



## Loews Corporation Reports Net Income for the Second Quarter of 2006

August 1, 2006



NEW YORK--(BUSINESS WIRE)--Aug. 1, 2006--Loews Corporation (NYSE:LTR;CG) today reported consolidated net income (including both the Loews Group and Carolina Group) for the 2006 second quarter of \$568.7 million, compared to \$435.6 million in the 2005 second quarter. Consolidated net income for the six months ended June 30, 2006 was \$1,109.7 million, compared to \$781.9 million in the prior year.

Net income and earnings per share information attributable to Loews common stock and Carolina Group stock is summarized in the table below:

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June 30,				
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	Three Months		Six Months	
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(In millions, except per share data)	2006	2005	2006	2005
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	(Restated)		(Restated)	
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Net income attributable to				
Loews common stock:				
Income before net investment				
gains (losses)	\$532.3	\$358.6	\$1,014.3	\$666.6
Net investment gains				
(losses)	(55.0)	19.5	(58.6)	4.7
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Income from continuing				
operations	477.3	378.1	955.7	671.3
Discontinued operations, net	(2.4)	1.8	(7.4)	8.4
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Net income attributable to				
Loews common stock	474.9	379.9	948.3	679.7
Net income attributable to				
Carolina Group stock (a)	93.8	55.7	161.4	102.2
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Consolidated net income	\$568.7	\$435.6	\$1,109.7	\$781.9
=====				
Net income per share:				
Loews common stock:				
Income from continuing				
operations	\$0.85	\$0.68	\$1.71	\$1.20
Discontinued operations,				
net			(0.01)	0.02
-----				
Net income	\$0.85	\$0.68	\$1.70	\$1.22
=====				
Carolina Group stock	\$1.09	\$0.82	\$1.96	\$1.50
=====				
Book value per share of Loews				
common stock at:				
June 30, 2006	\$25.71			
December 31, 2005	\$23.64			
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(a) Reflects Loews Corporation's sale of 15 million shares of Carolina Group stock in May of 2006 and 10 million shares in November of 2005. Net income per share of Carolina Group stock was not

impacted by these sales.

#### Three Months Ended June 30, 2006 Compared With 2005

Net income attributable to Loews common stock for the second quarter of 2006 amounted to \$474.9 million or \$0.85 per share, compared to \$379.9 million or \$0.68 per share in the comparable period of the prior year. The increase in net income was primarily due to improved results at the Company's 54% owned subsidiary, Diamond Offshore Drilling, Inc. and increased investment income. The results for the second quarter of 2005 included a benefit of \$109.2 million related to a federal income tax settlement due primarily to net refund interest and the release of federal income tax reserves at the Company's 91% owned subsidiary, CNA Financial Corporation.

Net income attributable to Loews common stock includes net investment losses of \$55.0 million (after tax and minority interest) compared to net investment gains of \$19.5 million (after tax and minority interest) in the comparable period of the prior year.

Net income attributable to Carolina Group stock for the second quarter of 2006 was \$93.8 million or \$1.09 per Carolina Group share, compared to \$55.7 million, or \$0.82 per Carolina Group share in the second quarter of 2005. The increase in net income attributable to Carolina Group stock for the second quarter of 2006 is primarily due to higher effective unit prices reflecting lower sales promotion expenses (accounted for as a reduction to net sales) and reflects an increase in the amount of Carolina Group shares outstanding. The Company is issuing a separate press release reporting the results of the Carolina Group for the second quarter of 2006.

Consolidated revenues in the second quarter of 2006 amounted to \$4.3 billion, compared to \$4.0 billion in the comparable 2005 quarter.

#### Six Months Ended June 30, 2006 Compared With 2005

Net income attributable to Loews common stock amounted to \$948.3 million, or \$1.70 per share, in the first half of 2006 compared to \$679.7 million, or \$1.22 per share, in the comparable period of the prior year. Net income attributable to Loews common stock includes net investment losses of \$58.6 million (after tax and minority interest) compared to net investment gains of \$4.7 million (after tax and minority interest) in the comparable period of the prior year. The results for the six months ended June 30, 2005 included a benefit of \$109.2 million from a federal income tax settlement discussed above. The increase in net income was primarily due to improved results at the Company's 54% owned subsidiary, Diamond Offshore Drilling, Inc. and increased investment income.

