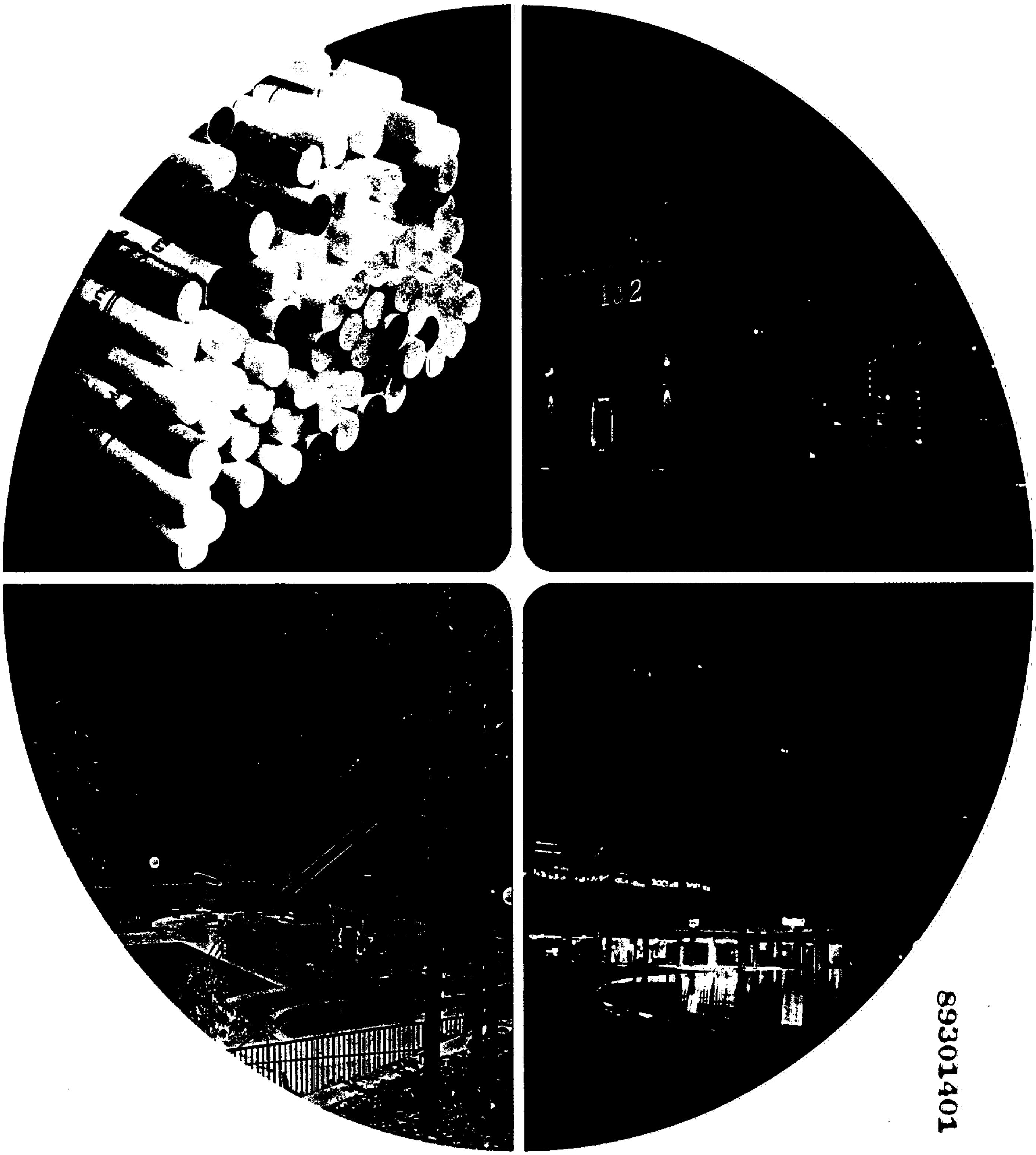
LOEWS CORPORATION
ANNUAL REPORT
1973



Contents

To Our Shareholders and Employees

Laurence Alan Tisch

Preston Robert Tisch

The fiscal year ended August 31, 1973 was eventful and successful.

We achieved operating earnings during the past year of $51,232,000 equal to $3.61 per share (primary), the highest levels in our history. Last year's earnings from operations were $50,888,000, or $3.49 per share, before inclusion of the Company's equity in net earnings of Franklin New York Corp. Our shares of Franklin were sold in July of 1972.

Security gains for the year were $11,-885,000, or $.84 per share, compared with $13,522,000, or $.93 per share last year.

Net earnings for the year were $63,117,-000, or $4.45 per share as opposed to $69,621,000, or $4.78 for the prior fiscal year, reflecting the difference in security gains and the inclusion last year of both the Company's equity in net earnings of Franklin New York Corp., amounting to $2,282,000, or $.16 per share, and extraordinary items of $2,929,000, or $.20 per share.

Gross sales and operating revenues for the fiscal year were $766,436,000 against $804,105,000 for last year. Fiscal 1973 revenues were less than last year due principally to the lease or sale of six hotel properties and the sale of 48 theatres during the last part of fiscal 1972.

Between March 12, 1973 and September 7, 1973, the Company purchased in the open market 1,868,800 shares of its common stock. Earnings per share are based on the weighted average number of shares outstanding, 14,190,000 shares for 1973 and 14,567,000 shares for 1972.

