9**
A	**742**	**21.6**	**12**	**9.5**
BBB	**889**	**25.9**	**14**	**11.1**
Non-investment grade	**336**	**9.9**	**10**	**8.0**
Total	**$ 3,432**	**100.0%**	**$ 126**	**100.0%**

The following table provides the maturity profile for these available-for-sale fixed maturity securities. Securities not due to mature on a single date are allocated based on weighted average life:

June 30, 2014	**Estimated Fair value**	**%**	**Gross Unrealized**	**%**

(In millions of dollars)				Losses	
Due in one year or less	$	255	7.4%	$ 6	4.8%
Due after one year through five years		824	24.0	25	19.8
Due after five years through ten years		1,368	39.9	19	15.1
Due after ten years		985	28.7	76	60.3
Total	$	3,432	100.0%	$ 126	100.0%

Duration

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

A further consideration in the management of the investment portfolio is the characteristics of the corresponding liabilities and the ability to align the duration of the portfolio to those liabilities and to meet future liquidity needs, minimize interest rate risk and maintain a level of income sufficient to support the underlying insurance liabilities. For portfolios where future liability cash flows are determinable and typically long term in nature, CNA segregates

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investments for asset/liability management purposes. The segregated investments support the liabilities in Life & Group Non-Core including long term care products and structured settlements.

The effective durations of fixed maturity securities, short term investments and interest rate derivatives are presented in the table below. Short term investments are net of accounts payable and receivable amounts for securities purchased and sold, but not yet settled.

	June 30, 2014		December 31, 2013	
	Fair Value	**Effective Duration (Years)**	Fair Value	Effective Duration (Years)
(In millions of dollars)				
Investments supporting Life & Group Non-Core	**$ 13,826**	**11.4**	$ 15,009	11.3
Other interest sensitive investments	**28,521**	**4.2**	27,766	4.4
Total	**$ 42,347**	**6.6**	$ 42,775	6.9

The investment portfolio is periodically analyzed for changes in duration and related price change risk. Additionally, CNA periodically reviews the sensitivity of the portfolio to the level of foreign exchange rates and other factors that contribute to market price changes. A summary of these risks and specific analysis on changes is included in the Quantitative and Qualitative Disclosures about Market Risk in Item 7A of our Annual Report on Form 10-K for the year ended December 31, 2013.

Short Term Investments

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

	June 30, 2014	December 31, 2013
(In millions)		
Short term investments:		
Commercial paper	**$ 589**	$ 549
U.S. Treasury securities	**1,126**	636
Money market funds	**166**	94
Other	**143**	128
Total short term investments	**$ 2,024**	$ 1,407

ACCOUNTING STANDARDS UPDATE

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

FORWARD-LOOKING STATEMENTS

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

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

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Risks and uncertainties primarily affecting us and our insurance subsidiaries

the risks and uncertainties associated with CNA s loss reserves, as outlined under Results of Operations by Business Segment CNA Financial Reserves Estimates and Uncertainties in our Annual Report on Form 10-K for the year ended December 31, 2013, including the sufficiency of the reserves and the possibility for future increases, which would be reflected in the results of operations in the period that the need for such adjustment is determined;

the risk that the other parties to the transaction in which, subject to certain limitations, CNA ceded its legacy A&EP liabilities will not fully perform their obligations to CNA, the uncertainty in estimating loss reserves for A&EP liabilities and the possible continued exposure of CNA to liabilities for A&EP claims that are not covered under the terms of the transaction;

the performance of reinsurance companies under reinsurance contracts with CNA;

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

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

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

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

conditions in the capital and credit markets that may limit CNA s ability to raise significant amounts of capital on favorable terms;

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

regulatory limitations, impositions and restrictions upon CNA, including the effects of assessments and other surcharges for guaranty funds and second-injury funds, other mandatory pooling arrangements and future assessments levied on insurance companies;

regulatory limitations and restrictions, including limitations upon CNA s ability to receive dividends from its insurance subsidiaries imposed by regulatory authorities, including regulatory capital adequacy standards;

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

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

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

the unpredictability of the nature, targets, severity or frequency of potential terrorist events, as well as the uncertainty as to CNA s ability to contain its terrorism exposure effectively; and

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the occurrence of epidemics.