Net income attributable to Carolina Group stock for the first half of 2006 was \$161.4 million or \$1.96 per Carolina Group share, compared to \$102.2 million, or \$1.50 per Carolina Group share in the comparable period of the prior year. The increase in net income attributable to Carolina Group stock is primarily due to higher effective unit prices reflecting lower sales promotion expenses (accounted for as a reduction to net sales) and reflects an increase in the amount of Carolina Group shares outstanding.

Consolidated revenues in the first half of 2006 amounted to \$8.5 billion, compared to \$7.8 billion in the comparable period of the prior year.

At June 30, 2006, there were 550,701,207 shares of Loews common stock outstanding and 93,291,246 shares of Carolina Group stock outstanding. During the three months ended June 30, 2006, the Company purchased 5,548,800 shares of Loews common stock at an aggregate cost of \$188.8 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.

The Company has two classes of common stock, 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 Loews common stock, representing the economic performance of the Company's remaining assets, including the interest in the Carolina Group not represented by Carolina Group stock. At June 30, 2006, the outstanding Carolina Group stock represents a 53.7% economic interest in the economic performance of the Carolina Group.

A conference call to discuss the second quarter results of Loews Corporation has been scheduled for 11:00 a.m. EDT, Tuesday, August 1, 2006. A live broadcast of the call will be available online at the Loews Corporation website ([www.loews.com](http://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.

A conference call to discuss the second quarter results of CNA has been scheduled for 10:00 a.m. EDT, Tuesday, August 1, 2006. A live broadcast of the call will be available online at the CNA website (<http://investors.cna.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 (800) 500-0177. An online replay will be available at CNA's website 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. 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 website ([www.loews.com](http://www.loews.com)). Given these risk factors, investors and analysts should not place undue reliance on forward-looking statements. Any such 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

June 30,

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	Three Months		Six Months	
	2006	2005(e)	2006	2005 (e)
	(Restated)		(Restated)	
(Amounts in millions, except per share data)				
Revenues:				
Insurance premiums and net investment income (a)	\$2,439.6	\$2,350.5	\$5,014.3	\$4,681.0
Manufactured products (b)	1,020.7	968.7	1,919.1	1,802.9
Other (c)	817.0	711.5	1,588.4	1,288.0
<b>Total</b>	<b>4,277.3</b>	<b>4,030.7</b>	<b>8,521.8</b>	<b>7,771.9</b>
Expenses:				
Insurance claims & policyholders' benefits	1,432.2	1,581.8	2,924.2	3,015.0
Cost of manufactured products sold (b)	574.7	594.1	1,108.0	1,099.8
Other	1,247.6	1,216.1	2,482.2	2,466.5
<b>Total</b>	<b>3,254.5</b>	<b>3,392.0</b>	<b>6,514.4</b>	<b>6,581.3</b>
	1,022.8	638.7	2,007.4	1,190.6
Income tax expense	337.2	164.7	671.4	342.0
Minority interest	114.5	40.2	218.9	75.1
<b>Total</b>	<b>451.7</b>	<b>204.9</b>	<b>890.3</b>	<b>417.1</b>
Income from continuing operations	571.1	433.8	1,117.1	773.5
Discontinued operations, net	(2.4)	1.8	(7.4)	8.4
<b>Net income</b>	<b>\$568.7</b>	<b>\$435.6</b>	<b>\$1,109.7</b>	<b>\$781.9</b>
Net income attributable to:				
Loews common stock:				
Income from continuing operations	\$477.3	\$378.1	\$955.7	\$671.3
Discontinued operations, net	(2.4)	1.8	(7.4)	8.4
Loews common stock	474.9	379.9	948.3	679.7
Carolina Group stock (d)	93.8	55.7	161.4	102.2
	\$568.7	\$435.6	\$1,109.7	\$781.9
Income per share of Loews common stock:				
Income from continuing operations	\$0.85	\$0.68	\$1.71	\$1.20
Discontinued operations, net			(0.01)	\$0.02