In October 1973 the Board of Directors declared a quarterly dividend on the Company's common stock of $.29 per share payable November 1, 1973 to shareholders of record on October 15, 1973. An additional dividend of $.03 per share was also declared in order to bring the per share dividend for the calendar year 1973 to a total of $1.19, the allowable amount for 1973 under the Phase IV Guidelines for Dividends.

In May 1973 we executed an agreement for acquisition of 72 percent of the shares of Century Circuit, Inc., which operates 42 motion picture theatres located principally in the New York metropolitan area, looking toward acquisition of all of the outstanding shares. The transaction must be approved by the United States District Court for the Southern District of New York; and preparation for a hearing on the matter, which has not yet been set, is progressing.

In March and May of 1973 we made cash tender offers for Talcott National Corporation and Gimbel Brothers Inc., respectively. Neither offer resulted in acquisition of control by Loews due to competing offers by other parties. We continue to regularly and actively seek acquisition opportunities; until applying funds for acquisition purposes or other development activities, we will continue to invest in marketable securities in order to seek a return on our funds.

Our development program was evident in all divisions. The Lorillard Division, which serves as the principal contributor to our revenues and profits, further expanded its world-wide activities. This expansion was realized primarily through new licensing agreements, which significantly increased Lorillard's share of the overseas market.

The Hotel Division opened new hotels in Washington, D.C., and Hamburg, West Germany, and concluded agreements for additional luxury hotels in key cities of Canada and Europe. The Hotel Division, which has attained an outstanding reputation, is directing its expansion toward operation for owners and developers under management agreements.

In addition to the proposed Century Circuit acquisition, the Theatre Division continued construction of new theatres in important locations and divided existing large theatres into more efficient twin units, resulting in economies of operation and construction.

The Loews/Snyder residential development joint venture expanded into the Midwest with two projects and commenced several new developments in California. The joint venture successfully entered the field of condominium conversion, acquiring rental apartment projects and converting them, after renovation, to condominium ownership.

It should be noted that the devaluation of the United States dollar as against other major currencies has had no material adverse affect on operating results. We have continued to limit total investment abroad with this in mind.

We believe that fiscal 1973 marked another period of important progress for your Company, and we would not want to close this letter without recognizing the dedication and loyalty of the thousands of company employees whose effectiveness has made this possible. We also express our gratitude to our shareholders for their confidence and support.

Laurence A. Tisch

LAURENCE ALAN TISCH
Chairman of the Board

Preston R. Tisch

PRESTON ROBERT TISCH
President

October 31, 1973

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Ten Year Financial Review

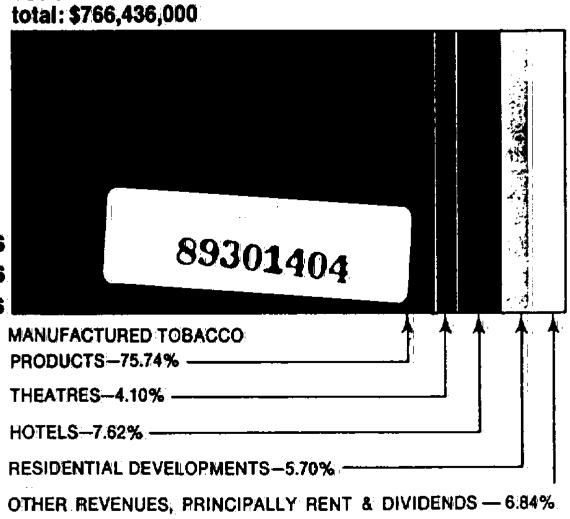
	1973	1972	1971
Results for the Year			
Sales and operating revenues	$ 766,436	804,105	772,509
Earnings before security gains (losses), equity in net earnings of former associated company and extraordinary items	$ 51,232	50,888	41,859
Security gains (losses)	$ 11,885	13,522	18,596
Equity in net earnings of former associated company	$	2,282	4,472
Extraordinary items	$	2,929	
Net Earnings	$ 63,117	69,621	64,927
Earnings per share—primary:			
Earnings before security gains (losses), equity in net earnings of former associated company and extraordinary items	$ 3.61	3.49	2.89
Security gains (losses)	$ .84	.93	1.28
Equity in net earnings of former associated company	$	.16	.31
Extraordinary items	$	.20	
Net Earnings	$ 4.45	4.78	4.48
Earnings per share—assuming full dilution:			
Earnings before security gains (losses), equity in net earnings of former associated company and extraordinary items	$ 3.01	2.81	2.40
Security gains (losses)	$ .60	.64	.89
Equity in net earnings of former associated company	$	.11	.21
Extraordinary items	$	.14	
Net Earnings	$ 3.61	3.70	3.50
Year-End Position			
Current assets and investment in securities	$ 820,012	795,858	676,714
Current liabilities	$ 202,579	216,456	241,398
Excess	$ 617,433	579,402	435,316
Property, plant and equipment—net	$ 192,799	195,934	206,648
Total assets	$1,268,102	1,260,378	1,153,959
Shareholders' equity	$ 397,329	397,267	337,554

NOTE: Sales and operating revenues declined in 1973 due principally to the lease or sale of six hotel properties and the sale of 48 theatres during the last part of fiscal 1972.

Equity in net earnings of a former associated company previously reported in sales and operating revenues has been reclassified to a separate caption for 1972 and other applicable years.

