



Loews Corporation Reports Net Income for the Second Quarter of 2002

August 8, 2002

NEW YORK--(BUSINESS WIRE)--Aug. 8, 2002--Loews Corporation (NYSE:LTR;CG) today reported consolidated net income (including both the Loews Group and Carolina Group) for the 2002 second quarter of \$201.9 million, compared to a net loss of \$1,415.2 million in 2001.

The following table summarizes the revenues, net income (loss) and earnings per share information.

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June 30,				

(In millions)	Three Months		Six Months	
	2002	2001	2002	2001

Consolidated:				
Revenues(a)	\$4,648.6	\$4,140.2	\$9,435.0	\$9,069.1
Net income(loss)	\$201.9	\$(1,415.2)	\$454.8	\$(942.9)
Per Share:(b)				
Income (loss) per share				
of Loews Common Stock:				
Income (loss) from				
continuing				
operations	\$0.85	\$(7.19)	\$2.25	\$(4.52)
Discontinued operations				
-net		0.01	(0.16)	0.01
Cumulative effect of				
changes in accounting				
principles-net				(0.27)

Net income (loss) per				
share of Loews				
Common Stock	\$0.85	\$(7.18)	\$2.09	\$(4.78)
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Net income per share of				
Carolina Group Stock	\$1.03		\$1.48	
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(a) Revenue for the three and six months ended 2001 has been restated for comparative purposes to reflect the adoption of new accounting principles related to the classification of certain sales incentives by Lorillard.

(b) The Company has two classes of common stock, Loews Common Stock and Carolina Group Stock, issued in February 2002. Earnings per share data are presented for each class of Common Stock for the periods they are outstanding.

The net loss for the second quarter of 2001 includes a \$3.2 billion pretax charge (\$1.8 billion after taxes and minority interest) at CNA related to a change in estimate of prior year net loss and allocated loss adjustment expense reserves and retrospective premium accruals, and a \$200.0 million pretax charge (\$121.0 million after taxes) at Lorillard related to an agreement with the class in the Engle case.

Consolidated net operating income, which excludes net investment (losses) gains and discontinued operations, and excluding the second quarter of 2001 CNA and Lorillard charges discussed above, for the quarter ended June 30, 2002 was \$321.0 million, compared to \$233.0 million in the second quarter of 2001.

Net income attributable to Loews Common Stock for the second quarter of 2002 amounted to \$160.5 million or \$.85 per share, compared to a net loss of \$1,415.2 million or \$7.18 per share in the comparable period of the prior year. Net income in the second quarter of 2002 includes net investment losses attributable to Loews Common Stock of \$119.1 million or \$.63 per share, compared to gains of \$280.7 million or \$1.42 per share in the comparable period of the prior year.

Net operating income attributable to Loews Common Stock, which excludes net investment (losses) gains and discontinued operations, for the quarter ended June 30, 2002, was \$279.6 million or \$1.48 per share, compared to a loss of \$1,697.8 million or \$8.61 per share in the comparable period of the prior year.

Net income attributable to Carolina Group Stock for the 2002 second quarter amounted to \$41.4 million or \$1.03 per Carolina Group share. The Company is issuing a separate press release reporting the actual and pro forma results of the Carolina Group for the quarter and six months ended June 30, 2002 and 2001.

Six Months Ended June 30, 2002 compared with 2001

For the six months ended June 30, 2002 consolidated net income (including both the Loews Group and Carolina Group) amounted to \$454.8 million, compared to a net loss of \$942.9 million in the comparable period of the prior year. The first half of 2002 included a loss for discontinued operations at CNA of \$31.0 million or \$0.16 per share of Loews Common Stock, compared to income from discontinued operations of \$2.1 million or \$0.01 per share of Loews Common Stock in the comparable period of the prior year. The first half of 2001 also included a charge for accounting changes of \$53.3 million or \$0.27 per share of Loews Common Stock, related to accounting for derivative instruments at CNA, and the CNA and Lorillard charges discussed above.

Consolidated net operating income, which excludes net investment gains (losses), discontinued operations and accounting changes, and excluding the second quarter of 2001 CNA and Lorillard charges discussed above, was \$589.4 million in the first half of 2002, compared to \$529.5 million in the comparable period of the prior year.

Net operating income attributable to Loews Common Stock, which excludes net investment (losses) gains, discontinued operations and accounting changes, for the first half of 2002, was \$530.0 million or \$2.80 per share, compared to a loss of \$1,401.3 million or \$7.10 per share in the comparable period of the prior year.

Net income attributable to Carolina Group Stock for the first half of 2002 amounted to \$59.4 million or \$1.48 per Carolina Group share.