Diluted net income	\$0.85	\$0.68	\$1.70	\$1.22
Diluted net income per share of Carolina Group stock	\$1.09	\$0.82	\$1.96	\$1.50

Weighted diluted number of shares:				
Loews common stock	556.16	557.70	557.21	557.62
Carolina Group stock	86.11	68.10	82.24	68.08

- (a) Includes investment gains (losses) of \$(93.3), \$32.5, \$(91.3) and \$9.7 for the respective periods.
- (b) Includes excise taxes of \$176.7, \$179.0, \$340.6 and \$335.2 paid on sales of manufactured products for the respective periods.
- (c) Includes net refund interest of \$129.7 from a federal income tax settlement in the second quarter of 2005.
- (d) Represents 50.09%, 39.22%, 47.85% and 39.21% of the economic interest in the Carolina Group for the respective periods.
- (e) Restated to correct the accounting for the periodic results of CNA's discontinued operations.

Loews Corporation and Subsidiaries  
Additional Financial Information

	June 30,			
	Three Months		Six Months	
	2006	2005 (g)	2006	2005 (g)
	(Restated)		(Restated)	
	(In millions)			
Revenues:				
CNA Financial	\$2,510.6	\$2,543.5	\$5,002.3	\$4,927.3
Lorillard (a)	996.8	945.7	1,876.4	1,754.0
Boardwalk Pipelines	132.5	119.4	307.5	270.7
Diamond Offshore	519.3	298.2	978.0	562.9
Loews Hotels	101.9	93.8	195.3	185.9
Investment income-net and other (b)				
Income (loss) from trading portfolio (c)	23.3	(61.0)	93.9	(52.8)
Other	86.2	58.6	159.7	114.2
	4,370.6	3,998.2	8,613.1	7,762.2
Investment (losses) gains:				
CNA Financial	(97.7)	25.9	(88.9)	9.2
Corporate and other	4.4	6.6	(2.4)	0.5
	(93.3)	32.5	(91.3)	9.7
Total	\$4,277.3	\$4,030.7	\$8,521.8	\$7,771.9

Income Before Taxes:				
CNA Financial	\$451.3	\$310.8	\$797.6	\$575.2
Lorillard	181.2	180.3	345.8	335.2
Boardwalk Pipelines	32.0	22.8	101.4	85.6
Diamond Offshore	240.6	54.1	445.9	97.1
Loews Hotels	19.6	18.3	33.5	39.6
Investment income-net and				

other (b)				
Income (loss) from trading portfolio (c)	23.3	(61.0)	93.9	(52.8)
Other (d)	14.0	(13.0)	16.0	(69.7)
	962.0	512.3	1,834.1	1,010.2
Investment (losses) gains:				
CNA Financial	(97.7)	25.9	(88.9)	9.2
Corporate and other	4.4	6.6	(2.1)	1.2
	(93.3)	32.5	(91.0)	10.4
Loews common stock	868.7	544.8	1,743.1	1,020.6
Carolina Group stock (e)	154.1	93.9	264.3	170.0
Total	\$1,022.8	\$638.7	\$2,007.4	\$1,190.6
Net Income:				
CNA Financial (f)	\$281.4	\$251.3	\$498.5	\$431.3
Lorillard	110.5	106.9	211.5	201.6
Boardwalk Pipelines	16.5	13.7	52.2	51.6
Diamond Offshore	87.6	19.9	159.9	34.1
Loews Hotels	12.0	15.8	20.5	29.0
Investment income-net and other (b)				
Income (loss) from trading portfolio (c)	15.1	(39.7)	61.0	(34.3)
Other (d)	9.2	(9.3)	10.7	(46.7)
	532.3	358.6	1,014.3	666.6
Investment (losses) gains:				
CNA Financial	(57.9)	15.2	(57.4)	3.5
Corporate and other	2.9	4.3	(1.2)	1.2
	(55.0)	19.5	(58.6)	4.7
Income from continuing operations	477.3	378.1	955.7	671.3
Discontinued operations, net	(2.4)	1.8	(7.4)	8.4
Loews common stock	474.9	379.9	948.3	679.7
Carolina Group stock (e)	93.8	55.7	161.4	102.2
Total	\$568.7	\$435.6	\$1,109.7	\$781.9

(a) Includes excise taxes of \$176.7, \$179.0, \$340.6 and \$335.2 paid on sales of manufactured products for the respective periods.