Data for 1969 include Lorillard Corporation from November 30, 1968.

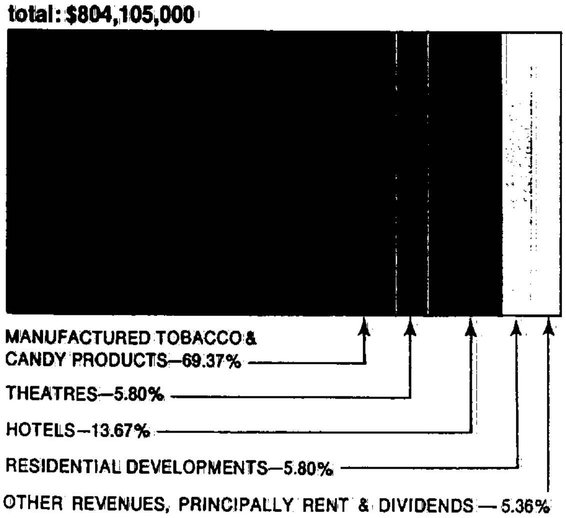
1973
total: $766,436,000



Gross Revenues by Major Business Activities

1970	1969	1968	1967	1966	1965	1964
(Dollar amounts in thousands, except per share data)						
697,902	550,582	156,692	127,021	114,260	95,554	81,976
31,744	24,617	12,659	8,641	5,819	5,600	3,167
(5,624)	1,722	7,364	7,114		989	
2,526						
	5,283	15,165				(3,247)
28,646	31,622	35,188	15,755	5,819	6,589	(80)
2.20	1.71	.89	.60	.39	.34	.17
(.39)	.12	.51	.49		.06	
.17						
	.37	1.06				(.18)
1.98	2.20	2.46	1.09	.39	.40	(.01)
1.90	1.62					
(.27)	.09					
.12						
	.30					
1.75	2.01					
542,649	471,514	93,509	44,413	38,780	28,526	32,690
171,972	150,813	30,390	23,992	19,726	24,765	18,576
370,677	320,701	63,119	20,421	19,054	3,761	14,114
207,344	203,113	160,207	146,489	141,305	135,207	130,316
1,025,264	969,778	272,575	209,726	195,035	182,388	179,493
286,098	259,726	124,185	90,855	76,795	71,136	72,744

1972
total: $804,105,000



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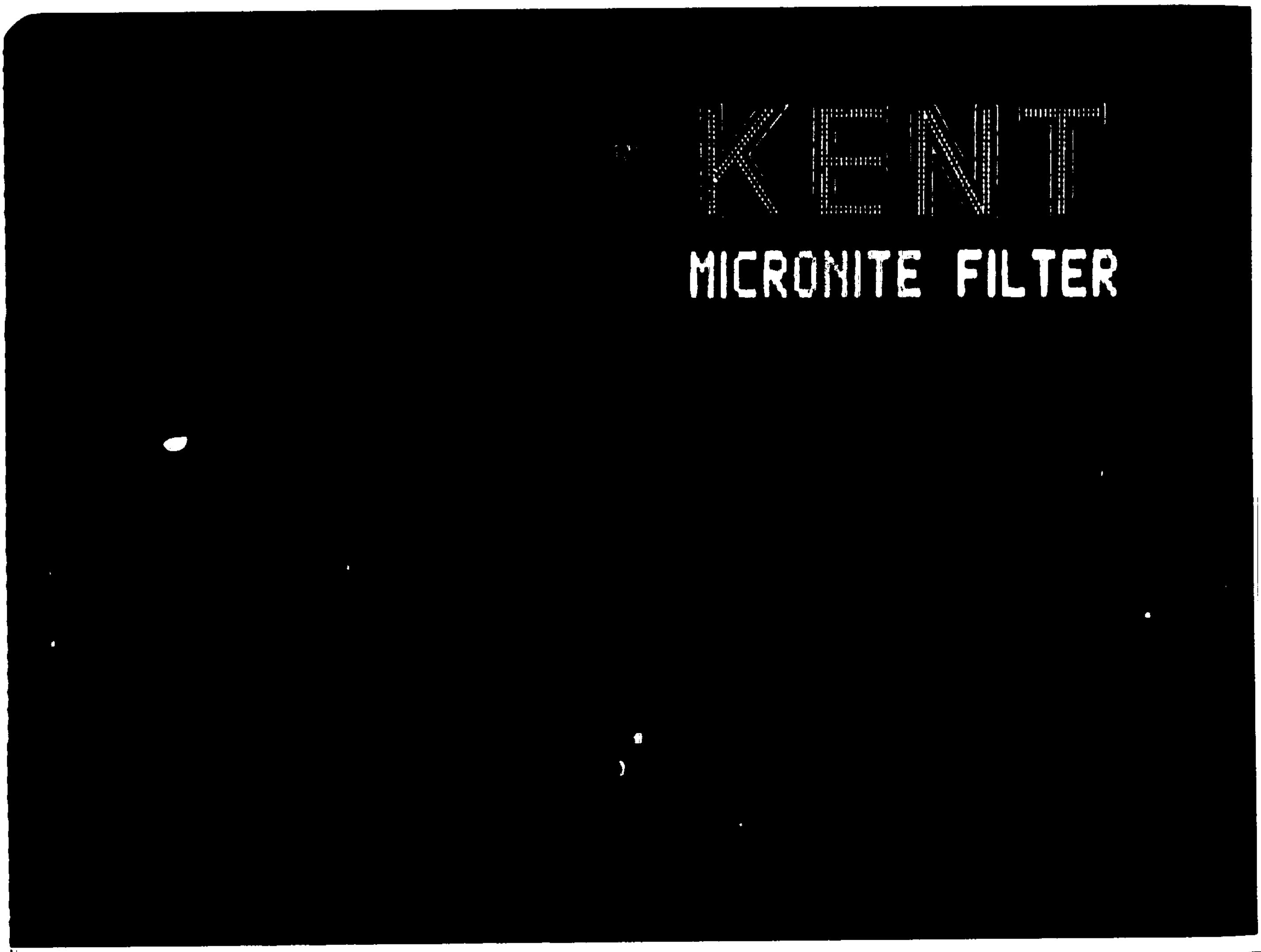
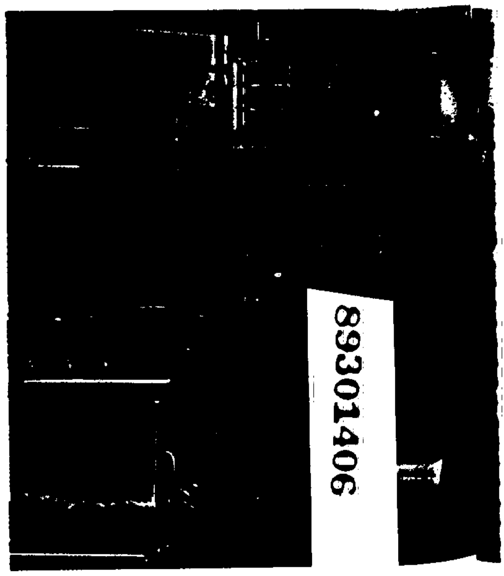
Lorillard
Domestic Operations





