



Loews Corporation Reports Results for 2003

February 12, 2004



NEW YORK--(BUSINESS WIRE)--Feb. 12, 2004--Loews Corporation (NYSE:LTR) (NYSE:CG) today reported consolidated net income (including both the Loews Group and Carolina Group) for the 2003 fourth quarter of \$367.4 million, compared to \$261.3 million for the fourth quarter of 2002. Consolidated net loss for the year ended December 31, 2003 amounted to \$610.7 million, compared to net income of \$912.0 million in 2002.

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

(In millions, except per share data)	December 31,			
	Three Months		Year Ended	
	2003	2002	2003	2002
Consolidated:				
Revenues (a)	\$ 4,335.7	\$ 3,960.1	\$16,461.0	\$17,456.5
Net income (loss)	\$ 367.4	\$ 261.3	\$ (610.7)	\$ 912.0
Per Share: (b)				
Income (loss) per share of Loews common stock:				
Income (loss) from continuing operations	\$ 1.79	\$ 1.20	\$ (4.21)	\$ 4.46
Discontinued operations-net		0.01	0.30	(0.14)
Cumulative effect of change in accounting principle-net				(0.21)
Net income (loss) per share of Loews common stock	\$ 1.79	\$ 1.21	\$ (3.91)	\$ 4.11
Net income per share of Carolina Group stock	\$ 0.74	\$ 0.92	\$ 2.76	\$ 3.50

(a) Revenue includes premiums of \$1,151.0 for the year ended December 31, 2002, related to the National Postal Mail Handlers contract at CNA which was transferred on July 1, 2002.

(b) The Company has two classes of common stock, Loews common stock and Carolina Group stock, issued in February 2002.

Quarter Ended December 31, 2003 Compared With 2002

Consolidated income from continuing operations for the fourth quarter of 2003 was \$367.4 million, compared to \$259.5 million in the comparable period of the prior year. Income from continuing operations includes net investment gains of \$37.7 million (after tax and minority interest), compared to net investment losses of \$23.7 million (after tax and minority interest) in the comparable period of the prior year.

Income from continuing operations attributable to Loews common stock for the fourth quarter of 2003 amounted to \$332.6 million or \$1.79 per share, compared to \$222.6 million or \$1.20 per share in the comparable period of the prior year. Income from continuing operations in the fourth quarter of 2003 includes net investment gains attributable to Loews common stock of \$37.5 million, compared to net investment losses of \$24.2 million in the comparable period of the prior year.

Net investment gains increased \$61.7 million (after tax and minority interest) in the fourth quarter of 2003 as compared with the same period in 2002.

This increase was due primarily to a decrease in investment related impairment charges for other-than-temporary declines in market values of fixed maturity and equity securities recorded in 2002, partially offset by a loss of \$116.4 million (after tax and minority interest) from CNA's sale of its Group Benefits business to Hartford Financial Services Group, Inc. Investment related impairment losses were \$10.9 million in the fourth quarter of 2003, compared to \$208.8 million (after tax and minority interest) for the same period in 2002.

Net income attributable to Carolina Group stock for the fourth quarter of 2003 was \$34.8 million or \$0.74 per Carolina Group share, compared to \$36.9 million, or \$0.92 per Carolina Group share in the fourth quarter of 2002. The Company is issuing a separate press release reporting the actual and pro forma results of the Carolina Group for the quarter and year ended December 31, 2003 and 2002.

Year Ended December 31, 2003 Compared With 2002

Net loss of \$610.7 million for 2003 includes a gain from discontinued operations of \$55.4 million or \$0.30 per share of Loews common stock related to the sale of a hotel property, as compared to a loss from discontinued operations of \$27.0 million or \$0.14 per share of Loews common stock in the prior year primarily related to CNA's sale of its life operations in Chile. Net income in 2002 also included a charge for accounting changes of \$39.6 million or \$0.21 per share of Loews common stock, related to accounting for goodwill and other intangible assets at CNA.