(b) Consists primarily of corporate investment income, interest expenses, the operations of Bulova Corporation, equity earnings of Majestic Shipping Corporation and other unallocated expenses.

(c) Includes a loss on interest rate swaps of \$52.6 (\$34.2 after taxes) for the three and six months ended June 30, 2005.

(d) Includes additional interest expense of \$35.5 (\$23.1 after taxes) related to charges from the early redemption of the Company's long-term debt for the six months ended June 30, 2005.

(e) Represents 50.09%, 39.22%, 47.85% and 39.21% of the economic interest in the Carolina Group for the respective periods.

(f) Includes a benefit of \$104.4, in the second quarter of 2005, relating primarily to net refund interest and the release of

federal income tax reserves.  
 (g) Restated to correct the accounting for the periodic results of  
 CNA's discontinued operations.

#### Carolina Group Reports Net Income for the Second Quarter Of 2006

Loews Corporation (NYSE:LTR) today reported Carolina Group net income for the 2006 second quarter of \$187.2 million, compared to \$142.1 million in the 2005 second quarter. Net income attributable to Carolina Group stock (NYSE:CG) for the second quarter of 2006 was \$93.8 million, or \$1.09 per share of Carolina Group stock, compared to \$55.7 million, or \$0.82 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 2006, as compared to the corresponding period of the prior year, is primarily due to higher effective unit prices reflecting lower sales promotion expenses (accounted for as a reduction to net sales) and reflects an increase in the amount of Carolina Group shares outstanding. Carolina Group stock represents a 50.09% and 39.22% economic interest in the Carolina Group for the three months ended June 30, 2006 and 2005, respectively.

Loews Corporation sold 15 million shares of Carolina Group stock in May of 2006 and 10 million shares in November of 2005. Net income per share of Carolina Group stock was not impacted by the sale of Carolina Group shares.

Net sales for the Carolina Group were \$977.3 million in the second quarter of 2006, compared to \$928.3 million in the 2005 second quarter.

Carolina Group net income for the first half of 2006 was \$337.3 million, compared to \$260.6 million in the 2005 first half. Net income attributable to Carolina Group stock for the first half of 2006 was \$161.4 million, or \$1.96 per share of Carolina Group stock, compared to \$102.2 million, or \$1.50 per share in the comparable period of the prior year. The increase in net income attributable to Carolina Group stock is primarily due to higher effective unit prices reflecting lower sales promotion expenses (accounted for as a reduction to net sales) and reflects the May of 2006 and November of 2005 sales by Loews Corporation of Carolina Group stock discussed above.

Net sales for the Carolina Group were \$1.832 billion in the first half of 2006, compared to \$1.723 billion in the comparable period of the prior year.

Results of operations of the Carolina Group include interest expense of \$18.1, \$21.0, \$37.4 and \$43.4 million, net of taxes, for the three and six months ended June 30, 2006 and 2005, respectively, on notional intergroup debt. At June 30, 2006, \$1.46 billion principal amount of notional intergroup debt was outstanding.

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, 2006 there were 93,291,246 shares of Carolina Group stock outstanding representing a 53.7% 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.

A separate press release reporting Loews Corporation's consolidated results for the second quarter of 2006 is being issued contemporaneously with this report.