At June 30, 2002, the book value per share of Loews Common Stock was \$59.18 per Loews Common share compared to \$50.39 per Loews Common share at December 31, 2001. The increase in Loews Common Stock book value per share is primarily due to proceeds from issuance of the Carolina Group common stock and the Loews Group's net economic interest in the notional intergroup debt receivable.

As of June 30, 2002, there were 186,103,400 shares of Loews Common Stock outstanding. During the three and six months ended June 30, 2002, the Company purchased 3,302,400 and 5,401,600 shares of Loews Common Stock at an aggregate cost of \$187.2 and \$310.1 million, respectively. During the three and six months ended June 30, 2002, the Company purchased 2,664,376 shares of CNA common stock at an aggregate cost of \$71.7 million. Depending on market conditions, the Company from time to time purchases shares of its, and its subsidiaries', outstanding common stock in the open market or otherwise.

In February 2002 the Company created a second class of common stock, called Carolina Group Stock, a tracking stock intended to reflect the economic performance of a group of the Company's assets and liabilities, called the Carolina Group, principally consisting of the Company's subsidiary Lorillard, Inc., and in an initial public offering the Company issued shares of Carolina Group Stock representing 23.17% of the economic performance of the Carolina Group. Loews Common Stock will continue to represent the economic performance of the Company's remaining assets, including the 76.83% interest in the Carolina Group not represented by Carolina Group Stock.

A conference call to discuss the second quarter results of Loews Corporation has been scheduled for 11:00 a.m. EST, Thursday, August 8, 2002. The call can be accessed by dialing (888) 307-7192 or by visiting the Loews Corporation website (www.loews.com), where the Company will provide an online, real-time broadcast of this call. Please go to the website at least 10 minutes before the event begins to register and to download and install any necessary audio software. An online replay will be available at the Company's website for one week following the call.

A conference call to discuss the second quarter results of CNA has been scheduled for 10:00 a.m. EST, Thursday, August 8, 2002. The call can be accessed by dialing (800) 289-0439 or by visiting the CNA website (www.cna.com/cna/html/investor.html), where CNA will provide an online, real-time broadcast of its call. Please go to the website at least 10 minutes before the event begins to register and to download and install any necessary audio software. An online replay will be available at CNA's website for one week following the call or by dialing (888) 203-1112, passcode 451938.

Loews Corporation and Subsidiaries
Financial Review

June 30,			
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Three Months		Six Months	
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2002	2001	2002	2001
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(Amounts in millions, except per share data)			

Revenues:

Insurance premiums and net investment income(a)	\$3,170.2	\$2,635.2	\$6,492.9	\$6,122.8
Manufactured products(b)	1,067.8	1,021.7	2,072.3	1,959.1

Other	410.6	483.3	869.8	987.2

Total	4,648.6	4,140.2	9,435.0	9,069.1

Expenses:				
Insurance claims & policyholders' benefits	2,382.2	4,276.2	4,692.3	6,345.6
Cost of manufactured products sold(b)	599.9	589.7	1,207.3	1,153.4
Other(c)	1,325.4	1,662.2	2,710.9	3,034.5

Total	4,307.5	6,528.1	8,610.5	10,533.5

	341.1	(2,387.9)	824.5	(1,464.4)

Income tax expense (benefit)	124.5	(768.3)	296.0	(439.9)
Minority interest	14.7	(202.5)	42.7	(132.8)

Total	139.2	(970.8)	338.7	(572.7)

Income (loss) from continuing operations	201.9	(1,417.1)	485.8	(891.7)
Discontinued operations-net		1.9	(31.0)	2.1
Cumulative effect of change in accounting principles-net(d)				(53.3)

Net income (loss)	\$201.9	\$(1,415.2)	\$454.8	\$(942.9)
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Net income (loss) attributable to:				
Loews Common Stock:				
Income (loss) from continuing operations	\$160.5	\$(1,417.1)	\$426.4	\$(891.7)
Discontinued operations-net		1.9	(31.0)	2.1
Cumulative effect of change in accounting principles-net(d)				(53.3)

Loews Common Stock	160.5	(1,415.2)	395.4	(942.9)
Carolina Group Stock(e)	41.4		59.4	

	\$201.9	\$(1,415.2)	\$454.8	\$(942.9)
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Income (loss) per Loews common share(f):				
Income (loss) from				

continuing operations	\$0.85	\$(7.19)	\$2.25	\$(4.52)
Discontinued operations-net		0.01	(0.16)	0.01
Cumulative effect of changes in accounting principles-net(d)				(0.27)

Net income (loss) \$0.85 \$(7.18) \$2.09 \$(4.78)

