



Carolina Group Reports Net Income and Pro Forma Results for the First Quarter of 2003

May 8, 2003



NEW YORK--(BUSINESS WIRE)--May 8, 2003--Loews Corporation (NYSE:LTR) reported today Carolina Group net income for the 2003 first quarter of \$124.4 million, compared to \$150.7 million in the 2002 first quarter.

Net income attributable to Carolina Group stock (NYSE:CG) for the first quarter of 2003 was \$28.6 million, or \$0.72 per share of Carolina Group stock, compared to \$18.0 million, or \$0.45 per share in the prior year. Net income for 2003 was reduced by a charge of \$17.1 million to resolve indemnification claims and trademark matters in connection with the 1977 sale by Lorillard of its international business.

Carolina Group net income for the 2003 first quarter includes net investment gains of \$0.2 million, compared to \$1.9 million in the prior year. Net investment gains attributable to Carolina Group stock in 2002 were \$0.3 million.

Net sales for the Carolina Group were \$844.2 million in the first quarter of 2003, compared to \$973.1 million in 2002.

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 first quarter of 2002 would have been \$32.0 million or \$0.80 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 \$2.5 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 March 31, 2003, the outstanding balance of notional debt was \$2.4 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.

As of March 31, 2003, there were 39,910,000 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 first quarter of 2003, which accompanies this press release.

A conference call to discuss the first quarter results of Loews Corporation has been scheduled for 11:00 a.m. EDT, Thursday, May 8, 2003. 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

	Three Months Ended March 31,		
	2003	2002	2002
	(Amounts in millions, except per share data)		
	Pro Forma		
Net sales (a)	\$ 844.2	\$ 973.1	\$ 973.1
Cost of sales (a)	466.5	600.2	600.2
Selling, advertising and administrative (b)	134.7	111.8	111.8
Total operating costs and expenses	601.2	712.0	712.0
Operating income	243.0	261.1	261.1

Investment income (c)	8.8	14.2	14.2
Interest expense (d)	(48.2)	(29.0)	(50.0)

Income before income taxes	203.6	246.3	225.3
Income taxes (d)	79.2	95.6	87.4

Net income	124.4	150.7	137.9
Earnings attributable to the Loews Group intergroup interest (e)	95.8	132.7	105.9

Income attributable to Carolina Group shareholders (f)	\$ 28.6	\$ 18.0	\$ 32.0
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Per share of Carolina Group stock (g)	\$ 0.72	\$ 0.45	\$ 0.80
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Weighted number of shares outstanding	39.91	40.25	40.25
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(a) Includes excise taxes of \$156.9 and \$180.4 for the three months ended March 31, 2003 and 2002.

(b) Includes a \$28.0 charge in 2003 (\$17.1 after taxes) to resolve indemnification claims and trademark matters in connection with the 1977 sale by Lorillard of its international business.

(c) Includes \$0.3 and \$2.9 of investment gains for the respective periods.

(d) 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.

(e) Adjusted to reflect the Loews Group's intergroup interest in the earnings of the Carolina Group after completion of the February 1, 2002 offering of 40,250,000 shares of Carolina Group stock. The Loews Group's economic interest is expressed in share equivalents amounting to 133,500,000 shares for a total of 173,750,000 shares and share equivalents outstanding after the offering. As of March 31, 2003, there were 39,910,000 shares of Carolina Group stock outstanding.

(f) Represents 23.01% and 23.17% of the economic interest in the Carolina Group for the three month and two month periods ended March 31, 2003 and 2002, and 23.17% on a pro forma basis for the three month period ended March 31, 2002.

(g) 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

The following information regarding domestic U.S. unit volume shipped by Lorillard Tobacco Company to its direct buying customers by brand as follows (all units in billions):

	Three Months Ended March 31,	
	2003	2002
Full Price Brands		
Total Newport	7.472	8.395
Total Kent Family	0.268	0.363
Total True	0.193	0.247
Total Max	0.014	0.017
Total Satin	0.003	0.004
Total Triumph	0.001	0.001
Total Full Price Brands	7.951	9.027
Price/Value Brands		
Total Old Gold	0.246	0.329
Total Maverick	0.083	0.202
Total Price/Value Brands	0.329	0.531
Total Domestic Cigarettes	8.280	9.558

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.

Loews Corporation Reports Net Income for the First Quarter of 2003

NEW YORK--May 8, 2003--Loews Corporation (NYSE:LTR; CG) today reported consolidated net income (including both the Loews Group and Carolina Group) for the 2003 first quarter of \$190.0 million, compared to \$212.8 million in the 2002 first quarter.

