



Loews Corporation Reports Net Income for the First Quarter of 2008

April 28, 2008



NEW YORK--(BUSINESS WIRE)--Loews Corporation (NYSE:LTR;CG) today reported consolidated net income (including both the Loews Group and Carolina Group) for the first quarter of 2008 of \$662 million, compared to \$768 million in the first quarter of 2007.

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

	Three Months Ended March 31,	
(In millions, except per share data)	2008	2007
Net income attributable to Loews common stock:		
Income before net investment gains (losses)	\$ 503	\$ 570
Net investment gains (losses) (a)	(29)	75
Income from continuing operations	474	645
Discontinued operations, net (b)	81	5
Net income attributable to Loews common stock	555	650
Net income attributable to Carolina Group stock	107	118
Consolidated net income	\$ 662	\$ 768

Net income per share:

Loews common stock:

Income from continuing operations	\$ 0.90	\$ 1.19
Discontinued operations, net	0.15	0.01
Net income	\$ 1.05	\$ 1.20
Carolina Group stock	\$ 0.98	\$ 1.08

Book value per share of Loews common stock at:

March 31, 2008	\$ 31.66
December 31, 2007	\$ 32.40

(a) Includes a gain of \$89 million related to a reduction in the Company's ownership interest in Diamond Offshore from the conversion of Diamond Offshore's 1.5% convertible debt into Diamond Offshore common stock in 2007.

(b) Includes a gain of \$82 million from the sale of Bulova Corporation in January 2008.

Net income attributable to Loews common stock for the first quarter of 2008 amounted to \$555 million, or \$1.05 per share, compared to \$650 million, or \$1.20 per share in the first quarter of 2007. The change in net income reflects the following:

- A decline in results at the Company's 90% owned subsidiary, CNA Financial Corporation.
- Improved results at the Company's 50.5% owned subsidiary, Diamond Offshore Drilling, Inc.
- The operations of the Company's wholly owned subsidiary, HighMount Exploration & Production LLC.
- Reduced net investment income.
- Net investment losses of \$29 million (after tax and minority interest) in the first quarter of 2008 compared to net investment gains of \$75 million (after tax and minority interest) in the first quarter of 2007. The results for the first quarter of 2007 included a gain of \$89 million (after tax) related to a reduction in the Company's ownership interest in Diamond Offshore from the conversion of Diamond Offshore's 1.5% convertible debt into Diamond Offshore common stock.
- Discontinued operations primarily consisting of an \$82 million gain from the sale of Bulova Corporation in the first quarter of 2008.

Net income per share of Carolina Group stock for the first quarter of 2008 was \$0.98 per share, compared to \$1.08 per share in the first quarter of 2007. The decrease in net income per share of Carolina Group stock reflects increased selling, advertising and administrative expenses as a result of costs associated with the proposed spin-off of Lorillard, as discussed below, and lower investment income, partially offset by lower interest expense related to the Carolina Group notional debt. The Company is issuing a separate press release reporting the results of the Carolina Group for the first quarter of 2008.

At March 31, 2008, there were 529,701,152 shares of Loews common stock outstanding and 108,476,929 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.

The Company has two classes of common stock: (i) 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 (ii) 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 March 31, 2008, the outstanding Carolina Group stock represents a 62.4% interest in the economic performance of the Carolina Group.

On December 17, 2007, the Company announced that its Board of Directors had approved a plan to spin-off the Company's entire ownership interest in Lorillard to holders of Carolina Group stock and Loews common stock in a tax-free transaction. As a result of the transaction, the Carolina Group, and all of the Carolina Group stock, will be eliminated and Lorillard will become a separate publicly traded company.

The transaction will be accomplished by the Company through its (i) redemption of all outstanding Carolina Group stock in exchange for shares of Lorillard common stock, with holders of Carolina Group stock receiving one share of Lorillard common stock for each share of Carolina Group stock they own, and (ii) disposition of its remaining Lorillard common stock in an exchange offer for shares of outstanding Loews common stock, or as a pro rata dividend to the holders of Loews common stock.

Completion of the proposed transaction is subject to a number of conditions, as described in the Loews press release, dated December 17, 2007, a copy of which is posted on the Company's website.