The 2003 results reflect the charges at CNA Financial Corporation, the Company's 90% owned subsidiary, for net prior year development of \$1,667.4 million, net of tax and minority interest, which includes premium and claim and allocated claim adjustment expense development. Results for 2003 also include charges to increase bad debt reserves for insurance and reinsurance receivables of \$356.9 million.

The net prior year development consists of \$1,202.0 million related to core reserves and \$465.4 million related to asbestos, environmental pollution and mass tort ("APMT") reserves (after tax and minority interest). The net prior year development also resulted in additional cessions to CNA's reinsurance contracts, including the corporate aggregate reinsurance treaties. These additional cessions resulted in \$60.3 million of interest expense (after tax and minority interest), which is recorded as a reduction in investment income.

As previously reported, in order to assist CNA in replenishing statutory capital adversely impacted by the 2003 charges discussed above, in November of 2003 Loews purchased \$750 million of a new series of CNA convertible preferred stock. Loews committed additional capital support of up to \$500 million by February 27, 2004 through the purchase of surplus notes of Continental Casualty Company ("CCC"), CNA's principal insurance subsidiary, in the event certain additions to CCC's statutory capital are not achieved through asset sales. In addition, Loews committed to an additional \$150 million of capital support by March 31, 2004, in a form to be determined.

As a result of CNA's sale of its group benefits business, Loews expects that it will be obligated to purchase \$45 million of CCC surplus notes pursuant to such commitment. In addition, CNA has recently announced that it has entered into an agreement to sell its individual life business and has estimated that this sale will result in an addition to CCC's statutory surplus in excess of \$400 million. However, this sale, which is subject to customary closing conditions and regulatory approvals, is not expected to be consummated by February 26, 2004. As a result, Loews will be obligated to purchase \$300 million of additional CCC surplus notes. CNA has stated that, following the consummation of the individual life sale, it plans to seek approval from the insurance regulatory authority for the repayment of the surplus notes purchased in relation to such sale, although no assurance can be given that sale of the individual life business will be consummated or that the regulatory approval will be obtained.

Consolidated loss from continuing operations for the year ended 2003 was \$666.1 million, compared to income of \$978.6 million in the comparable period of the prior year. Loss from continuing operations includes net investment gains of \$338.3 million (after tax and minority interest), compared to a loss of \$116.7 million (after tax and minority interest) in the comparable period of the prior year. The net loss reflects the unfavorable net prior year premium and loss development and increase in bad debt reserves recorded in 2003 as discussed above and lower results from Lorillard, partially offset by the improvement in net investment gains.

Loss from continuing operations attributable to Loews common stock for the year ended 2003 amounted to \$781.3 million or \$4.21 per share, compared to income of \$837.9 million or \$4.46 per share in the comparable period of the prior year. Loss from continuing operations includes net investment gains attributable to Loews common stock of \$339.7 million, compared to losses of \$122.0 million in the comparable period of the prior year.

Net income attributable to Carolina Group stock for the year ended 2003 amounted to \$115.2 million or \$2.76 per Carolina Group share, compared to \$140.7 million or \$3.50 per share in the prior year.

Components of Net Income (Loss)

(In millions)	December 31,			
	Three Months		Year Ended	
	2003	2002	2003	2002
Income (loss) before net investment gains (losses) attributable to Loews common stock	\$ 295.1	\$ 246.8	\$(1,121.0)	\$ 959.9
Net investment gains (losses)	37.5	(24.2)	339.7	(122.0)
Income (loss) from continuing operations	332.6	222.6	(781.3)	837.9

Discontinued operations-				
net (a)	1.8	55.4	(27.0)	
Cumulative effect of change in accounting principle-net (b)			(39.6)	

Net income (loss)				
attributable to Loews common stock	\$ 332.6	\$ 224.4	\$ (725.9)	\$ 771.3
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(a) Includes a gain of \$56.7 in the year ended December 31, 2003 from the sale of a hotel property. The year ended December 31, 2002 includes a \$31.0 loss from CNA's sale of its life operations in Chile.

(b) Represents the effect of the adoption of SFAS No. 142, which was a change in accounting for goodwill and other intangible assets at CNA.