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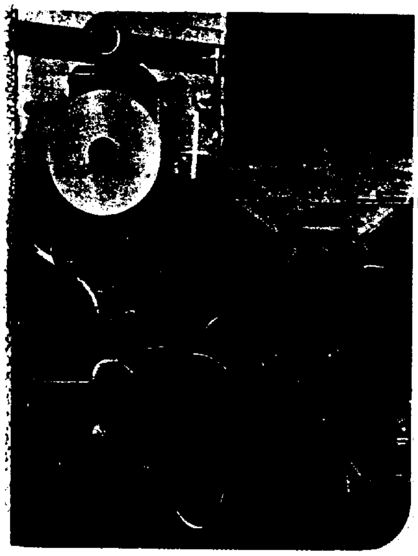


The Lorillard Division achieved a greater acceptance of its cigarette brands in 1973 than in any other year since it was acquired five years ago. This growth can be attributed to the strengthening of the Lorillard sales organization in 1973, more effective advertising and marketing strategies, and further improvement in manufacturing operations. Lorillard manufactures Kent, True, Newport, Old Gold and Spring cigarettes.

The third and fourth quarters of the 1973 fiscal year were exceptionally good ones for Lorillard's Kent, True and Newport brands. In particular, Kent 100's, True (both regular and menthol), and Newport experienced sharp sales increases in the 1972-1973 fiscal fourth quarter.

Newport Kings, Newport Box, and Newport 100's enjoyed greater consumer acceptance during the year. These gains illustrate the impact creative sales, advertising and packaging efforts can have on an already established brand.

Lorillard's sales increases in 1973 are attributable in part to its outdoor advertising campaign. Lorillard is now the country's largest outdoor advertiser. The successful use of that form of advertising earned recognition from the Outdoor Advertising Association of America, Inc., which cited the Division "for outstanding creative use of the medium in 1973."

While continuing to build sales of its existing cigarette brands, Lorillard tested additional entries in the full flavor segment of the market in 1973. Lorillard will attempt to add another full flavor cigarette to its family of brands, by employing highly sophisticated marketing and sales techniques susceptible to evaluation in small test markets with minimum investment and maximum opportunity.

Lorillard's little cigars (Madison, Between-The-Acts and Omega) declined slightly in sales in a market where consumers were distracted by the introduction of a profusion of competitive products. The advertising by others of some products created such confusion that Lorillard was prompted to take the initiative in voluntarily withdrawing its little cigars from television and radio advertising. The company's decision was recognized by many as evidence of sound corporate responsibility. Subsequently, Congress enacted a ban on broadcast advertising of little cigars.