CONFERENCE CALLS

A conference call to discuss the first quarter results of Loews Corporation has been scheduled for 11:00 a.m. EDT, Monday, April 28, 2008. A live webcast 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, or for international callers, (973) 582-2757. The conference ID number is 42181601.

A conference call to discuss the first quarter results of CNA has been scheduled for 10:00 a.m. EDT, Monday, April 28, 2008. A live webcast will be available online at <http://investor.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 should dial (888) 599-4876, or for international callers, (913) 312-1378.

A conference call to discuss the first quarter results of Boardwalk Pipeline Partners, LP has been scheduled for 9:00 a.m. EDT, Monday, April 28, 2008. A live webcast of the call will be available online at the Boardwalk Pipeline website (www.bwpmplp.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 should dial (800) 295-4740, or for international callers, (617) 614-3925. The PIN number to access the call is 97849708.

A conference call to discuss first quarter results of Diamond Offshore was held on Thursday, April 24, 2008. An online replay is available at the Diamond Offshore website (www.diamondoffshore.com).

ABOUT LOEWS CORPORATION

Loews Corporation, a holding company, is one of the largest diversified corporations in the United States. Its principal subsidiaries are CNA Financial Corporation (NYSE: [CNA](#) - [News](#)); Lorillard, Inc.; Diamond Offshore Drilling, Inc. (NYSE: [DO](#) - [News](#)); HighMount Exploration & Production LLC; Boardwalk Pipeline Partners, LP (NYSE: [BWP](#) - [News](#)); and Loews Hotels.

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, CNA, Diamond Offshore and Boardwalk Pipeline. 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. Important factors that could cause actual events to differ from those described include, but are not limited to, satisfaction of the conditions to completion of the proposed spin-off transaction noted herein. Therefore, no assurance can be given that the spin-off will be consummated on the current terms or otherwise. Copies of these reports are available through the Company's website (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

	Three Months Ended March 31,	
	2008	2007
Revenues:		
Insurance premiums	\$ 1,812	\$ 1,862
Net investment income	489	765
Investment gains (losses) (a)	(51)	114

Manufactured products (b)	921	913
Other	1,372	959
Total	4,543	4,613
Expenses:		
Insurance claims & policyholders' benefits	1,389	1,448
Cost of manufactured products sold (b) (c)	555	544
Other	1,465	1,239
Total	3,409	3,231
	1,134	1,382
Income tax expense	353	453
Minority interest	200	166
Total	553	619
Income from continuing operations	581	763
Discontinued operations, net	81	5
Net income	\$ 662	\$ 768
Net income attributable to:		
Loews common stock:		
Income from continuing operations	\$ 474	\$ 645
Discontinued operations, net (d)	81	5
Loews common stock	555	650
Carolina Group stock (e)	107	118
	\$ 662	\$ 768
Income per share of Loews common stock:		
Income from continuing operations	\$ 0.90	\$ 1.19
Discontinued operations, net	0.15	0.01
Diluted net income	\$ 1.05	\$ 1.20
Diluted net income per share of Carolina Group stock	\$ 0.98	\$ 1.08
Weighted diluted number of shares:		
Loews common stock	530.90	542.56
Carolina Group stock	108.61	108.51

(a) Includes a gain of \$138 (\$89 after tax), for the three months ended March 31, 2007, related to a reduction in the Company's ownership interest in Diamond Offshore from the conversion of Diamond Offshore's 1.5% convertible debt into Diamond Offshore common stock.

(b) Includes excise taxes of \$163 and \$162 paid on sales of manufactured products for the respective periods.

(c) Includes charges of \$257 and \$249 (\$162 and \$158 after taxes) to accrue obligations at Lorillard under the State Settlement Agreements for the respective periods.

(d) Includes an after tax gain of \$82 from the sale of Bulova Corporation in January 2008.

(e) Represents 62.4% of the economic interest in the Carolina Group for the three months ended March 31, 2008 and 2007.

