



# 2014 Q2 Earnings Results Snapshot

---

EARNINGS SUPPLEMENT • AUGUST 2014



# Legal Disclaimers

**Forward Looking Statements and Risk Factors.** All of the information presented herein is available from public sources, including our earnings releases and our SEC filings. We urge you to read those documents, and we specifically direct you to the forward-looking statements disclaimers and risk factors they contain. The primary purpose of this presentation is to help you understand how we view our Company, not to update our filings or correct any forecasts – we categorically do not give guidance. Conditions faced by our various businesses may have changed – for better or worse – since the time periods reflected in this presentation and we disclaim any obligation to update the information presented herein. Any statements made in addressing our results are not meant as an indication of the Company's performance since the time of our latest public filings and disclosures.

Important risk factors that could cause the actual results for each of the companies discussed in this presentation to differ from those expressed in forward-looking statements are discussed in detail in the annual and quarterly reports and other filings made with the Securities and Exchange Commission by Loews Corporation and its subsidiaries: CNA Financial Corporation, Diamond Offshore Drilling, Inc. and Boardwalk Pipeline Partners, LP. Given the risk factors discussed in these filings, investors and analysts should not place undue reliance on forward-looking statements.

**Where You Can Find More Information.** The annual, quarterly and other reports filed with the Securities and Exchange Commission by Loews Corporation and its subsidiaries: CNA Financial Corporation, Diamond Offshore Drilling, Inc. and Boardwalk Pipeline Partners, LP., contain important additional information about those companies and we urge you to read this presentation together with those filings, copies of which are available, as applicable, at the corporate websites of Loews Corporation at [www.loews.com](http://www.loews.com) and such subsidiaries at [www.cna.com](http://www.cna.com), [www.diamondoffshore.com](http://www.diamondoffshore.com) and [www.bwpmlp.com](http://www.bwpmlp.com), or at the SEC's website at [www.sec.gov](http://www.sec.gov).

To view the most recent SEC filings of Loews Corporation, click here

<http://ir.loews.com/phoenix.zhtml?c=102789&p=irol-sec>

To view the most recent SEC filings of CNA Financial Corporation, click here

<http://www.cna.com/web/guest/cna/about/investorrelations/financial>

To view the most recent SEC filings of Diamond Offshore Drilling, Inc. , click here

<http://investor.diamondoffshore.com/phoenix.zhtml?c=78110&p=irol-irhome>

To view the most recent SEC filings of Boardwalk Pipeline Partners, LP, click here

<http://ir.bwpmlp.com/phoenix.zhtml?c=193443&p=irol-sec>



# 2014 Q2 Earnings – Key Highlights

---

- Income from continuing operations of \$303 million, or 79 cents per share
- \$4.9 billion in cash and investments at the holding company
- 383.0 million shares outstanding
- 3.9 million shares were repurchased at an aggregate cost of \$171 million
- Q2 dividends from subsidiaries totaled \$135 million
- \$19.9 billion in shareholders' equity
- Book value per share of \$51.85
- \$16.9 billion market capitalization (as of June 30, 2014)

Loews Q2 release: <http://ir.loews.com/phoenix.zhtml?c=102789&p=irol-financials>

# Financial Summary



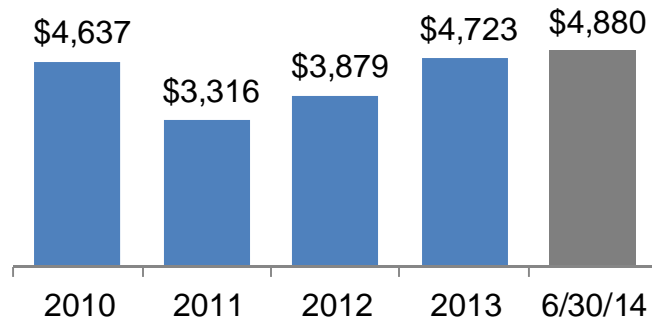
	Quarter ended June 30,	
	2014	2013
<i>(\$ millions, except per share data)</i>		
Revenues	\$ 3,593	\$ 3,616
Income from continuing operations	\$ 303	\$ 261
Income from continuing operations per share	\$ 0.79	\$ 0.67
Net income	\$ 116	\$ 269
Dividends paid per share	\$ 0.0625	\$ 0.0625
Cash & investments (Parent company)	\$ 4,880	\$ 4,631
Long-term debt (Parent company)	\$ 1,700	\$ 1,700
Book value per share	\$ 51.85	\$ 49.36
Book value per share (Excluding AOCI)	\$ 49.74	\$ 49.26