Risks and uncertainties primarily affecting us and our energy subsidiaries

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

the effects of the Macondo well blowout;

timing and cost of completion of rig upgrades, construction projects and other capital projects, including delivery dates and drilling contracts;

changes in foreign and domestic oil and gas exploration, development and production activity;

risks of international operations, compliance with foreign laws and taxation policies and seizure, expropriation, nationalization, deprivation, malicious damage or other loss of possession or use of equipment and assets;

government policies regarding exploration and development of oil and gas reserves;

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

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

the worldwide political and military environment, including for example, in oil-producing regions and locations where Diamond Offshore s offshore drilling rigs are operating or are under construction;

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

the availability, cost limits and adequacy of insurance and indemnification;

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

the ability of Boardwalk Pipeline to contract to transport gas north to south;

the costs of maintaining and ensuring the integrity and reliability of Boardwalk Pipeline s pipeline systems;

the impact of current and future environmental laws and regulations and exposure to environmental liabilities including matters related to global climate change;

the impact of weather on the demand for natural gas;

regulatory issues affecting natural gas transmission, including ratemaking and other proceedings particularly affecting Boardwalk Pipeline s gas transmission subsidiaries;

the timing, cost, scope and financial performance of Boardwalk Pipeline s recent, current and future acquisitions and growth projects, including the expansion into new product lines and geographical areas; and

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

Risks and uncertainties affecting us and our subsidiaries generally

general economic and business conditions;

risks of war, military operations, other armed hostilities, terrorist acts or embargoes;

potential changes in accounting policies by the Financial Accounting Standards Board, the Securities and Exchange Commission or regulatory agencies for any of our subsidiaries industries which may cause us

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or our subsidiaries to revise their financial accounting and/or disclosures in the future, and which may change the way analysts measure our and our subsidiaries business or financial performance;

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

the results of financing efforts; by us and our subsidiaries, including any additional investments by us in our subsidiaries and the ability of us and our subsidiaries to access bank and capital markets to refinance indebtedness and fund capital needs;

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

the successful negotiation, consummation and completion of contemplated transactions, projects and agreements, including obtaining necessary regulatory approvals, and the timing cost, scope and financial performance of any such transactions, projects and agreements;

the successful integration, transition and management of acquired businesses;

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

possible casualty losses;

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

potential future asset impairments.

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

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

There were no material changes in our market risk components for the six months ended June 30, 2014. See the Quantitative and Qualitative Disclosures about Market Risk included in Item 7A of our Annual Report on Form 10-K filed with the Securities and Exchange Commission for the year ended December 31, 2013 for further information.

Additional information related to portfolio duration and market conditions is discussed in the Investments section of Management s Discussion and Analysis of Financial Condition and Results of Operations included in Part I, Item 2.

Item 4. Controls and Procedures.

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

The Company s principal executive officer (CEO) and principal financial officer (CFO) undertook an evaluation of the Company s disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this report. The CEO and CFO have concluded that the Company s disclosure controls and procedures were effective as of June 30, 2014.

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There were no changes in the Company s internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) identified in connection with the foregoing evaluation that occurred during the quarter ended June 30, 2014 that have materially affected or that are reasonably likely to materially affect the Company s internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

None.

Item 1A. Risk Factors.

Our Annual Report on Form 10-K for the year ended December 31, 2013 includes a detailed discussion of certain material risk factors facing our company. No updates or additions have been made to such risk factors as of June 30, 2014.

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

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

(c) STOCK REPURCHASES

Period	(a) Total number of shares purchased	(b) Average price paid per share	(c) Total number of shares purchased as part of publicly announced plans or programs	(d) Maximum number of shares (or approximate dollar value) of shares that may yet be purchased under the plans or programs (in millions)
April 1, 2014- April 30, 2014	573,900	$44.07	N/A	N/A
May 1, 2014 - May 31, 2014	741,900	$43.27	N/A	N/A
June 1, 2014 - June 30, 2014	2,613,700	$43.63	N/A	N/A

Item 6. Exhibits.

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

*Filed herewith.

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SIGNATURES

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

LOEWS CORPORATION
(Registrant)

Dated: August 4, 2014

By: /s/ David B. Edelson
DAVID B. EDELSON
Senior Vice President and
Chief Financial Officer
(Duly authorized officer
and principal financial
officer)

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