



Carolina Group Reports Net Income for the Second Quarter of 2004

July 29, 2004

NEW YORK--(BUSINESS WIRE)--July 29, 2004--Loews Corporation (NYSE:LTR) today reported Carolina Group net income for the 2004 second quarter of \$121.4 million, compared to \$108.4 million in the 2003 second quarter. Net income for the second quarter of 2003 included a \$26.0 million charge (\$16.8 million after taxes) to settle litigation with tobacco growers. Net income attributable to Carolina Group stock (NYSE:CG) for the second quarter of 2004 was \$40.6 million, or \$0.70 per share of Carolina Group stock, compared to \$25.0 million, or \$0.63 per share in the comparable period of the prior year.

The increase in net income attributable to Carolina Group stock for the second quarter of 2004, as compared to the corresponding period of the prior year, reflects the sale by Loews Corporation of 18,055,000 shares of Carolina Group stock in November of 2003. Net income per share of Carolina Group stock was not impacted by the sale of Carolina Group stock in November of 2003. Carolina Group stock represents a 33.43% and 23.01% economic interest in the Carolina Group for the three months ended June 30, 2004 and 2003, respectively.

Net sales for the Carolina Group were \$868.1 million in the second quarter of 2004, compared to \$780.9 million in the 2003 second quarter. The increase in net sales reflects lower sales promotion expenses (accounted for as a reduction in net sales) and an increase in unit sales volume of 3.8%.

Results of operations of the Carolina Group include interest expense of \$24.3 and \$30.6 million, net of taxes, for the three months ended June 30, 2004 and 2003, respectively, on notional intergroup debt. At June 30, 2004, \$1.98 billion principal amount of notional intergroup debt was outstanding.

Carolina Group net income for the first half of 2004 was \$224.4 million, compared to \$232.8 million in the 2003 first half. Net income for the first half of 2003 included a \$26.0 million charge (\$16.8 after taxes) to settle litigation with tobacco growers and a \$28.0 million charge (\$17.1 million after taxes) to resolve indemnification claims and trademark matters in connection with the 1977 sale by Lorillard of its international business. Net income attributable to Carolina Group stock for the first half of 2004 was \$75.0 million, or \$1.29 per share of Carolina Group stock, compared to \$53.6 million, or \$1.34 per share in the comparable period of the prior year. The increase in net income reflects the November of 2003 sale by Loews Corporation of Carolina Group stock discussed above.

Net sales for the Carolina Group were \$1.636 billion in the first half of 2004, compared to \$1.625 billion in the comparable period of the prior year. The increase in net sales reflects an increase in unit sales volume of 1.2% offset by increased sales promotion expenses (accounted for as a reduction in net sales).

Results of operations of the Carolina Group include interest expense of \$48.9 and \$59.9 million, net of taxes, for the six months ended June 30, 2004 and 2003, respectively, on notional intergroup debt.

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 June 30, 2004, there were 57,966,750 shares of Carolina Group stock outstanding representing a 33.43% economic interest. 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 second quarter of 2004, which accompanies this press release.

A conference call to discuss the second quarter results of Loews Corporation has been scheduled for 11:00 a.m. EDT, Thursday, July 29, 2004. A live broadcast of the call will be available online at the Loews Corporation website (www.loews.com). Please go to the website at least ten 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 website following the call.

Carolina Group Financial Review

June 30,			
Three Months		Six Months	
2004	2003	2004	2003
(Amounts in millions, except per share data)			

Net sales (a)	\$ 868.1	\$ 780.9	\$1,636.0	\$1,625.1
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Cost of sales (a) (b)	532.3	454.9	999.6	921.4
Selling, advertising and administrative (c)	103.3	120.1	203.3	254.8

Total operating costs and expenses	635.6	575.0	1,202.9	1,176.2

Operating income	232.5	205.9	433.1	448.9
Investment income	6.5	8.9	15.0	17.7
Interest expense	(39.8)	(47.3)	(80.1)	(95.5)

Income before income taxes	199.2	167.5	368.0	371.1
Income taxes	77.8	59.1	143.6	138.3

Net income	121.4	108.4	224.4	232.8
Earnings attributable to the Loews Group intergroup interest	80.8	83.4	149.4	179.2

Income attributable to Carolina Group shareholders (d)	\$ 40.6	\$ 25.0	\$ 75.0	\$ 53.6
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Per share of Carolina Group stock (e)	\$ 0.70	\$ 0.63	\$ 1.29	\$ 1.34
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Weighted number of shares outstanding	57.97	39.91	57.97	39.91
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(a) Includes excise taxes of \$169.5, \$163.4, \$325.7 and \$320.3 for the respective periods.

(b) Includes charges of \$234.3, \$180.1, \$435.4 and \$377.6 (\$142.8, \$116.3, \$265.5 and \$236.9 after taxes) to accrue obligations under the State Settlement Agreements for the respective periods.

(c) Includes a \$26.0 charge (\$16.8 after taxes) in the three and six months ended June 30, 2003 to settle litigation with tobacco growers and includes a \$28.0 charge (\$17.1 after taxes) in the six months ended June 30, 2003 to resolve indemnification claims and trademark matters in connection with the 1977 sale by Lorillard of its international business.

(d) Represents 33.43%, 23.01%, 33.43% and 23.01% of the economic interest in the Carolina Group for the respective periods.

(e) 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.

Carolina Group Supplemental Information

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

June 30,

	Three Months		Six Months	
	2004	2003	2004	2003
Full Price Brands				
Total Newport	8,102,336	7,700,142	15,482,294	15,171,507
Total Kent Family	225,173	279,439	435,622	548,428
Total True	173,459	202,554	334,223	395,298
Total Max	12,006	14,481	23,313	28,089
Total Satin	2,133	2,871	4,227	5,697
Total Triumph	358	945	886	1,962
Total Full Price Brands				
	8,515,465	8,200,432	16,280,565	16,150,981
Price/Value Brands				
Total Old Gold	234,240	271,575	453,054	517,920
Total Maverick	182,244	118,149	337,806	200,823
Total Price/Value Brands				
	416,484	389,724	790,860	718,743
Total Domestic Cigarettes				
	8,931,949	8,590,156	17,071,425	16,869,724
Total Puerto Rico and U.S. Possessions				
	199,476	209,723	411,340	401,741
Grand Total				
	9,131,425	8,799,879	17,482,765	17,271,465

Notes:

1. This information is unaudited and is not adjusted for returns.
2. Unit volume for a quarter is not necessarily indicative of unit volume for any subsequent period.
3. Unit volume is not necessarily indicative of the level of revenues for any period.

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SOURCE: Loews Corporation