At December 31, 2003, the book value per share of Loews common stock was \$60.92 per Loews common share compared to \$61.68 per Loews common share at December 31, 2002.

At December 31, 2003, there were 185,447,050 shares of Loews common stock outstanding and 57,965,000 shares of Carolina Group stock outstanding. 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 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. In an initial public offering, the Company issued 40,250,000 shares of Carolina Group stock representing an interest in the economic performance of the Carolina Group. On November 25, 2003, the Company sold 18,055,000 shares of Carolina Group stock. Loews common stock represents the economic performance of the Company's remaining assets, including the interest in the Carolina Group not represented by Carolina Group Stock. At December 31, 2003, the outstanding Carolina Group stock represents a 33.43% economic interest in the economic performance of the Carolina Group.

A conference call to discuss the fourth quarter results of Loews Corporation has been scheduled for 11:00 a.m. EST, Thursday, February 12, 2004. A live broadcast of the call will be available online at the Loews Corporation Web site (www.loews.com). Please go to the Web site at least 10 minutes before the event begins to register and to download and install any necessary audio software. Those interested in participating in the question and answer session of the conference call should dial (877) 692-2592. An online replay will be available at the Company's Web site for one week following the call.

A conference call to discuss the fourth quarter results of CNA has been scheduled for 10:00 a.m. EST, Thursday, February 12, 2004. A live broadcast of the call will be available online at the CNA Web site (<http://investors.cna.com>). Please go to the Web site at least 10 minutes before the event begins to register and to download and install any necessary audio software. Those interested in participating in the question and answer session of the conference call should dial (800) 818-5264. An online replay will be available at CNA's Web site for one week following the call.

Forward-Looking Statements

Statements contained in this press release which are not historical facts are "forward-looking statements" within the meaning of the federal securities laws. When included in this press release, the words "believes," "expects," "plans," "intends," "anticipates," "estimates," "should," and similar expressions, and other statements concerning the Company's future plans, objectives, and expected performance are intended to identify forward-looking statements. Forward-looking statements contained in this release include statements regarding the implementation of CNA's capital plan and the impact on statutory capital, including the sale of CNA's individual life business and the purchase by, and repayment to, the Company of surplus notes.

Forward-looking statements are inherently uncertain and subject to a variety of risks that could cause actual results to differ materially from those expected by management of the Company and CNA. A discussion of the important risk factors and other considerations that could materially impact these matters as well as the Company's overall business and financial performance can be found in the Company's reports filed with the Securities and Exchange Commission and readers of this release are urged to review those reports carefully when considering these forward-looking statements. Copies of these reports are available through the Company's Web site (www.loews.com). Given these risk factors, investors and analysts should not place undue reliance on forward-looking statements.

These forward-looking statements speak only as of the date of this press release. The Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any forward-looking statement is based.

Loews Corporation and Subsidiaries
Financial Review

December 31,

Three Months

Years Ended

	2003	2002	2003	2002
(Amounts in millions, except per share data)				
Revenues:				
Insurance premiums and net investment income (a)	\$ 3,044.4	\$ 2,690.5	\$11,523.8	\$11,868.1
Manufactured products (b)	840.4	886.3	3,418.8	3,963.5
Other	450.9	383.3	1,518.4	1,624.9
Total	4,335.7	3,960.1	16,461.0	17,456.5
Expenses:				
Insurance claims & policyholders' benefits	1,946.7	1,849.6	9,915.6	8,392.0
Cost of manufactured products sold (b)	483.2	465.1	1,972.8	2,226.5
Other	1,318.6	1,232.2	5,951.0	5,197.3
Total	3,748.5	3,546.9	17,839.4	15,815.8
	587.2	413.2	(1,378.4)	1,640.7
Income tax expense (benefit)	201.2	130.6	(534.1)	579.8
Minority interest	18.6	23.1	(178.2)	82.3
Total	219.8	153.7	(712.3)	662.1
Income (loss) from continuing operations	367.4	259.5	(666.1)	978.6
Discontinued operations-net (c)		1.8	55.4	(27.0)
Cumulative effect of change in accounting principles-net (d)				(39.6)
Net income (loss)	\$ 367.4	\$ 261.3	\$ (610.7)	\$ 912.0
Net income (loss) attributable to:				
Loews common stock:				
Income (loss) from continuing operations	\$ 332.6	\$ 222.6	\$ (781.3)	\$ 837.9
Discontinued operations-net (c)		1.8	55.4	(27.0)
Cumulative effect of change in accounting principles-net (d)				(39.6)
Loews common stock	332.6	224.4	(725.9)	771.3
Carolina Group stock (e)	34.8	36.9	115.2	140.7
	\$ 367.4	\$ 261.3	\$ (610.7)	\$ 912.0