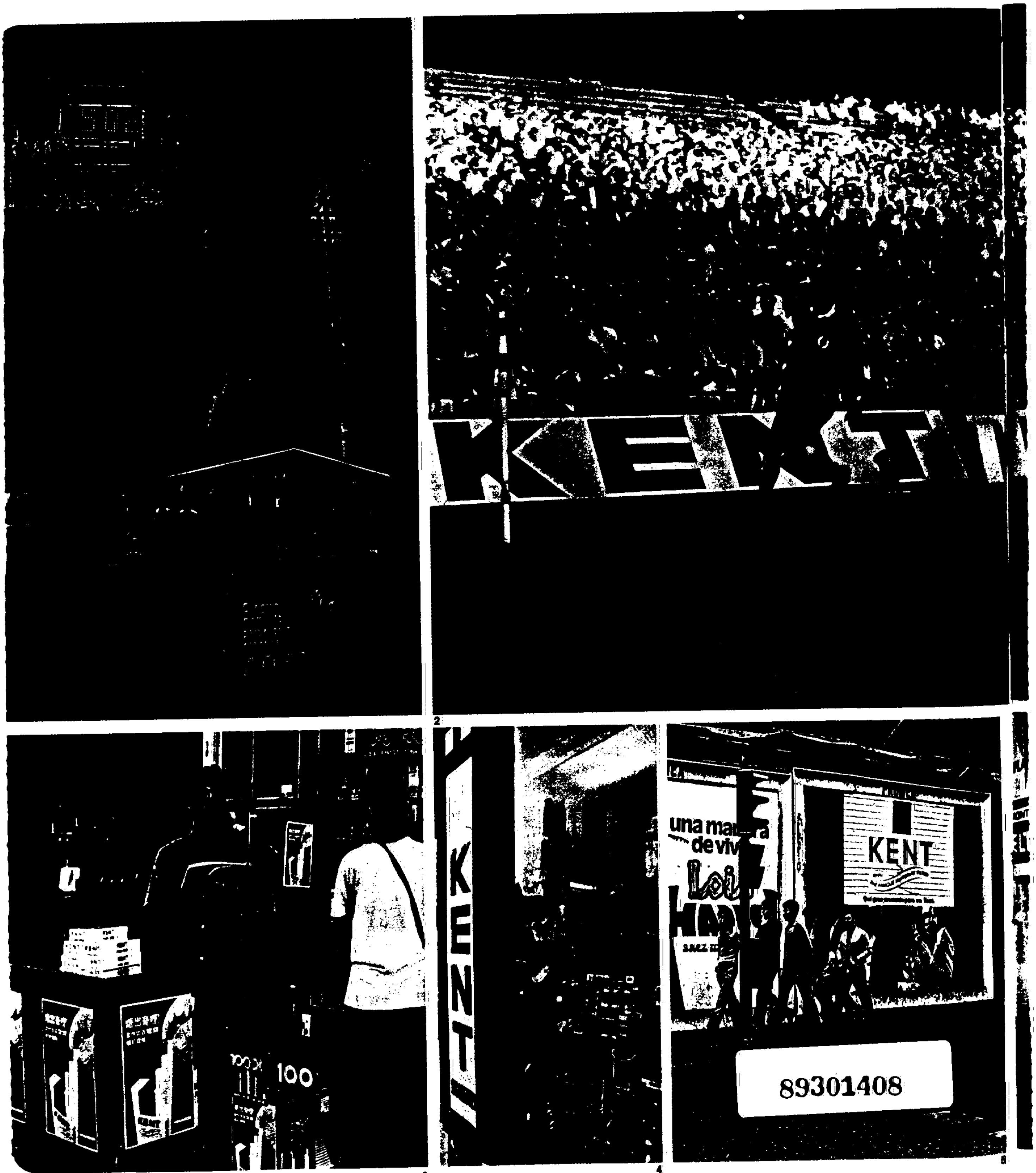
Erik cigars, supported by the famous Viking-ship television campaign, continued to lead in its category. Lorillard's chewing tobacco brands performed most satisfactorily, with our new entry, "Big Red," increasing its volume by approximately 60 percent. In total, our chewing tobacco volume outperformed the total chewing market.

One of the many reasons Lorillard has confidence in its future is the sophistication of its manufacturing and research operations. New equipment, including the Mark IX Cigarette Maker, was introduced in our Louisville, Kentucky, and Greensboro, North Carolina plants in 1973, further assuring Lorillard's reputation for quality and uniformity. Each Mark IX produces as many cigarettes in one minute—4,000—as three replaced machines produced. The modernization program will continue in fiscal 1973-1974.

At all Lorillard's manufacturing and tobacco processing facilities, significant efforts are being devoted to implementation of the standards for a safe and healthy working environment established by the Occupational Safety and Health Administration of the United States Department of Labor (OSHA).

1. The giant Kent sign in New York City is noted for being the most widely viewed outdoor display in the United States. Last year, 200 million persons were estimated to have viewed the huge display.
2. The recently installed Mark IX Cigarette Maker produces 4000 cigarettes a minute.

Lorillard
International Operations



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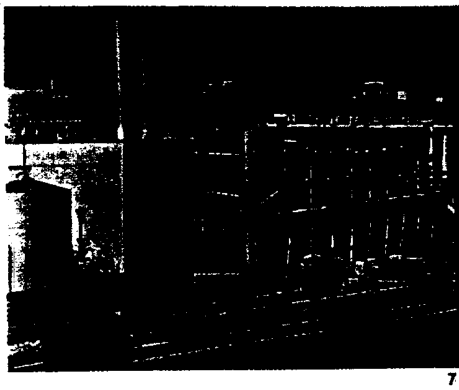

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Lorillard's cigarette brands are manufactured in 17 countries, and Kent, the leading American cigarette sold in many parts of the world, accounts for a major part of our overseas volume.

Lorillard's export unit sales in 1973 were 35 percent ahead of the previous year. In the last four years, Lorillard's share of exported United States cigarettes has increased from 13 percent to 19 percent. Combined exports and sales of licensee manufactured products overseas increased more than 14 percent in the fiscal year.