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

	Three Months Ended March 31,	
(In millions, except per share data)	2003	2002(a)
Consolidated:		
Revenues (b)	\$ 3,949.2	\$ 4,792.3
Net income	\$ 190.0	\$ 212.8
Per Share: (c)		
Income per share of Loews common stock:		
Income from continuing operations	\$ 0.87	\$ 1.39

Discontinued operations - net	(0.16)
Cumulative effect of changes in accounting principles-net	(0.21)

Net income	\$ 0.87	\$ 1.02
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Net income per share of Carolina Group stock	\$ 0.72	\$ 0.45
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(a) Restated to reflect an adjustment to the Company's historical accounting for CNA's investment in life settlement contracts and the related revenue recognition. The impact of this adjustment on operating results in 2002 was insignificant.

(b) Revenue includes premiums of \$616.0 for 2002, related to the National Postal Mail Handlers contract at CNA which was transferred on July 1, 2002.

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

Net income for the 2002 first quarter included a loss from discontinued operations at CNA of \$31.0 million or \$0.16 per share of Loews common stock and 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.

Consolidated net operating income for the first quarter of 2003 amounted to \$246.6 million (determined by excluding net investment losses of \$56.6 million from net income). Consolidated net operating income for the first quarter of 2002 amounted to \$267.6 million (determined by excluding net investment gains of \$15.8 million, loss from discontinued operations of \$31.0 million and the cumulative effect of accounting changes of \$39.6 million from net income).

Net operating income attributable to Loews common stock for the first quarter of 2003 amounted to \$218.0 million (determined by excluding net investment losses of \$56.6 million and income attributable to Carolina Group stock of \$28.6 million from net income). Net operating income attributable to Loews common stock for the first quarter of 2002 amounted to \$249.9 million (determined by excluding net investment gains of \$15.5 million, income attributable to Carolina Group stock of \$18.0 million, loss from discontinued operations of \$31.0 million and the cumulative effect of accounting changes of \$39.6 million from net income).

Net income attributable to Carolina Group stock for the first quarter of 2003 was \$28.6 million or \$0.72 per Carolina Group share, compared to \$18.0 million, or \$0.45 per Carolina Group share in the first quarter of 2002.

At March 31, 2003, the book value per share of Loews common stock was \$63.46, compared to \$61.68 at December 31, 2002.

At March 31, 2003, there were 185,447,050 shares of Loews common stock outstanding and 39,910,000 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 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. In an initial public offering, the Company issued shares of Carolina Group Stock representing a 23.17% interest in 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 interest in the Carolina Group not represented by Carolina Group Stock. At March 31, 2003, the outstanding Carolina Group stock represents a 23.01% economic interest in the economic performance of the Carolina Group.

A conference call to discuss the first quarter results of Loews Corporation has been scheduled for 11:00 a.m. EDT, Thursday, May 8, 2003. 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 first quarter results of CNA has been scheduled for 10:00 a.m. EDT, Thursday, May 8, 2003. 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 888/203-1112, passcode 614808. An online replay will be available at CNA's Web site until the date of the next conference call.

Loews Corporation and Subsidiaries
Financial Review

Three Months Ended
March 31,

	2003	2002(h)

	(Amounts in millions, except per share data)	
Revenues:		
Insurance premiums and net investment income (a)	\$ 2,741.2	\$ 3,322.7
Manufactured products (b)	884.0	1,004.8
Other (c)	324.0	464.8

Total	3,949.2	4,792.3

Expenses:		
Insurance claims & policyholders' benefits	1,869.8	2,310.1
Cost of manufactured products sold (b)	481.2	607.7
Other (d)	1,316.3	1,391.9

Total	3,667.3	4,309.7

	281.9	482.6

Income tax expense	92.9	171.2
Minority interest	(1.0)	28.0

Total	91.9	199.2

Income from continuing operations	190.0	283.4
Discontinued operations-net		(31.0)
Cumulative effect of change in accounting principles-net (e)		(39.6)

Net income	\$ 190.0	\$ 212.8
	=====	
Net income attributable to:		
Loews common stock:		
Income from continuing operations	\$ 161.4	\$ 265.4
Discontinued operations-net		(31.0)
Cumulative effect of change in accounting principles-net (e)		(39.6)

Loews common stock	161.4	194.8
Carolina Group stock (f)	28.6	18.0

	\$ 190.0	\$ 212.8
	=====	
Income per Loews common stock (g):		
Income from continuing operations	\$ 0.87	\$ 1.39
Discontinued operations-net		(0.16)
Cumulative effect of changes in accounting principles-net (e)		(0.21)