Income (loss) per share of

Loews common stock (f):				
Income (loss) from				
continuing operations	\$ 1.79	\$ 1.20	\$ (4.21)	\$ 4.46
Discontinued operations-				
net (c)		0.01	0.30	(0.14)
Cumulative effect of				
changes in accounting				
principles-net (d)				(0.21)
Net income (loss)	\$ 1.79	\$ 1.21	\$ (3.91)	\$ 4.11

Net income per share of				
Carolina Group stock (f)	\$ 0.74	\$ 0.92	\$ 2.76	\$ 3.50

Weighted number of shares				
outstanding:				
Loews common stock	185.45	185.44	185.45	187.59
Carolina Group stock	47.17	39.91	41.74	40.15

- (a) Includes investment gains (losses) of \$78.7, \$(63.7), \$581.9 and \$(208.7) for the respective periods.
- (b) Includes excise taxes of \$158.0, \$149.6, \$651.4 and \$667.6 paid on sales of manufactured products for the respective periods.
- (c) Includes a gain of \$56.7 in the year ended December 31, 2003 from the sale of a hotel property. The year ended December 31, 2002 includes a \$31.0 loss from CNA's sale of its life operations in Chile.
- (d) Adoption of SFAS No. 142, accounting for goodwill and other intangible assets at the CNA subsidiary.
- (e) Represents 29.23% and 24.59% of the economic interest in the Carolina Group for the three months and year ended 2003 and 23.01% and 23.12% for the three and eleven months ended December 31, 2002.
- (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

	December 31,			
	Three Months		Years Ended	
	2003	2002	2003	2002
	(In millions)			
Revenues:				
CNA Financial	\$ 3,053.3	\$ 2,856.2	\$11,256.0	\$12,538.8
Lorillard (a)	798.0	843.8	3,295.4	3,843.8
Loews Hotels	72.5	64.1	286.0	266.4
Diamond Offshore	190.0	189.9	694.9	783.9
Texas Gas	75.1		143.2	
Bulova	54.4	51.3	166.8	166.6
Investment income-net				
and other (b)	13.7	18.5	36.8	65.7