Kent and other products in the Lorillard line reach the world market through both exports from the United States and manufacturing operations overseas under licensing arrangements. Lorillard's Kent cigarette volume manufactured by licensees overseas exceeds exports from the United States. Lorillard products manufactured overseas are in turn exported to other nations, and, combined with U.S. exports, satisfy people in over 200 markets on all continents.

International operating profits for 1973 were up approximately 58 percent over the same period a year ago. These record earnings were achieved despite the currency rate fluctuations that increased the cost of doing business abroad.

Several factors contribute to Lorillard's strength in world markets. A major factor is the growing preference abroad for American type cigarettes, and Kent, with its "Micronite Filter, mild, smooth taste," continues to capitalize on this trend.

Another factor is Lorillard's international marketing program, organized to accommodate the characteristics of each market. Yugoslavia, Australia, the Philippines, Japan, Finland, Argentina, Lebanon, and the Republic of South Africa are but a few of the many markets where Lorillard's locally-oriented, international marketing expertise is being successfully implemented.

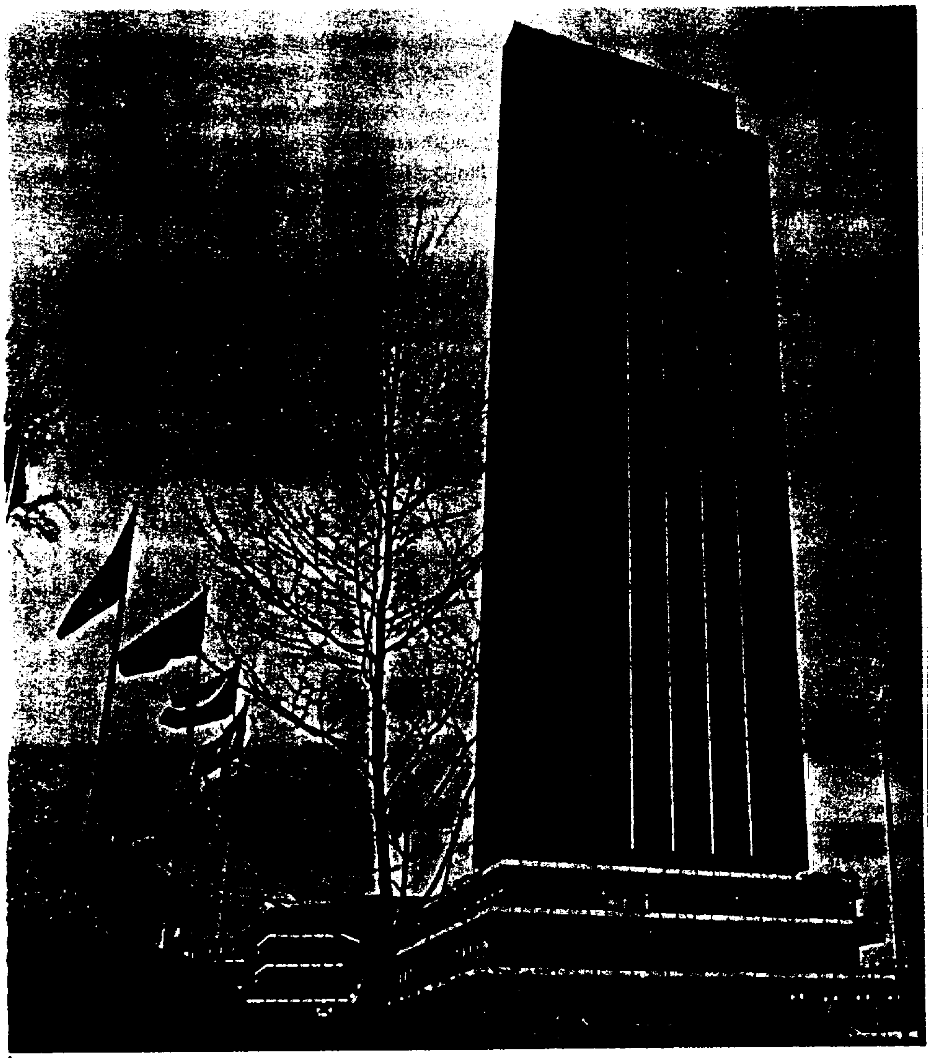
The application of Lorillard's domestic production and quality control standards to brands manufactured overseas is also an important factor. The overall commitment of Lorillard to product research and development in the total tobacco field (including cigarettes, small cigars, and chewing tobacco) enables the Division to meet the varied and changing demands of the world market.

Area management has been and continues to be an important contributor to Lorillard's international growth. Operations are directed from regional bases: New York City for the Western Hemisphere; Johannesburg for Africa; Hong Kong in the Far East; Brussels in Europe, and Beirut in the Middle East. Each region's management has sufficient authority to react to the specific needs of its particular market.

Lorillard has a long record of success in manufacturing overseas through licensee and joint venture arrangements. Sales and earnings statistics attest to the effective use of these arrangements. In 1973 new licensing agreements were completed in Bolivia, Panama and Guatemala.

Lorillard around the world: 1. A Paraguayan vendor is well "positioned." **2.** Kent at a Madrid soccer match. **3.** Kent is the fastest growing American cigarette in Hong Kong. **4.** By a view of the famous cathedral in Brussels. **5.** A familiar sight in Spain. **6.** Kent's postered in Paris. **7.** Addition to the Lorillard joint venture plant in Luxemburg. **8.** TV commercial a la Francaise.