# Financial Trends

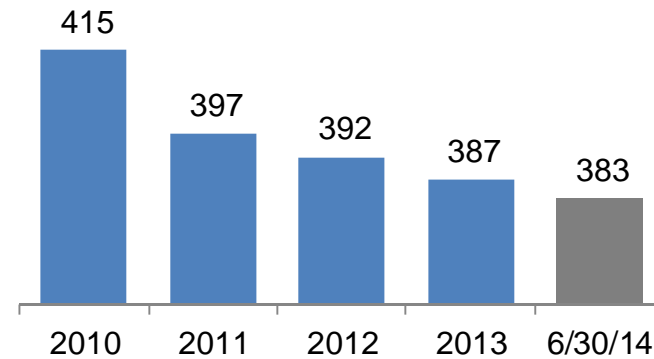
## Parent company cash

(\$ millions)



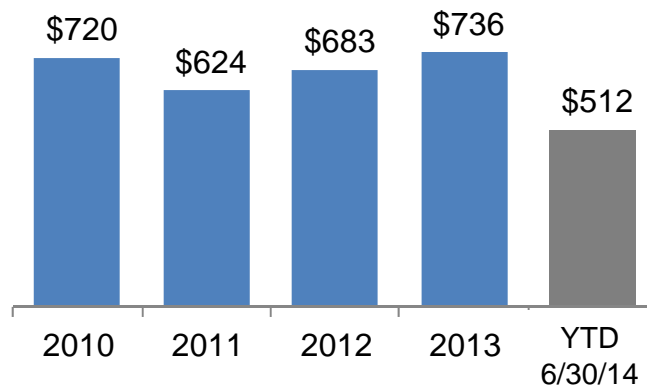
## Shares outstanding

(millions of shares)

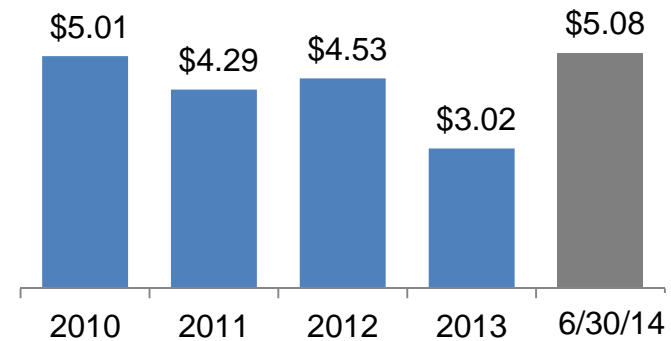


## Dividends from subsidiaries

(\$ millions)



## Sum of the parts discount<sup>1</sup>



<sup>1</sup> Discount of Loews share price vs. the value per Loews share of its public assets and cash & investments net of debt



# Discontinued Operations

## HighMount: Strategic Review






- Pursuing strategic alternatives, including a potential sale of the business
- As a result, the assets and liabilities of HighMount have been reclassified as held for sale for the quarter ended June 30, 2014 and the year ended December 31, 2013
- 2Q 2014 impact to Loews
  - Loews recognized an after-tax impairment charge of \$167 million to reflect the excess carrying value of HighMount over its estimated fair value less costs to sell
  - Future Loews results will include additional exit and disposal costs and potential adjustments to the impairment charge

## CNA: Sale of CAC

- The sale of CNA's Continental Assurance Company ("CAC") closed in August 2014
  - CAC was a non-core business within the Life & Group segment
- CNA's Life & Group segment is now primarily comprised of the Long-Term Care business
- The Long-Term Care business is being actively managed by CNA
  - Financial results for the first half of 2014 have been positive in this segment, but risks remain
- The transaction reduced CNA's non-core Life & Group gross GAAP insurance reserves by \$3.5 billion, or 23%

# Loews Ownership



Loews owns:						
	 (90%)	 (51%)	 (51% LP / 2% GP)	 (100%)	 (100%)	Other
	<b>Property &amp; casualty insurance</b>	<b>Offshore drilling</b>	<b>Natural gas &amp; NGL midstream MLP</b>	<b>Luxury hotels &amp; resorts</b>	<b>Energy E&amp;P</b> Pursuing strategic alternatives, including a potential sale of the business	<b>BWP General Partner</b>
Ticker	CNA	DO	BWP			
Market cap	\$ 10.9B	\$ 6.8B	\$ 4.6B		Accounted for as Discontinued Operations*	
Loews stake	\$ 9.8B	\$ 3.5B	\$ 2.3B			<b>Cash &amp; investments</b> \$ 4.9B
Shares per Loews share	0.63	0.18	0.34			

As of June 30, 2014

\*Note: The assets and liabilities of HighMount have been reclassified as held-for-sale and reported at estimated fair value. The associated asset impairment, together with HighMount's operating results, have been classified as discontinued operations

# CNA Financial Segment Highlights



## Financials

### By the Numbers

(\$ millions, except per share data)

