LOEWS CORP
Form 4
October 01, 2013

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB Number:	3235-0287
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(Print or Type Responses)

1. Name and Address of Reporting Person *
GARSON GARY W

(Last) (First) (Middle)

667 MADISON AVENUE

(Street)

NEW YORK, NY 10065-8087

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
LOEWS CORP [L]

3. Date of Earliest Transaction (Month/Day/Year)
09/30/2013

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Sr. Vice Pres., GC & Sec.

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security	2. Conversion or Exercise	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any	4. Transaction Code	5. Number of Derivative Securities	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)

(Instr. 3)	Price of Derivative Security	(Month/Day/Year)		(Instr. 8)		Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)					
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amoun or Numbe of Shar
Stock Appreciation Right	$ 46.99	09/30/2013		A		11,250		(1)	01/08/2023	Common Stock	11,25

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
GARSON GARY W 667 MADISON AVENUE NEW YORK, NY 10065-8087			Sr. Vice Pres., GC & Sec.	

Signatures

/s/ Gary W. Garson	10/01/2013
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) The stock appreciation right becomes exercisable in four equal annual installments beginning on January 8, 2014.

(2) The Reporting Person received the Derivative Security pursuant to a stock appreciation right grant at no cost.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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Weighted average rate

2.16

%

2.16

%

Junior subordinated debt (fixed rate)

$

21,392

$

21,392

$

22,754

Weighted average rate

10.91

%

10.91

%

Junior subordinated debt (variable rate)

$

139,178

$

139,178

$

25,307

Weighted average rate

2.42

%

2.42

%

(1) Includes hybrid securities that have fixed interest rates for the first three or five years. Thereafter, interest rates become adjustable based on a predetermined index.

Expected maturities of assets are contractual maturities adjusted for projected payment based on contractual amortization and unscheduled prepayments of principal as well as repricing frequency. Expected maturities for deposits are based on contractual maturities adjusted for projected rollover rates for deposits with no stated maturity dates. We utilize assumptions supported by documented analyses for the expected maturities of our loans and repricing of our deposits. We also use prepayment projections for amortizing securities. The actual maturities of these instruments could vary significantly if future prepayments and repricing frequencies differ from our expectations based on historical experience.

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The fair values of short-term investments generally approximate their book values due to their short maturities. For securities purchased under resale agreements, fair values are calculated by discounting future cash flows based on expected maturities or repricing dates utilizing estimated market discount rates and taking into consideration the call features of each instrument. The fair values of the investment securities are generally determined by reference to the average of at least two quoted market prices obtained from independent external brokers or prices obtained from independent external pricing service providers who have experience in valuing these securities. In obtaining such valuation information from third parties, the Company has reviewed the methodologies used to develop the resulting fair values. For the private-label mortgage-backed security, the fair value was derived based on a combination of broker prices and discounted cash flow analyses that is weighted as deemed appropriate. For the pooled trust preferred securities, the fair value was derived based on a discounted cash flow analyses. The discount rate is derived from assumptions using an exit pricing approach related to the implied rate of return which have been adjusted for general change in market rates, estimated changes in credit quality and liquidity risk premium, and specific non-performance and default experience in the collateral underlying the securities.

The fair value of deposits is determined based on the discounted cash flow approach. The discount rate is derived from the associated yield curve, plus spread, if any. For core deposits, the cash outflows are projected by the decay rate based on the Bank s core deposit premium study. Cash flows for all non-time deposits are discounted using the LIBOR yield curve. For time deposits, the cash flows are based on the contractual runoff and are discounted by the Bank s current offering rates, plus spread. For federal funds purchased, fair value approximates book value due to their short maturities. The fair value of FHLB term advances is estimated by discounting the cash flows through maturity or the next repricing date based on current rates offered by the FHLB for borrowings with similar maturities. Customer repurchase agreements, which have maturities ranging from one to three days, are presumed to have equal book and fair values because the interests rates paid on these instruments are based on prevailing market rates. The fair values of securities sold under repurchase agreements are calculated by discounting future cash flows based on expected maturities or repricing dates, utilizing estimated market discount rates and taking into consideration the call features of each instrument. For both subordinated and junior subordinated debt instruments, fair values are estimated by discounting cash flows through maturity based on current market rates the Bank would pay for new issuances.

The Asset/Liability Committee is authorized to utilize a wide variety of off-balance sheet financial techniques to assist in the management of interest rate risk. We may elect to use derivative financial instruments as part of our asset and liability management strategy, with the overall goal of minimizing the impact of interest rate fluctuations on our net interest margin and stockholders equity. Currently, derivative instruments do not have material effect on our operating results or financial position.