	4,257.0	4,023.8	15,879.1	17,665.2
Investment gains (losses):				
CNA Financial (c)	(3.5)	(114.8)	473.4	(252.2)
Corporate and other	82.2	51.1	108.5	43.5
	78.7	(63.7)	581.9	(208.7)
Total	\$ 4,335.7	\$ 3,960.1	\$16,461.0	\$17,456.5
Income (Loss) Before Taxes:				
CNA Financial	\$ 264.3	\$ 175.1	\$(2,789.6)	\$ 607.6
Lorillard (d)(e)	176.6	246.7	755.1	1,038.5
Loews Hotels	1.0	(1.6)	18.6	14.2
Diamond Offshore	2.9	9.6	(53.2)	54.2
Texas Gas	30.9		37.6	
Bulova	8.4	9.4	18.0	21.5
Investment income-net and other (b)	(31.5)	(21.4)	(133.9)	(109.8)
	452.6	417.8	(2,147.4)	1,626.2
Investment gains (losses):				
CNA Financial (c)	(3.5)	(114.8)	473.4	(252.2)
Corporate and other	82.0	50.3	110.7	35.3
	78.5	(64.5)	584.1	(216.9)
Loews common stock	531.1	353.3	(1,563.3)	1,409.3
Carolina Group stock (f)	56.1	59.9	184.9	231.4
Total	\$ 587.2	\$ 413.2	\$(1,378.4)	\$ 1,640.7
Net Income (Loss):				
CNA Financial	\$ 184.3	\$ 102.2	\$(1,523.9)	\$ 363.4
Lorillard (d)(e)	109.7	151.8	470.9	630.4
Loews Hotels		(1.7)	11.2	8.7
Diamond Offshore	(0.7)	0.9	(27.2)	14.1
Texas Gas	18.7		22.5	
Bulova	5.3	5.3	11.8	11.8
Investment income-net and other (b)	(22.2)	(11.7)	(86.3)	(68.5)
	295.1	246.8	(1,121.0)	959.9
Investment gains (losses):				
CNA Financial (c)	(15.5)	(56.1)	265.7	(133.0)
Corporate and other	53.0	31.9	74.0	11.0
	37.5	(24.2)	339.7	(122.0)
Income (loss) from continuing operations	332.6	222.6	(781.3)	837.9
Discontinued operations- net (g)		1.8	55.4	(27.0)
Cumulative effect of changes in accounting				

principles-net				(39.6)
Loews common stock	332.6	224.4	(725.9)	771.3
Carolina Group stock (f)	34.8	36.9	115.2	140.7
Total	\$ 367.4	\$ 261.3	\$ (610.7)	\$ 912.0

- (a) Includes excise taxes of \$158.0, \$149.6, \$651.4 and \$667.6 paid on sales of manufactured products for the respective periods.
- (b) Consists primarily of corporate investment income, interest expenses and other unallocated expenses.
- (c) Includes a loss of \$116.4 (after tax and minority interest) for CNA's sale of its Group Benefits business to Hartford Financial Services Group, Inc.
- (d) Represents the Loews Group's intergroup interest in the earnings of the Carolina Group.
- (e) Includes a \$27.5 charge in the year ended December 31, 2003 (\$17.1 after taxes) to settle litigation with tobacco growers and a \$28.0 charge in the year ended December 31, 2003 (\$17.5 after taxes) to resolve indemnification claims and trademark matters in connection with the 1977 sale by Lorillard of its international business.
- (f) Represents 29.23% and 24.59% of the economic interest in the Carolina Group for the three months and year ended 2003 and 23.01% and 23.12% for the three and eleven months ended December 31, 2002.
- (g) Includes a gain of \$56.7 in the year ended December 31, 2003 from the sale of a hotel property. The year ended December 31, 2002 includes a \$31.0 loss from CNA's sale of its life operations in Chile.

Carolina Group Reports Net Income for 2003

NEW YORK--Feb. 12, 2004--Loews Corporation (NYSE:LTR) reported today Carolina Group net income for the 2003 fourth quarter of \$119.1 million, compared to \$160.3 million in the 2002 fourth quarter. Net income attributable to the Loews Group intergroup interest for the fourth quarter of 2003 amounted to \$84.3 million, compared to \$123.4 million in the comparable period of the prior year. Net income attributable to Carolina Group stock (NYSE:CG) for the fourth quarter of 2003 was \$34.8 million, or \$0.74 per share of Carolina Group stock, compared to \$36.9 million, or \$0.92 per share in the prior year.

Carolina Group net income for the 2003 fourth quarter includes net investment gains of \$0.6 million, compared to \$2.2 million in the prior year. Net investment gains attributable to Carolina Group stock in the fourth quarter of 2003 and 2002 were \$0.2 million and \$0.5 million.

Net sales for the Carolina Group were \$787.7 million in the fourth quarter of 2003, compared to \$834.3 million in 2002. The decline in net sales reflects increased sales promotion expenses, partially offset by improved unit sales volume of 6.9%.

Carolina Group net income for the year ended 2003 was \$468.3 million, compared to \$681.5 million in the comparable period of the prior year. Net income for 2003 was reduced by after-tax charges of \$17.1 million to settle litigation with tobacco growers and \$17.5 million to resolve indemnification claims and trademark matters in connection with the 1977 sale by Lorillard of its international business.