Loews Corporation and Subsidiaries

Additional Financial Information

	Three Months Ended March 31,	
	2008	2007
Revenues:		
CNA Financial	\$ 2,333	\$ 2,538
Lorillard (a)	931	945
Diamond Offshore	792	619
HighMount	189	
Boardwalk Pipeline	213	190
Loews Hotels	97	95
Investment income, net	39	112
	4,594	4,499

Investment gains (losses):		
CNA Financial	(51)	(21)
Corporate and other (b)		135
	(51)	114
Total	\$ 4,543	\$ 4,613

Income Before Taxes:		
CNA Financial	\$ 317	\$ 459
Lorillard	106	133
Diamond Offshore	405	309
HighMount	75	
Boardwalk Pipeline	89	80
Loews Hotels	18	18
Investment income, net	39	112
Other (c)	(33)	(29)
	1,016	1,082

Investment gains (losses):		
CNA Financial	(51)	(21)
Corporate and other (b)		135
	(51)	114

Loews common stock	965	1,196
Carolina Group stock (d)	169	186
Total	\$ 1,134	\$ 1,382

Net Income:		
CNA Financial	\$ 200	\$ 275
Lorillard	67	84
Diamond Offshore	136	107
HighMount	47	
Boardwalk Pipeline (e)	39	39
Loews Hotels	11	11
Investment income, net	25	71
Other (c)	(22)	(17)
	503	570

Investment gains (losses):		
CNA Financial	(29)	(12)
Corporate and other (b)		87
	(29)	75

Income from continuing operations	474	645
Discontinued operations, net (f)	81	5
Loews common stock	555	650
Carolina Group stock (d)	107	118
Total	\$ 662	\$ 768

(a) Includes excise taxes of \$163 and \$162 paid on sales of manufactured products for the respective periods.

(b) Includes a gain of \$138 (\$89 after tax), for the three months ended March 31, 2007, related to a reduction in the Company's ownership interest in Diamond Offshore from the conversion of Diamond Offshore's 1.5% convertible debt into Diamond Offshore common stock.

(c) Consists primarily of corporate interest expense and other unallocated expenses.

(d) Represents 62.4% of the economic interest in the Carolina Group for the three months ended March 31, 2008 and 2007.

(e) Represents 70.4% and 79.6% ownership interest in Boardwalk Pipeline for the respective periods. Boardwalk Pipeline issued common units in the first and fourth quarters of 2007.

(f) Includes an after tax gain of \$82 from the sale of Bulova Corporation in January 2008.

Carolina Group Reports Net Income for the First Quarter of 2008

Loews Corporation (NYSE:[LTR](#) - [News](#)) today reported Carolina Group net income for the first quarter of 2008 of \$171 million, compared to \$189 million in the first quarter of 2007. The decline in net income reflects increased selling, advertising and administrative expenses as a result of costs associated with the proposed spin-off of Lorillard and lower investment income, partially offset by lower interest expense related to the Carolina Group notional debt.

Net income per share of Carolina Group stock (NYSE:[CG](#) - [News](#)) for the first quarter of 2008 was \$0.98, compared to \$1.08 in the first quarter of 2007. Carolina Group stock represented a 62.4% economic interest in the Carolina Group for the three months ended March 31, 2008 and 2007.

Net sales for the Carolina Group were \$921 million in the first quarter of 2008, compared to \$913 million in the first quarter of 2007. The increased net sales primarily reflect higher average unit prices.

Gross profit was essentially unchanged as the increase in net sales was offset by higher costs related to the State Settlement Agreements.

Administrative expenses in the first quarter of 2008 include costs related to the proposed spin-off of Lorillard from Loews of \$10 million (\$6 million after tax) for a management bonus and \$3 million (\$2 million after tax) for financial and legal fees associated with the transaction. In addition, there were \$6 million (\$4 million after tax) in higher legal expenses, as compared to the first quarter of 2007.

Investment income declined \$22 million (\$14 million after tax) due to lower yields and a lower average invested asset balance. Income from limited partnerships, which is included in investment income, amounted to less than \$1 million in the first quarter of 2008 compared to \$11 million (\$7 million after tax) in the first quarter of 2007. Lorillard's investments in limited partnerships were substantially reduced during the first quarter of 2008.

Results of operations of the Carolina Group include interest expense on notional intergroup debt of \$4 million and \$15 million, net of taxes, for the three months ended March 31, 2008 and 2007, respectively. At March 31, 2008, \$218 million 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.