In August and November 2004, we entered into four equity swap agreements with a major investment brokerage firm to hedge against market fluctuations in a promotional equity index certificate of deposit product that we offered to Bank customers for a limited time during the latter half of 2004. This product, which has a term of 5 1/2 years, pays interest based on the performance of the Hang Seng China Enterprises Index, or the HSCEI . As of June 30, 2009, the combined notional amounts of the equity swap agreements total $15.6 million with termination dates similar to the stated maturity date on the underlying certificate of deposit host contracts. For the equity swap agreements, we agreed to pay interest based on the one-month Libor minus a spread on a monthly basis and receive any increase in the HSCEI at swap termination date. Under SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, a certificate of deposit that pays interest based on changes in an equity index is a hybrid instrument with an embedded derivative (i.e., equity call option) that must be accounted for separately from the host contract (i.e., the certificate of deposit). In accordance with SFAS No. 133, both the embedded equity call options on the certificates of deposit and the freestanding equity swap

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agreements are marked-to-market every month with resulting changes in fair value recorded in the consolidated statements of operations.

On April 1, 2005, we amended the four equity swap agreements entered into in 2004 effectively removing the swap payable leg. The amendments to the swap agreements changed the terms of the agreements such that instead of paying interest based on the one-month Libor minus a spread on a monthly basis for the remaining terms of the agreements, we prepaid this amount based on the current market value of the cash streams. The total amount paid in conjunction with these swap agreement amendments was $4.2 million on April 1, 2005.

In December 2007, we entered into two additional equity swap agreements with a major investment brokerage firm to hedge against market fluctuations in a promotional equity index certificate of deposit product offered to bank customers. This product, which has a term of 5 years, also pays interest based on the performance of the HSCEI similar to the previous index certificate offering in 2004. As of June 30, 2009, the combined notional amounts of these new equity swap agreements totaled $23.3 million and have termination dates similar to the stated maturities of the underlying certificate of deposit host contracts. On December 3, 2007, we prepaid $4.5 million for the option cost based on the current market value of the cash streams.

The fair values of the equity swap agreements and embedded derivative liability for these six derivative contracts amounted to $13.3 million as of June 30, 2009, compared to $13.9 million as of December 31, 2008. The 7% decrease in fair value of the derivative contracts as of June 30, 2009 relative to December 31, 2008 is primarily due to a 25% reduction in the HSCEI volatility and lower time value as the options are approaching their expiration dates.

The embedded derivative liability is included in interest-bearing deposits and the equity swap agreements are included in other assets on the consolidated balance sheets. The fair value of the derivative contracts is determined based on the change in value of the HSCEI and the volatility of the call option over the life of the individual swap agreement. The option value is derived based on the volatility, the interest rate and the time remaining to maturity of the call option. We also considered the counterparty s as well as our own credit risk in determining the valuation.

ITEM 3: QUANTITATIVE AND QUALITATIVE DISCLOSURES OF MARKET RISKS

For quantitative and qualitative disclosures regarding market risks in our portfolio, see, Management s Discussion and Analysis of Consolidated Financial Condition and Results of Operations Asset Liability and Market Risk Management.

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ITEM 4: CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

As of June 30, 2009, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(e) and 15d-15(e). Based upon that evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures are effective as of June 30, 2009.

Our disclosure controls and procedures are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC s rules and forms. Our disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Internal Controls

During our most recent fiscal quarter, there have been no changes in our internal control over financial reporting that has materially affected or is reasonably likely to materially affect our internal control over financial reporting.

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PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Neither the Company nor the Bank is involved in any material legal proceedings. The Bank, from time to time, is party to litigation which arises in the ordinary course of business, such as claims to enforce liens, claims involving the origination and servicing of loans, and other issues related to the business of the Bank. After taking into consideration information furnished by counsel to the Company and the Bank, management believes that the resolution of such issues would not have a material adverse impact on the financial position, results of operations, or liquidity of the Company or the Bank.

ITEM 1A. RISK FACTORS

The Company s 2008 Form 10-K contains disclosure regarding the risks and uncertainties related to the Company s business under the heading Item A. Risk Factors. The information presented below updates and should be read in conjunction with the risk factors and information disclosed in the 2008 Form 10-K. Other than as set forth below, there are no material changes to our risk factors as presented in the Company s Form 10-K.