	Quarter ended June 30	
	2014	2013
Net operating income	\$ 272	\$ 199
Net income	\$ 267	\$ 194
Income from continuing operations attributable to Loews*	\$ 235	\$ 172
<hr/>		
Invested assets	\$ 46,080	\$ 46,299
P&C net written premiums	\$ 1,654	\$ 1,720
P&C rate increases	3%	7%
P&C combined ratio	101.3%	101.5 %
P&C combined ratio ex. cat losses and development	96.3%	97.6%
P&C loss ratio	67.8%	68.4%
P&C loss ratio ex. cat losses and development	62.8%	64.5%
Book value per share	\$ 48.43	\$ 44.29
Book value per share ex. AOCI	\$ 44.87	\$ 43.81

\*Unless noted as attributable to Loews, financial results are at the subsidiary level

## Highlights

- Operating income increased by more than 30% year-over-year
- Book value increased 4%, compared with the first quarter 2014
- CNA continues to make progress in its core P&C operations, with its combined ratio (ex. cat losses and development) improving 1.3 points over the prior period
- Achieved premium rate increases in P&C Operations during the quarter of:
  - 4% for CNA Commercial
  - 4% for CNA Specialty
- The divestiture of Continental Assurance Company, which was a non-core business for CNA, closed on August 1, 2014
- Common stock dividend of \$0.25 per share



# Diamond Offshore Segment Highlights



## Financials

### By the Numbers

(\$ millions, except per share data)

	Quarter ended June 30	
	2014	2013
Revenue	\$ 692	\$ 758
Net income	\$ 90	\$ 185
Net income attributable to Loews*	\$ 42	\$ 87
-----		
Offshore drilling rigs	44	45
Regular Dividends per share	\$ 0.125	\$ 0.125
Special Dividends per share	\$ 0.75	\$ 0.75

\*Note: Unless noted as attributable to Loews, financial results are at the subsidiary level  
1. Dayrate and utilization calculations for Mid-Water Floaters exclude 22 revenue earning days for which we did not recognize revenue pursuant to GAAP

## Highlights

- Decrease in earnings due to lower rig utilization because of scheduled surveys and stacked rigs, higher contract drilling costs, and increased interest expense and depreciation
- Within a 12-month period, Diamond Offshore will have added five assets to its fleet: three new drillships and two semi-submersibles
- Diamond Offshore maintains the highest credit ratings of any offshore driller in the industry

### Average daily revenue and utilization by rig type (Q2 '14)<sup>1</sup>

	Dayrate	Utilization
Ultra-deepwater floaters	\$403K	51%
Deepwater floaters	\$418K	51%
Mid-water floaters	\$266K	68%
Jack-ups	\$ 97K	74%

# Boardwalk Pipeline Segment Highlights



## Financials

### By the Numbers

*(\$ millions, except per unit data)*

	Quarter ended June 30	
	2014	2013
Revenue	\$ 293	\$ 289
Net income	\$ 57	\$ 71
Net income (loss) attributable to Loews*	\$ 17	\$ 22
-----		
Paid distributions per unit	\$ 0.1000	\$ 0.5325

\*Unless noted as attributable to Loews, financial results are at the subsidiary level

## Highlights

- Boardwalk's income was basically flat year-over-year, excluding gains on the sale of operating assets, which were significant in last year's second quarter
- Boardwalk is pursuing projects representing approximately 2 BCF/day of demand for its natural gas pipelines, most of which involve repurposing existing capacity
  - These include the Ohio to Louisiana Access and Northern Supply Access projects, both of which are driven by the increased demand to transport new shale gas supplies from north to south

# Loews Hotels & Resorts Segment Highlights



## Financials

### By the Numbers

*(\$ millions except RevPar)*

	Quarter ended June 30	
	2014	2013
Revenue	\$ 112	\$ 101
EBITDA	\$ 19	\$ 15
Net income	\$ 5	\$ 1
RevPar	\$ 199.57	\$ 177.21

## Highlights

- Loews Hotels has a total of 21 properties in the U.S. and Canada
- Continues to target strategic expansion in gateway cities and key resort areas
- Earnings improvement driven by a 12% increase in RevPAR in Loews Hotels' wholly-owned and joint venture hotels, with much of the improvement driven by recently renovated properties

## New Loews Hotels Properties

**Cabana Bay Beach Resort, FL**  
 Opened in first half of 2014  
 900 standard guestrooms  
 900 family suites



**Loews Chicago**  
 Opens in 2015  
 400 guestrooms



**Loews Chicago O'Hare**  
 Acquired in July 2014  
 556 guestrooms



**Loews Minneapolis, MN**  
 Acquired in July 2014  
 255 guestrooms