Net income attributable to the Loews Group intergroup interest for the year ended 2003 amounted to \$353.1 million, compared to \$540.8 million in the comparable period of the prior year. Net income attributable to Carolina Group stock for the year ended 2003 was \$115.2 million or \$2.76 per share of Carolina Group stock, compared to \$140.7 million or \$3.50 per share of Carolina Group stock in 2002, and reflects eleven months of actual results commencing with the initial issuance of Carolina Group stock by Loews Corporation in February 2002.

Carolina Group net income for the year ended 2003 includes net investment losses of \$6.3 million, compared to gains of \$23.4 million in the prior year. Net investment (losses) gains attributable to Carolina Group stock for the years ended 2003 and 2002 were \$(1.4) million and \$5.3 million.

Net sales for the Carolina Group were \$3.256 billion in 2003 compared to \$3.798 billion in 2002. The decline in net sales reflects lower unit sales volume of 2.8% and increased sales promotion expenses.

On a pro forma basis, assuming the Carolina Group stock had been issued at January 1, 2002, net income attributable to Carolina Group stock for the year ended 2002 would have been \$154.7 million or \$3.85 per share of Carolina Group stock.

This pro forma information is based on the historical results of operations of the Carolina Group, adjusted to accrue interest expense at 8% per annum

on \$2.500 billion of notional intergroup debt and an adjustment to income taxes for the impact of the interest expense. Per share amounts are based on income available to Carolina Group shareholders. At December 31, 2003, the outstanding balance of notional debt was \$2.032 billion.

The Carolina Group stock, commonly called a tracking stock, is intended to reflect the economic performance of a defined group of the Company's assets and liabilities, referred to as the Carolina Group, principally consisting of the Company's subsidiary Lorillard, Inc. The Carolina Group, a notional group, is not a separate legal entity. The purpose of this financial information is to provide investors with additional information to use in analyzing the results of operations and financial condition of the Carolina Group, and this financial information should be read in conjunction with the consolidated financial information of Loews Corporation.

On November 25, 2003, Loews Corporation sold 18,055,000 shares of Carolina Group stock for net proceeds of \$399.5 million. As of December 31, 2003, there were 57,965,000 shares of Carolina Group stock outstanding. Depending on market conditions, the Company, for the account of the Carolina Group, from time-to-time may purchase shares of Carolina Group stock in the open market or otherwise.

Loews Corporation has issued a separate press release reporting its consolidated results for the fourth quarter and full-year of 2003, which accompanies this press release.

A conference call to discuss the fourth quarter and full-year results of Loews Corporation has been scheduled for 11:00 a.m. EST, Thursday, February 12, 2004. A live broadcast of the call will be available online at the Loews Corporation Web site (www.loews.com). Please go to the Web site at least 10 minutes before the event begins to register and to download and install any necessary audio software. Those interested in participating in the question and answer session of the conference call should dial (877) 692-2592. An online replay will be available at the Company's Web site for one week following the call.

Carolina Group
Financial Review

	December 31,				
	Three Months		Year Ended		
	2003	2002	2003	2002	2002 (e)
	(Amounts in millions, except per share data) Pro Forma				
Net sales (a)	\$ 787.7	\$ 834.3	\$3,255.6	\$3,797.7	\$3,797.7
Cost of sales (a)(b)	457.7	445.5	1,893.1	2,172.4	2,172.4
Selling, advertising and administrative (c)	107.8	92.6	460.6	409.3	409.3
Total operating costs and expenses	565.5	538.1	2,353.7	2,581.7	2,581.7
Operating income	222.2	296.2	901.9	1,216.0	1,216.0
Investment income (d)	11.5	13.5	32.1	83.0	83.0
Interest expense	(42.1)	(49.4)	(182.8)	(178.4)	(199.4)
Income before income taxes	191.6	260.3	751.2	1,120.6	1,099.6
Income taxes	72.5	100.0	282.9	439.1	430.9
Net income	119.1	160.3	468.3	681.5	668.7
Earnings attributable to the Loews Group intergroup interest (f)	84.3	123.4	353.1	540.8	514.0
Income attributable to Carolina Group shareholders (g)	\$ 34.8	\$ 36.9	\$ 115.2	\$ 140.7	\$ 154.7