A conference call to discuss the second quarter results of Loews Corporation has been scheduled for 11:00 a.m. EDT, Tuesday, August 1, 2006. A live broadcast of the call will be available online at the Loews Corporation website ([www.loews.com](http://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	
	2006	2005	2006	2005
(Amounts in millions, except per share data)				
Net sales (a)	\$977.3	\$928.3	\$1,832.1	\$1,723.4
Cost of sales (a) (b)	552.6	574.4	1,064.3	1,061.1
Selling, advertising and administrative (c)	108.9	97.2	201.8	187.2
Total operating costs and expenses	661.5	671.6	1,266.1	1,248.3

Operating income	315.8	256.7	566.0	475.1
Investment income and other (d) (e)	21.3	18.3	47.3	30.5
Interest expense	(29.8)	(35.6)	(61.3)	(72.2)
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Income before income taxes	307.3	239.4	552.0	433.4
Income taxes	120.1	97.3	214.7	172.8
-----				
Net income	187.2	142.1	337.3	260.6
Earnings attributable to the Loews Group intergroup interest (f)	93.4	86.4	175.9	158.4
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Income attributable to Carolina Group shareholders (g)	\$93.8	\$55.7	\$161.4	\$102.2
=====				
Per share of Carolina Group stock	\$1.09	\$0.82	\$1.96	\$1.50
=====				
Weighted diluted number of shares	86.11	68.10	82.24	68.08
=====				
Notional, intergroup debt owed by the Carolina Group to the Loews Group				
June 30, 2006	\$1,462.3			
December 31, 2005	1,626.9			

- (a) Includes excise taxes of \$176.7, \$179.0, \$340.6 and \$335.2 for the respective periods.
- (b) Includes charges of \$236.5, \$235.6, \$453.5 and \$434.3 (\$144.0, \$139.8, \$277.1 and \$261.2 after taxes) to accrue obligations under the State Settlement Agreements for the respective periods.
- (c) Includes restructuring costs of \$15.5 for the three and six months ended June 30, 2006, related to early retirement and curtailment charges for Lorillard's pension and other postretirement benefit plans.
- (d) Includes \$6.1 of interest income, in the second quarter of 2005, relating to a federal income tax settlement.
- (e) Includes income from limited partnership investments of \$3.8, \$2.5, \$10.4 and \$6.4 (\$2.3, \$1.4, \$6.3 and \$3.8 after taxes) for the respective periods.
- (f) The Loews Group's intergroup interest in the earnings of the Carolina Group reflected share equivalents amounting to 80,445,000 shares of 173,736,246 share and share equivalents outstanding as of June 30, 2006 and share equivalents amounting to 105,445,000 shares of 173,478,759 share and share equivalents as of June 30, 2005. As of June 30, 2006, there were 93,291,246 shares of Carolina Group stock outstanding.
- (g) Represents 50.09%, 39.22%, 47.85% and 39.21% of the economic interest in the Carolina Group for the respective periods presented.

Carolina Group  
Supplemental Information

The following information regarding unit volume shipped by Lorillard

Tobacco Company to its direct buying customers by brand follows (all units in thousands):

	June 30,			
	Three Months		Six Months	
	2006	2005	2006	2005
<b>Full Price Brands</b>				
Total Newport	8,360,490	8,603,782	16,138,155	16,125,476
Total Kent Family	159,003	188,805	305,019	363,300
Total True	134,946	150,900	255,864	288,492
Total Max	8,976	10,348	17,133	19,939
Total Satin	1,482	1,617	2,670	3,213
<b>Total Full Price Brands</b>	<b>8,664,897</b>	<b>8,955,452</b>	<b>16,718,841</b>	<b>16,800,420</b>
<b>Price/Value Brands</b>				
Total Old Gold	211,293	221,103	395,109	412,422
Total Maverick	265,380	218,892	495,732	396,324
<b>Total Price/Value Brands</b>	<b>476,673</b>	<b>439,995</b>	<b>890,841</b>	<b>808,746</b>
<b>Total Domestic Cigarettes</b>	<b>9,141,570</b>	<b>9,395,447</b>	<b>17,609,682</b>	<b>17,609,166</b>
<b>Total Puerto Rico and U.S. Possessions</b>	<b>212,064</b>	<b>220,620</b>	<b>400,032</b>	<b>387,384</b>
<b>Grand Total</b>	<b>9,353,634</b>	<b>9,616,067</b>	<b>18,009,714</b>	<b>17,996,550</b>

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 Corporation