Net income	\$ 0.87	\$ 1.02
	=====	
Net income per share of Carolina Group stock (g)	\$ 0.72	\$ 0.45
	=====	

Weighted number of shares outstanding:

Loews common stock	185.45	191.09
Carolina Group stock	39.91	40.25

- (a) Includes investment (losses) gains of \$(95.6) and \$23.5 for the respective periods.
- (b) Includes excise taxes of \$156.9 and \$180.4 paid on sales of manufactured products for the respective periods.
- (c) Revenue for 2002 has been restated for comparative purposes to reflect the adoption of new accounting principles related to reimbursements received by Diamond Offshore for "Out-of-Pocket" expenses incurred.
- (d) Includes a \$28.0 charge in 2003 (\$17.1 after taxes) to resolve indemnification claims and trademark matters in connection with the 1977 sale by Lorillard of its international business.
- (e) Adoption of SFAS No. 142, accounting for goodwill and other intangible assets at the CNA subsidiary.
- (f) Represents 23.01% and 23.17% of the economic interest in the Carolina Group for the three month and two month periods ended March 31, 2003 and 2002 from the February 2002 initial public offering of Carolina Group stock.
- (g) 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.
- (h) Restated to reflect an adjustment to the Company's historical accounting for CNA's investment in life settlement contracts and the related revenue recognition.

Loews Corporation and Subsidiaries
Additional Financial Information

	Three Months Ended March 31,	
	2003	2002(f)
	(in millions)	
Revenues:		
CNA Financial	\$ 2,921.6	\$ 3,444.7
Lorillard (a)	851.9	984.3
Loews Hotels	76.4	77.2
Diamond Offshore (b)	152.0	211.9
Bulova	41.1	32.7
Investment income-net and other (c)	1.8	18.0
	4,044.8	4,768.8
Investment (losses) gains:		
CNA Financial	(76.1)	1.0
Corporate and other	(19.5)	22.5
	(95.6)	23.5
Total	\$ 3,949.2	\$ 4,792.3

Income Before Taxes:

CNA Financial	\$	184.1	\$	171.6
Lorillard (d)		203.9		243.7
Loews Hotels		8.0		9.5
Diamond Offshore		(28.8)		27.7
Bulova		4.3		3.0
Investment income-net and other (c)		(41.1)		(25.2)

330.4 430.3

Investment (losses) gains:

CNA Financial	(76.1)	1.0
Corporate and other	(19.2)	22.0

(95.3) 23.0

Loews common stock	235.1	453.3
Carolina Group stock (e)	46.8	29.3

Total \$ 281.9 \$ 482.6
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Net Income:

CNA Financial	\$	123.4	\$	100.9
Lorillard (d)		124.8		149.0
Loews Hotels		5.1		6.0
Diamond Offshore		(12.1)		8.7
Bulova		3.0		1.6
Investment income-net and other (c)		(26.2)		(16.3)

218.0 249.9

Investment (losses) gains:

CNA Financial	(43.9)	2.2
Corporate and other	(12.7)	13.3

(56.6) 15.5

Income from continuing operations	161.4	265.4
Discontinued operations-net		(31.0)
Cumulative effect of changes in accounting principles-net		(39.6)

Loews common stock	161.4	194.8
Carolina Group stock (e)	28.6	18.0

Total \$ 190.0 \$ 212.8
=====

- (a) Includes excise taxes of \$156.9 and \$180.4 paid on sales of manufactured products for the respective periods.
- (b) Revenue for 2002 has been restated for comparative purposes to reflect the adoption of new accounting principles related to reimbursements received by Diamond Offshore for "Out-of-Pocket" expenses incurred.
- (c) Consists primarily of corporate investment income, interest expenses and other unallocated expenses.
- (d) Represents the Loews Group's intergroup interest in the earnings of the Carolina Group.

- (e) Represents 23.01% and 23.17% of the economic interest in the Carolina Group for the three month and two month periods ended March 31, 2003 and 2002 from the February 2002 initial public offering of Carolina Group stock.
- (f) Restated to reflect an adjustment to the Company's historical accounting for CNA's investment in life settlement contracts and the related revenue recognition.

CONTACT: Loews Corporation, New York
Peter W. Keegan, 212/521-2950
or
Candace Leeds, 212/521-2416
or
Joshua E. Kahn, 212/521-2788

SOURCE: Loews Corp.