If the Bank continues to incur losses that erode its capital, it may need more capital and become subject to enhanced regulation or supervisory action. Upon completion, our offering of common stock together with our concurrent offer to exchange common stock for our outstanding Series A preferred stock will strengthen our common equity capital base. Despite this increase in our capital base, if economic conditions continue to deteriorate, particularly in the California commercial real estate and residential building markets where our business is concentrated, we may need to raise even more capital to support any additional provisions for loan losses and loan chargeoffs. We cannot provide assurance that we would succeed in raising any such additional capital, and any capital we obtain may dilute the interests of holders of our common stock, or otherwise have an adverse effect on their investment.

Under federal and state laws and regulations pertaining to the safety and soundness of insured depository institutions, the DFI and the Federal Reserve, and separately the FDIC as insurer of the Bank s deposits, have authority to compel or restrict certain actions if the Bank s capital should fall below adequate capital standards as a result of future operating losses, or if its bank regulators determine that it has insufficient capital. Among other matters, the corrective actions include but are not limited to requiring affirmative action to correct any conditions resulting from any violation or practice; directing an increase in capital and the maintenance of specific minimum capital ratios; restricting the Bank s operations; limiting the rate of interest it may pay on brokered deposits; restricting the amount of distributions and dividends and payment of interest on its trust preferred securities; requiring the Bank to enter into informal or formal enforcement orders, including memoranda of understanding, written agreements and consent or cease and desist orders to take corrective action and enjoin unsafe and unsound practices; removing officers and directors and assessing civil monetary penalties; and taking possession and closing and liquidating the Bank. See Supervision and Regulation in our Annual Report on Form 10-K for the fiscal year ended December 31, 2008.

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Our ability to pay dividends is limited by various statutes and regulations and depends primarily on East West Bank s ability to distribute funds to us, which is also limited by various statutes and regulations. Our ability to pay dividends may be limited because we are a holding company and, as such, do not have any significant operations or assets other than our ownership of the shares of our operating subsidiaries. The principal source of funds from which we service our debt and pay our obligations and dividends is the receipt of dividends from the Bank. The availability of dividends from the Bank is limited by various statutes and regulations. It is possible, depending upon the financial condition of the Bank and other supervisory factors, that the DFI, FDIC or Federal Reserve could restrict or prohibit the Bank from paying dividends to us. In this regard, and as a result of the losses we reported for the year ended December 31, 2008, we are required, under the Federal Reserve s November 14, 1985 Policy Statement on the Payment of Cash Dividends relating to when earnings are at a loss, to obtain the approval of the Federal Reserve before we receive or the Bank pays dividends to us. In the event that the Bank is unable to pay dividends to us, we may not be able to service our debt, pay our obligations or pay dividends on our outstanding equity securities or debt securities, which would adversely affect our business, financial condition, results of operations and prospects. In addition, our ability to pay dividends is limited by various statutes and regulations. As a result of losses we reported for the year ended December 31, 2008, we expect to seek the prior approval of the Federal Reserve prior to declaring or paying any dividends on our outstanding equity securities.

If we were to undergo an ownership change for tax purposes, our ability to use certain tax benefits would be limited. If we were to undergo an ownership change for tax purposes, our ability to deduct then existing net operating loss carryforwards would be limited. In addition, our ability to claim certain subsequent deductions could be limited if we had a net unrealized built-in loss at the time of the ownership change. The rules for determining when a company has an ownership change and the subsequent calculation of applicable limitations are highly complex. We do not believe that our current issuance of common stock will result in an ownership change. However, future transactions (which we may be unable to control) might result in an ownership change. If we were to undergo an ownership change, limitations on our ability to use our tax benefits could have a materially adverse effect on us.

Our outstanding debt securities restrict our ability to pay dividends on our capital stock. In March 2000, East West Capital Trust I issued $10,750,000 of 10.875% Trust Preferred Securities. In July 2000, East West Capital Trust II issued $10,000,000 of 10.945% Trust Preferred Securities. In December 2003, East West Capital Statutory Trust III issued $10,000,000 of Floating Rate Trust Preferred Securities. In June 2004, East West Capital Trust IV issued $10,000,000 of Floating Rate Trust Preferred Securities. In November 2004, East West Capital Trust V issued $15,000,000 of Floating Rate Trust Preferred Securities. In September 2005, East West Capital Trust VI issued $20,000,000 of Floating Rate Trust Preferred Securities. In March 2006, East West Capital Trust VII issued $30,000,000 of Floating Rate Trust Preferred Securities. In March 2007, East West Capital Trust VIII issued $20,000,000 of Floating Rate Trust Preferred Securities. In August 2007, East West Capital Trust IX issued $30,000,000 of Floating Rate Trust Preferred Securities. These securities are collectively referred to herein as Trust Preferred Securities. Payments to investors in respect of the Trust Preferred Securities are funded by distributions on certain series of securities issued by us, with similar terms to the relevant series of Trust Preferred Securities, which we refer to as the Junior Subordinated Securities.

