



Carolina Group Reports Net Income for the Third Quarter of 2004

October 28, 2004



NEW YORK--(BUSINESS WIRE)--Oct. 28, 2004--Loews Corporation (NYSE:LTR) today reported Carolina Group net income for the 2004 third quarter of \$159.9 million, compared to \$116.4 million in the 2003 third quarter. Net income attributable to Carolina Group stock (NYSE:CG) for the third quarter of 2004 was \$53.4 million, or \$0.92 per share of Carolina Group stock, compared to \$26.8 million, or \$0.67 per share in the comparable period of the prior year.

Net income attributable to Carolina Group stock for the third quarter of 2004 increased by \$26.6 million, as compared to the comparable period of the prior year. \$16.6 million of this increase reflects the increased economic interest (from 23.01% to 33.43%) of the Carolina Group stock in the Carolina Group as a result of 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 this sale of Carolina Group stock.

Net sales for the Carolina Group were \$879.3 million in the third quarter of 2004, compared to \$842.8 million in the 2003 third quarter. The increase in net sales reflects lower sales promotion expenses (accounted for as a reduction in net sales) offset by a decrease in unit sales volume of 3.5%.

Results of operations of the Carolina Group include interest expense of \$24.3 and \$27.9 million, net of taxes, for the three months ended September 30, 2004 and 2003, respectively, on notional intergroup debt. At September 30, 2004, \$1.94 billion principal amount of notional intergroup debt was outstanding.

Carolina Group net income for the first nine months of 2004 was \$384.3 million, compared to \$349.2 million in the comparable period of the prior year. Net income for the first nine months 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 nine months of 2004 was \$128.4 million, or \$2.21 per share of Carolina Group stock, compared to \$80.4 million, or \$2.01 per share in the comparable period of the prior year. The \$48.0 million increase in net income attributable to Carolina Group stock includes an increase of \$40.0 million due to the November of 2003 sale by Loews Corporation of Carolina Group stock discussed above.

Net sales for the Carolina Group were \$2.515 billion in the first nine months of 2004, compared to \$2.468 billion in the comparable period of the prior year. The increase in net sales reflects a decrease in sales promotion expenses (accounted for as a reduction in net sales) offset by a decrease in unit sales volume of 0.4%. Results of operations of the Carolina Group include interest expense of \$73.3 and \$87.8 million, net of taxes, for the nine months ended September 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 September 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 third quarter of 2004, which accompanies this press release.

A conference call to discuss the third quarter results of Loews Corporation has been scheduled for 11:00 a.m. EST, Thursday, October 28, 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

September 30,			
Three Months		Nine Months	
2004	2003	2004	2003

(Amounts in millions, except per share data)

Net sales (a)	\$879.3	\$842.8	\$2,515.3	\$2,467.9
Cost of sales (a) (b)	504.8	514.0	1,504.4	1,435.4
Selling, advertising and administrative (c)	85.1	98.0	288.4	352.8

Total operating costs and expenses	589.9	612.0	1,792.8	1,788.2

Operating income	289.4	230.8	722.5	679.7
Investment income	8.1	2.9	23.1	20.6
Interest expense	(39.3)	(45.2)	(119.4)	(140.7)

Income before income taxes	258.2	188.5	626.2	559.6
Income taxes	98.3	72.1	241.9	210.4

Net income	159.9	116.4	384.3	349.2
Earnings attributable to the Loews Group intergroup interest	106.5	89.6	255.9	268.8

Income attributable to Carolina Group shareholders (d)	\$ 53.4	\$ 26.8	\$ 128.4	\$ 80.4
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Per share of Carolina Group stock (e)	\$ 0.92	\$ 0.67	\$ 2.21	\$ 2.01
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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 \$167.9, \$173.1, \$493.6 and \$493.4 for the respective periods.

(b) Includes charges of \$213.6, \$214.6, \$649.0 and \$592.2 (\$132.8, \$132.5, \$398.3 and \$369.6 after taxes) to accrue obligations under the State Settlement Agreements for the respective periods.

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

(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.

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

	September 30,			
	Three Months		Nine Months	
	2004	2003	2004	2003
Full Price Brands				
Total Newport	8,040,274	8,296,648	23,522,568	23,468,155
Total Kent Family	215,505	268,584	651,127	817,012
Total True	167,970	199,086	502,193	594,384
Total Max	11,364	13,410	34,677	41,499
Total Satin	1,959	2,637	6,186	8,334
Total Triumph	-	993	886	2,955
Total Full Price Brands	8,437,072	8,781,358	24,717,637	24,932,339
Price/Value Brands				
Total Old Gold	233,650	269,552	686,704	787,472
Total Maverick	178,734	161,927	516,540	362,750
Total Price/Value Brands	412,384	431,479	1,203,244	1,150,222
Total Domestic Cigarettes	8,849,456	9,212,837	25,920,881	26,082,561
Total Puerto Rico and U.S. Possessions	187,519	153,017	598,859	554,758
Grand Total	9,036,975	9,365,854	26,519,740	26,637,319

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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