Net income per Carolina Group common share(f) \$1.03 \$1.48

Weighted number of shares outstanding:

Loews Common Stock	188.19	197.24	189.63	197.24
Carolina Group Stock	40.25		40.25	

- (a) Includes investment (losses) gains of \$(195.0), \$584.1, \$(171.5) and \$991.6 for the respective periods.
- (b) Includes excise taxes of \$176.1, \$160.4, \$356.5 and \$311.1 paid on sales of manufactured products for the respective periods.
- (c) Includes a \$200.0 charge related to an agreement with the Engle class for the three and six months ended June 30, 2001.
- (d) Adoption of SFAS No. 133, accounting for derivative instruments and hedging activities at the CNA subsidiary.
- (e) Represents 23.17% of the economic interest in the Carolina Group from the February 2002 initial public offering of Carolina Group Stock.
- (f) Earnings per common share-assuming dilution is not presented because securities that could potentially dilute basic earnings per common share in the future would have been insignificant or antidilutive for the periods presented.

Loews Corporation and Subsidiaries
Additional Financial Information

June 30,

	Three Months		Six Months	
	2002	2001	2002	2001

(In millions)

Revenues:				
CNA Financial	\$3,479.9	\$2,140.9	\$6,926.8	\$5,338.9
Lorillard(a)	1,037.9	1,014.8	2,022.2	1,948.7
Loews Hotels	82.0	91.2	159.2	176.0
Diamond Offshore	187.8	239.3	391.9	463.7
Bulova	41.2	31.7	73.6	64.6
Investment income-net and other(b)	14.8	38.2	32.8	85.6
	4,843.6	3,556.1	9,606.5	8,077.5

Investment (losses)				
gains:				
CNA Financial	(162.3)	567.0	(161.3)	937.8
Corporate and other	(32.7)	17.1	(10.2)	53.8
	(195.0)	584.1	(171.5)	991.6
Total	\$4,648.6	\$4,140.2	\$9,435.0	\$9,069.1

Income (Loss) Before Taxes:				
CNA Financial	\$210.4	\$(3,176.1)	\$382.8	\$(2,996.6)
Lorillard(c)(d)	271.1	133.9	514.8	404.4
Loews Hotels	10.3	15.1	19.8	23.8
Diamond Offshore	8.6	57.1	36.3	104.3
Bulova	4.6	3.3	7.6	7.6
Investment income-net and other(b)	(35.7)	(5.3)	(60.9)	0.5
	469.3	(2,972.0)	900.4	(2,456.0)

Investment (losses)				
gains:				
CNA Financial	(162.3)	567.0	(161.3)	937.8
Corporate and other	(34.5)	17.1	(12.5)	53.8
	(196.8)	584.1	(173.8)	991.6
Loews Common Stock	272.5	(2,387.9)	726.6	(1,464.4)
Carolina Group(e)	68.6		97.9	
Total	\$341.1	\$(2,387.9)	\$824.5	\$(1,464.4)

Net Income (Loss):				
CNA Financial	\$127.8	\$(1,803.9)	\$229.2	\$(1,698.1)
Lorillard(c)(d)	163.7	80.1	312.7	244.5
Loews Hotels	6.7	9.6	12.7	15.1
Diamond Offshore	1.7	17.8	10.4	32.5
Bulova	2.6	1.8	4.2	4.2
Investment income-net and other(b)	(22.9)	(3.2)	(39.2)	0.5
	279.6	(1,697.8)	530.0	(1,401.3)

Investment (losses)				
gains:				
CNA Financial	(93.9)	271.7	(91.7)	478.6
Corporate and other	(25.2)	9.0	(11.9)	31.0
	(119.1)	280.7	(103.6)	509.6

Income (loss) from continuing operations	160.5	(1,417.1)	426.4	(891.7)
Discontinued operations -net		1.9	(31.0)	2.1
Cumulative effect of changes in accounting principles-net				(53.3)

Loews Common Stock	160.5	(1,415.2)	395.4	(942.9)
Carolina Group(e)	41.4		59.4	

Total	\$201.9	\$(1,415.2)	\$454.8	\$(942.9)
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(a) Includes excise taxes of \$176.1, \$160.4, \$356.5 and \$311.1 paid on sales of manufactured products for the respective periods.

(b) Consists primarily of corporate investment income, interest expenses and other unallocated expenses.

(c) Represents the Loews Group's 76.83% intergroup interest in the earnings of the Carolina Group.

(d) Includes a \$200.0 charge (\$121.0 after taxes) related to an agreement with the Engle class for the three and six months ended June 30, 2001.

(e) Represents 23.17% of the economic interest in the Carolina Group from the February 2002 initial public offering of Carolina Group Stock.

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