Loews Hotels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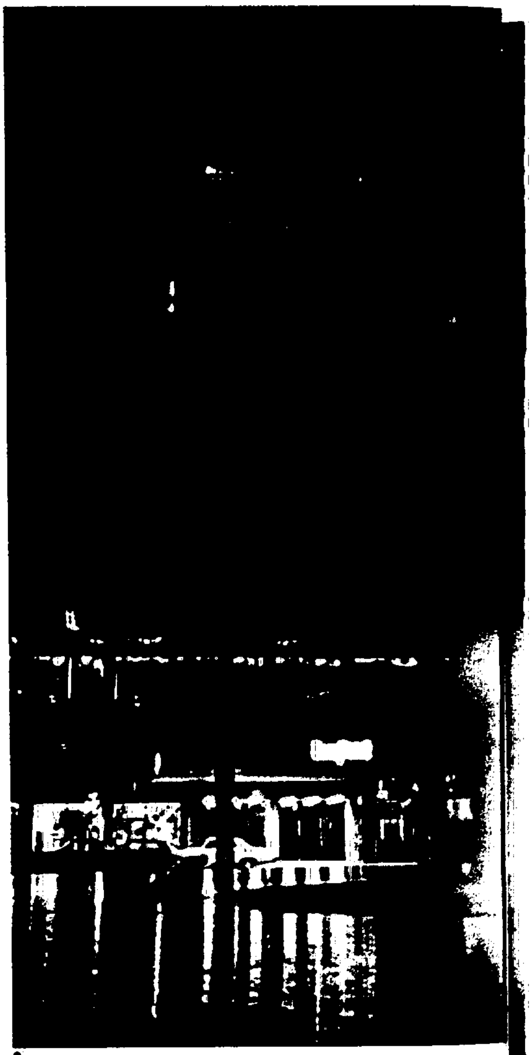
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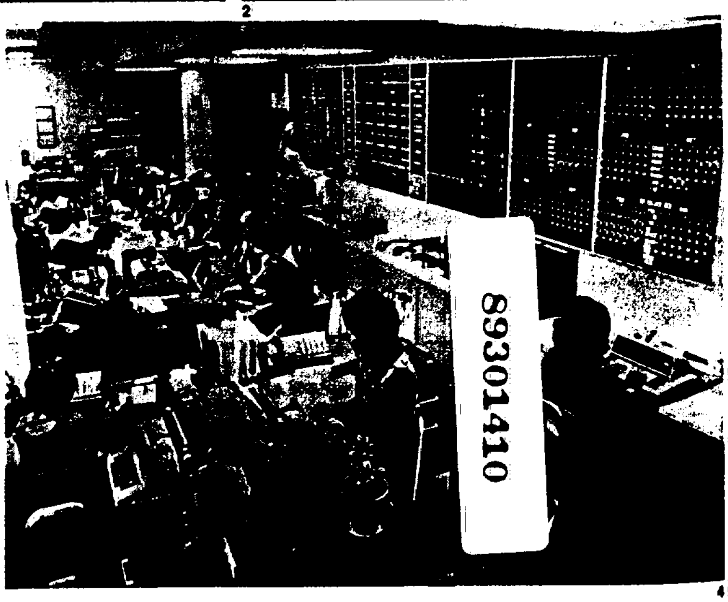
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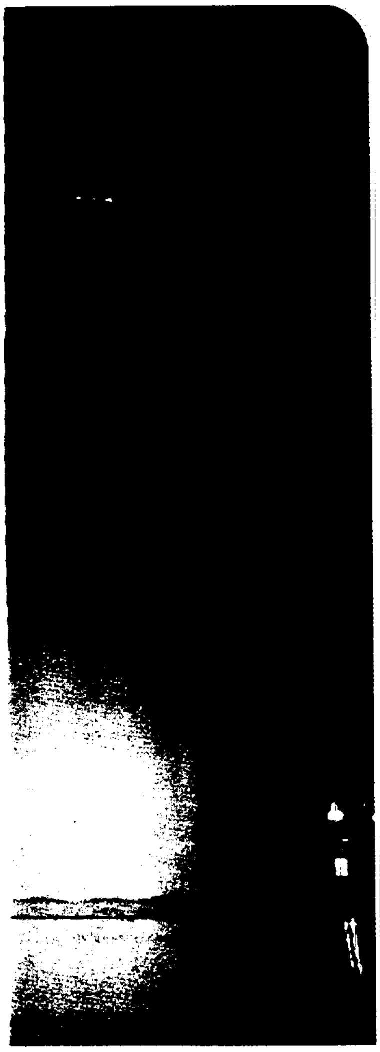

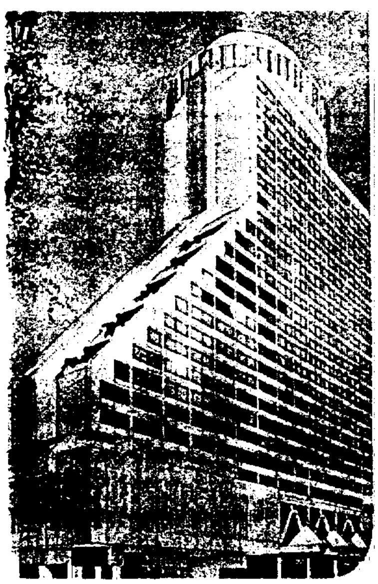

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In 1973, Loews Hotels continued to expand in the United States and abroad, opening luxury hotels in two important cities and proceeding with projects for five additional luxury hotels in Canada, West Germany, Spain, Monaco and Greece. Loews Hamburg Plaza in Hamburg, West Germany, opened in March and was followed by Loews L'Enfant Plaza in Washington, D.C. two months later. The newly opened hotels brought the total number of guest rooms in the Loews chain to 5,089. Present projects will increase the number of Loews Hotel guest rooms to over 9,000 by the end of 1977.