In April 2005, we issued $50,000,000 in subordinated debt, and in September 2005, we issued an additional $25,000,000 in subordinated debt. These securities are collectively referred to herein as the Subordinated Securities.

We expect to seek the prior approval of the Federal Reserve prior to paying any interest on our Junior Subordinated Securities (which will be used to make distributions on the Trust Preferred Securities). If we are unable to make payments on any of our Junior Subordinated Securities for more than 20 consecutive quarters, we would be in default under the governing agreements for such securities and the amounts due under such agreements would be immediately due and payable. Additionally, if for

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any interest payment period we do not pay interest in respect of the Junior Subordinated Securities (which will be used to make distributions on the Trust Preferred Securities), or if for any interest payment period we do not pay interest in respect of the Subordinated Securities, or if any other event of default occurs, then we generally will be prohibited from declaring or paying any dividends or other distributions, or redeeming, purchasing or acquiring, any of our capital securities, including the Common Stock, during the next succeeding interest payment period applicable to any of the Junior Subordinated Securities, or next succeeding interest payment period applicable to the Subordinated Securities, as the case may be.

Moreover, any other financing agreements that we enter into in the future may limit our ability to pay cash dividends on our capital stock, including the Common Stock. In the event that our existing or future financing agreements restrict our ability to pay dividends in cash on the Common Stock, we may be unable to pay dividends in cash on the Common Stock unless we can refinance amounts outstanding under those agreements.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Except as previously disclosed on Reports on Form 8-K, there were no unregistered sales of equity securities during the quarter ended June 30, 2009. The following summarizes share repurchase activities during the second quarter of 2009:

Month Ended	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs	Approximate Dollar Value in Millions of Shares that May Yet Be Purchased Under the Programs (2)
April 30, 2009		$		$ 26.2
May 31, 2009				26.2
June 30, 2009				26.2
Total		$		$ 26.2

(1) Excludes 54,246 in repurchased shares totaling $1.1 million due to forfeitures and vesting of restricted stock awards pursuant to the Company s 1998 Stock Incentive Plan.

(2) During the first quarter of 2007, the Company s Board of Directors announced a repurchase program authorizing the repurchase of up to $80.0 million of its common stock. This repurchase program has no expiration date and, to date, 1,392,176 shares totaling $53.8 million have been purchased under this program.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

An annual meeting of shareholders of East West Bancorp, Inc. was held on May 28, 2009 for the purpose of (1) election of all directors to serve until the 2011 Annual Meeting, (2) ratifying the appointment of KPMG LLP as the Company s independent auditors for its fiscal year ending December 31, 2009, and (3) an advisory vote to approve executive compensation. The following matters were submitted to a vote in the annual meeting in person or by proxy.

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	In Favor	Withheld	Abstain	Broker Non-Votes
(1) The combined votes cast to approve the following nine directors elected to serve until the next Annual Meeting are as follows:				
Peggy Cherng	51,917,303	1,527,760		
Rudolph Estrada	29,801,349	23,643,714		
Julia Gouw	49,196,175	4,248,888		
Andrew Kane	52,577,139	867,924		
John Lee	52,544,003	901,060		
Herman Li	48,432,408	5,012,655		
Jack Liu	48,535,679	4,909,384		
Dominic Ng	48,900,121	4,544,942		
Keith Renken	51,890,952	1,554,111		
(2) The votes cast to ratify KPMG LLP as the Company s independent auditors.	53,010,443	330,362	104,258	
(3) The advisory votes cast to approve Executive Compensation.	48,400,688	4,837,117	207,258	

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS

(i) Exhibit 31.1	Chief Executive Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
(ii) Exhibit 31.2	Chief Financial Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
(iii) Exhibit 32.1	Chief Executive Officer Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(iv) Exhibit 32.2	Chief Financial Officer Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

All other material referenced in this report which is required to be filed as an exhibit hereto has previously been submitted.

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SIGNATURE

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 thereunto duly authorized.

Dated: August 10, 2009

EAST WEST BANCORP, INC.

By: /s/ Thomas J. Tolda
THOMAS J. TOLDA
Executive Vice President and
Chief Financial Officer