

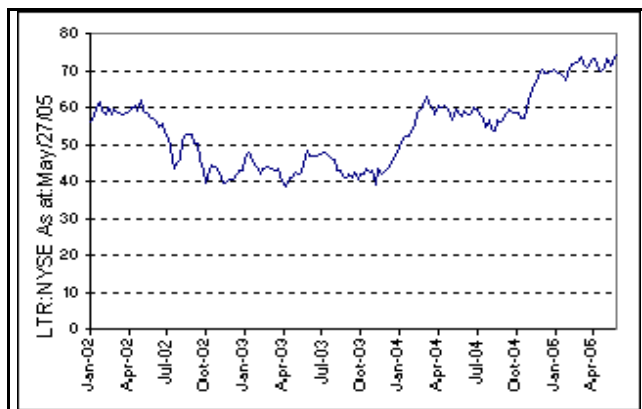
THE COMPANY

Loews Corporation is a New York City-based holding company whose subsidiaries engage in a number of different businesses. Loews' largest holdings include: majority stakes in CNA Financial Corp, a property, casualty and life insurance company; Lorillard, the largest producer and distributor of menthol cigarettes in the U.S and Diamond Offshore Drilling which is engaged principally in the contract drilling of offshore oil and gas wells. Loews also has a number of wholly owned subsidiaries including Loews Hotels, Texas Gas Transmission, and Bulova, a maker of clocks and watches.

FINANCIAL DATA

	2000	2001	2002
Earnings per Share (\$)	9.44	(3.01)	4.11
Price to Earnings (times)	4.5	-	10.2
Dividend (\$)	0.50	0.57	0.60
Dividend Yield (%)	1.20	1.30	1.40
Book Value (\$)	56.74	49.24	60.59
Price to Book Value (times)	0.75	0.86	0.70

HISTORICAL SHARE PRICES



WHY ABC FUNDS BOUGHT LOEWS

It is not unusual for a conglomerate such as Loews to trade at a discount to the sum of its parts or its net asset value. This holding company discount, as it is known, is usually due to the controlling ownership of the parent company and the fact that investors tend to prefer "pure plays" to a basket of diversified businesses. We believe that Loews' net asset value approximates \$67 a share based on the current share prices of its publicly traded subsidiaries and the book value of its remaining businesses.

Loews shares currently trade at a 36% discount to our estimate of net asset value. We believe the shares of Loews two largest public subsidiaries, CNA Financial and Lorillard, are also undervalued since they, too, are trading at significant discounts to their fair value. For instance, shares of CNA Financial currently trade at roughly half their book value of \$42.72 per share and less than 8 times next year's earnings of \$2.86 per share. Shares of Carolina Group, the tracking stock for Lorillard have a dividend yield over 9% and trade at 7.5 times 2004 earnings of \$3.17 per share. In other words, if Loews and its component parts were valued at either book value or peer comparables, we believe that Loews would be worth substantially more than its NAV of \$67. In effect, Loews is presently trading at a double discount to its intrinsic value.

Finally some food for thought. Barron's, the highly respected weekly financial newspaper featured Loews in its December 30th, 2002 edition. In the article, author Andrew Bary referred to Loews as a "poor man's Berkshire Hathaway". Berkshire Hathaway is of course the holding company of famed value investor Warren Buffett. Incidentally, Barron's arrived at the same conclusion as us that Loews' shares trade at a deep discount to their asset value.

ABC Funds
October 10, 2003

UPDATE

On Nov 10th, Loews reported a net loss for the third quarter of \$1.4 billion, compared to net income of \$239 million for the third quarter of 2002. These results were significantly impacted by charges at CNA Financial, the company's 90% owned insurance subsidiary, following its recently completed reserve review. As a result of the charge, Loews has agreed to provide financial support to CNA by purchasing \$750 million shares of convertible preferred stock.

Many investors initially perceived the announcement of the charge and subsequent financing as negative for Loews/CNA stock. It is important however to understand that the news was largely anticipated and was therefore already reflected in the price of both Loews and CNA shares. It should also be noted, that the charges taken by CNA were related to underwriting mistakes made in the past by a management team that is no longer at the company. In fact, we believe that if anything, these events could spell relief for anxious investors and signal a bottom for the stock..

On a sad note, Loews chairman and founder Larry Tisch passed away on Sunday November 16th at the age of 80. Although Larry Tisch was considered by many to be a great businessman and investor, his passing could crystallize a positive catalyst for Loews

UPDATE (cont'd)

shares. For instance, with a lower emotional commitment to Loews, his family could decide to break up the company and sell the various businesses. If this action came to pass we believe that the sum of the individual component parts would be far greater than its present price.

ABC Funds
November 21, 2003

On February 12, 2004, Loews reported that fourth quarter net income increased 41% to \$367.4 million or \$1.79 per share from \$261.3 million or \$1.20 per share in the same quarter last year. For the year, Loews reported a net loss of \$610.7 million compared to a net gain of \$910 million for 2002. This loss includes a \$ 1.6 billion charge taken by CNA Financial in the third quarter. CNA, which is 90% owned by Loews, reported a strong fourth quarter. Net income rose 348% to \$174 million or \$0.67 per share compared to income of \$50 million or \$0.21 per share last year. The increase was primarily due to strong results at the company's Property and Casualty operations. Rate increases, new business, continued underwriting discipline and a focus on expense reduction contributed to a 99.1% combined ratio. A combined ratio below 100% indicates profitable underwriting.