At March 31, 2008 there were 108,476,929 shares of Carolina Group stock outstanding, representing a 62.4% 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.

On December 17, 2007, Loews announced that its Board of Directors had approved a plan to spin-off the Company's entire ownership interest in Lorillard to holders of Carolina Group stock and Loews common stock in a tax-free transaction. As a result of the transaction, the Carolina Group, and all of the Carolina Group stock, will be eliminated and Lorillard will become a separate publicly traded company.

The transaction will be accomplished by Loews through its (i) redemption of all outstanding Carolina Group stock in exchange for shares of Lorillard common stock, with holders of Carolina Group stock receiving one share of Lorillard common stock for each share of Carolina Group stock they own, and (ii) disposition of its remaining Lorillard common stock in an exchange offer for shares of outstanding Loews common stock or as a pro rata dividend to the holders of Loews common stock.

Completion of the proposed transaction is subject to a number of conditions, as described in the Loews press release dated December 17, 2007, a copy of which is posted on Loews's website.

A separate press release reporting Loews Corporation's consolidated results for the first quarter of 2008 is being issued contemporaneously with this report.

A conference call to discuss the first quarter results of Loews Corporation has been scheduled for 11:00 a.m. EDT, Monday, April 28, 2008. 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, or for international callers, (973) 582-2757. The conference ID number is 42181601.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are inherently subject to a variety of risks and uncertainties that could cause actual events to differ materially from those described. Important factors that could cause actual events to differ from those described include, but are not limited to, satisfaction of the conditions to completion of the proposed spin-off transaction noted herein. Therefore, no assurance can be given that the spin-off will be consummated on the currently proposed terms or otherwise. Loews expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any forward-looking statement is based.

Carolina Group Financial Review

	March 31, 2008 2007	
Net sales (a)	\$ 921	\$ 913
Cost of sales (a) (b)	555	544
Gross profit	366	369
Selling, advertising and administrative	100	82

Operating income	266	287
Investment income and other (c)	11	34
Interest expense	(7)	(23)
Income before income taxes	270	298
Income taxes	99	109
Net income	171	189
Earnings attributable to the Loews Group intergroup interest (d)	64	71
Income attributable to Carolina Group shareholders (e)	\$ 107	\$ 118
Per share of Carolina Group stock	\$ 0.98	\$ 1.08
Weighted diluted number of shares	108.61	108.51
Notional, intergroup debt owed by the Carolina Group to the Loews Group		
March 31, 2008	\$ 218	
December 31, 2007	424	

(a) Includes excise taxes of \$163 and \$162 for the respective periods.

(b) Includes charges of \$257 and \$249 (\$162 and \$158 after taxes) to accrue obligations under the State Settlement Agreements for the respective periods.

(c) Includes income from limited partnership investments of \$11 (\$7 after taxes) for the three months ended March 31, 2007.

The Loews Group's intergroup interest in the earnings of the Carolina Group reflected share equivalents amounting to 65.45 million shares of 173.92 million share and share equivalents outstanding as of March 31, 2008 and share equivalents amounting to 65.45 million shares of 173.88 million share and share equivalents outstanding as of March 31, 2007. As of March 31, 2008, there were 108.48 million shares of Carolina Group stock outstanding.

(e) Represents 62.4% of the economic interest in the Carolina Group for the three months ended March 31, 2008 and 2007.

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):

	Three Months Ended	
	March 31, 2008	2007
Full Price Brands		
Total Newport	7,650,379	7,731,573
Total Kent Family	100,188	116,967
Total True	91,122	104,670
Total Max	6,030	6,900
Total Satin		72
Total Full Price Brands	7,847,719	7,960,182
Price/Value Brands		
Total Old Gold	126,996	148,952
Total Maverick	440,508	278,118
Total Price/Value Brands	567,504	427,070
Total Domestic Cigarettes	8,415,223	8,387,252
Total Puerto Rico and U.S. Possessions	146,466	190,092

Grand Total

8,561,689 8,577,344

1. This information 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.

Contact:

Loews Corporation
Peter W. Keegan, 212-521-2950
Chief Financial Officer
or
Darren Daugherty, 212-521-2788
Investor Relations
or
Candace Leeds, 212-521-2416
Public Affairs