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Per share of Carolina Group stock (h)	\$ 0.74	\$ 0.92	\$ 2.76	\$ 3.50	\$ 3.85
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Weighted number of shares outstanding	47.17	39.91	41.74	40.15	40.15
=====					

- (a) Includes excise taxes of \$158.0, \$149.6, \$651.4 and \$667.6 for the respective periods.
- (b) Includes charges of \$193.0, \$219.3, \$785.2 and \$1,062.2 (\$119.9, \$135.5, \$489.5 and \$646.1 after taxes) to accrue obligations under the State Settlement Agreements for the respective periods.
- (c) Includes a \$27.5 charge in the year ended December 31, 2003 (\$17.1 after taxes) to settle litigation with tobacco growers and a \$28.0 charge in the year ended December 31, 2003 (\$17.5 after taxes) to resolve indemnification claims and trademark matters in connection with the 1977 sale by Lorillard of its international business.
- (d) Includes \$1.0, \$3.4, (\$9.7) and \$36.1 of investment gains (losses) for the respective periods.
- (e) Includes pro forma adjustment to accrue interest expense at 8% per annum on \$2,500.0 of notional intergroup debt and an adjustment to income taxes for the impact of the interest expense for the period prior to the issuance of Carolina Group stock.
- (f) Prior to November 25, 2003, the Loews Group's intergroup interest in the earnings of the Carolina Group reflected share equivalents amounting to 133,500,000 shares of 173,750,000 share and share equivalents outstanding. Subsequent to the Loews Group's sale of 18,055,000 shares of Carolina Group stock, the Loews Group's intergroup interest in the earnings of the Carolina Group reflected share equivalents amounting to 115,445,000 shares of 173,410,000 share and share equivalents outstanding. As of December 31, 2003, there were 57,965,000 shares of Carolina Group stock outstanding.
- (g) Represents 29.23% and 24.59% of the economic interest in the Carolina Group for the three months and year ended December 31, 2003 and 23.01% and 23.12% for the three and eleven months ended December 31, 2002. On a pro forma basis, the economic interest is 23.13%.
- (h) Earnings per common share-assuming dilution is not presented because securities that could potentially dilute basic earnings per share in the future would have been insignificant or antidilutive for the periods presented. Pro forma earnings per share of Carolina Group stock assumes the Carolina Group was a separate group as of January 1, 2002.

Carolina Group
Supplemental Information

Domestic U.S. unit volume shipped by Lorillard Tobacco Company to its direct buying customers by brand (all units in thousands):

December 31,

Three Months Years Ended

	2003	2002	2003	2002
Premium Brands				
Total Newport	7,508,067	6,896,141	30,976,222	31,171,947
Total Kent Family	246,522	303,624	1,063,534	1,344,233
Total True	183,297	214,940	777,681	936,212
Total Max	12,471	15,303	53,970	66,192
Total Satin	2,496	3,084	10,830	14,000
Total Triumph	771	1,116	3,726	4,743
Total Premium Brands	7,953,624	7,434,208	32,885,963	33,537,327
Discount Brands				
Total Old Gold	243,108	281,147	1,030,580	1,297,404
Total Maverick	151,590	94,880	514,341	596,938
Total Discount Brands	394,698	376,027	1,544,921	1,894,342
Total Domestic Cigarettes	8,348,322	7,810,235	34,430,884	35,431,669

Notes:

1. This information is unaudited and is not adjusted for returns.
2. Domestic unit volume includes units sold as well as promotional units, and excludes volumes for Puerto Rico and U.S. Possessions.
3. Unit volume for a quarter is not necessarily indicative of unit volume for any subsequent period.
4. Unit volume is not necessarily indicative of the level of revenues for any period.

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SOURCE: Loews Corp.