CNA shares, which recently traded at \$28, fell as low as \$19 last November after the company announced it was taking a write down of \$1.6 billion to boost its reserves. Since this time, CNA has made some strategic changes, which we believe were positive for the company. On December 1st 2003, CNA sold its Group Benefits business to Hartford Financial Services Group for approximately \$500 million. On February 5th 2004, the company announced that it would sell its individual life insurance business to Swiss Re for approximately \$600 million. These transactions should improve CNA's capital situation going forward and allow the company to focus on its core Property and Casualty business. More importantly, however, these transactions demonstrate the willingness of Loews management to part with some of its under performing assets.

Loews shares have appreciated nearly 50% since November and now trade at a 25% discount to its net asset value per share of around \$80. Loews' net asset value is based upon the current share prices of its publicly traded subsidiaries and the book values of its remaining businesses. It is interesting to note that the discount between Loews' share price and its NAV has narrowed since the company's founder and Chairman Larry Tisch passed away in November. This leads us to believe that there is a higher probability that some or all the various parts of the holding company could be sold. This is especially true given that current management probably does not have the same sort of emotional attachment to the businesses as Larry Tisch. If Loews were to be broken up and the pieces sold off, we believe the sum of the parts of the various businesses would be worth considerable more than the current share price of around \$60.

ABC Funds
February 20, 2004

On April 29, Loews reported first-quarter income before net investment losses of \$286.2 million or \$1.54 per share compared to \$218.3 million or \$1.17 per share in the comparable 2003 quarter. CNA Financial, which is 90%, owned by Loews, showed improved underwriting results at its property and casualty operations, which included a 96.8% combined ratio for the quarter compared to 104% a year ago. At Carolina Group, which is 67%, owned by Loews, net income before charges increased 5.3% to \$131 million or \$2.24 per share compared with net income of \$124 million or \$2.12 per share in the same period last year.

Loews shares have performed well recently because the share prices of its publicly-traded companies have increased due to good operating results and because the discount to its net asset value (NAV) has decreased. Since Loews founder and former chairman Larry Tisch passed away last November, the discount between Loews' NAV and its stock price has narrowed from approximately 40% to 30%. We feel this narrowing discount is due to the fact that Larry's children will be more inclined to sell some of Loews non-core and/or under-performing assets given they likely do not have the same emotional attachment to them as their late father. In fact, since November, Loews management has already sold off its group and life insurance businesses as well as its holdings in Majestic Shipping. We feel that further sales could result in an additional narrowing of the discount between Loews' share price and its NAV, which now rests at roughly \$84 per share.

ABC Funds
July 2, 2004

On October 28th 2004, Loews Corp reported consolidated net income for the third quarter of \$277.6 million (\$1.21 per share) compared to a loss of \$1,382.9 million (\$7.60 per share) in the 2003 third quarter. Consolidated net income for the first nine months of 2004 was 728.5 million (\$3.93 per share), compared to a loss of \$978.1 million (\$5.29 per share) in the comparable period of the prior year. Results for 2004 include charges at CNA Financial Corporation, the Company's 91%-owned subsidiary, of \$158.8 million (after tax and minority interest) due to the impact of Hurricanes Charley, Frances, Ivan and Jeanne, partially offset by income of \$116.5 million (after taxes) from Hellepont Shipping Corporation, a 49%-owned company, following the sale of its four ultra-large crude oil tankers.

On November 22, 2004 Loews Corp announced that is has entered into a definitive agreement to purchase Gulf South

UPDATE (cont'd)

Pipeline, LP from Entergy-Koch, LP for \$1.136 billion. Gulf South Pipeline owns and operates an 8,000-mile interstate natural gas pipeline, gathering and storage system located in the U.S. Gulf Coast. Gulf South is headquartered in Houston with field offices located in Texas, Louisiana, Mississippi, Alabama and Florida. The Gulf South pipeline system is comprised of approximately 6,800 miles of interstate transmission pipeline, 1,200 miles of gathering pipeline and 68.5 billion cubic feet of working gas storage capacity. The transaction is expected to be accretive to earnings and cash flow per share.

ABC Funds

November 26, 2004

With Loews trading near its 52 week high we have decided to take our profits and sell our position in this New York-based conglomerate. We originally purchased Loews as a "sum of the parts value" story. At that time Loews was trading slightly below book value but more importantly, it was being valued at a 40% discount to its net asset value. Since that purchase at approximately \$41.75 the stock has climbed to over \$73. Today, Loews is trading at a 13% premium to its book value of \$65.47 and at a historically small conglomerate discount of 18% to its net asset value (NAV) of around \$90. In addition, we had originally held the belief that Loews' publicly traded subsidiaries, which constitute the majority of its NAV, were undervalued as well. This implies a sort of double discount to Loews valuation. However, since our purchase, two of Loews' public subsidiaries, Diamond Offshore Drilling and Carolina Group have appreciated 130% and 30% respectively. They are, in our opinion, no longer fundamentally undervalued. Admittedly, while there may be some upside remaining in Loews shares, we believe it is prudent to sell and reinvest the proceeds in common shares with higher investment return potential.

ABC Funds

May 27, 2005