Loews Hamburg Plaza, the first Loews hotel on the European continent, complements the successful operation of the luxury Loews Churchill in London. In selecting Hamburg for its first "on-the-continent" venture, Loews has taken advantage of an opportunity to participate in the growing European travel and meeting business. Loews Hamburg Plaza adjoins the City of Hamburg's new Congress Hall, which is expected to become a major center for industrial and commercial meetings. Hamburg is one of Europe's major port cities and an important manufacturing center.

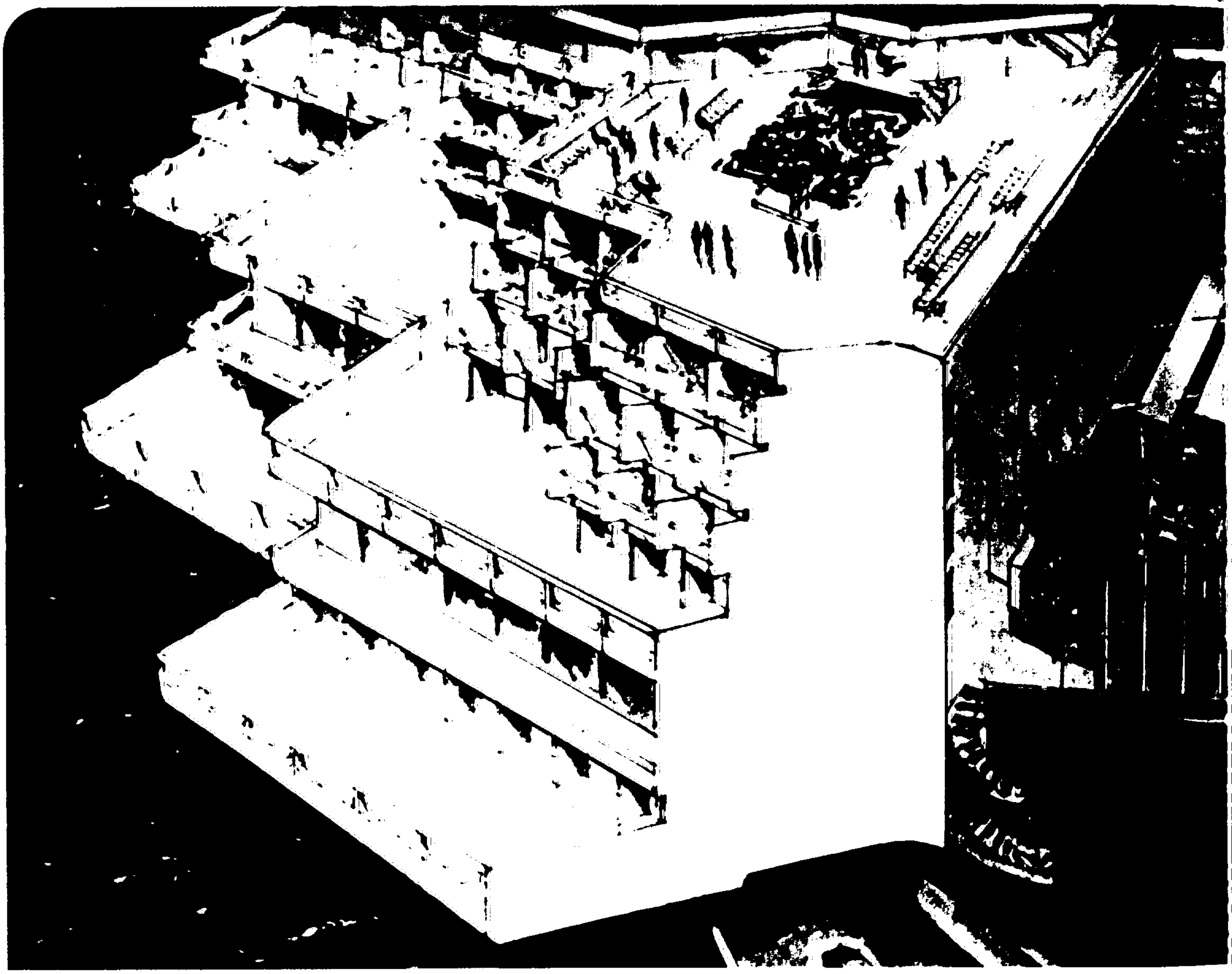
In planning its new hotel in Hamburg, Loews recognized that Europeans are becoming increasingly attuned to the meeting and convention concept, and will respond positively to a modern facility technologically equipped to meet their needs. The new hotel offers luxurious facilities for dining, entertainment and relaxation, while also providing excellent meeting facilities for all size groups. Although the hotel is contemporary in design, it incorporates a strong feeling for the local sense of tradition.

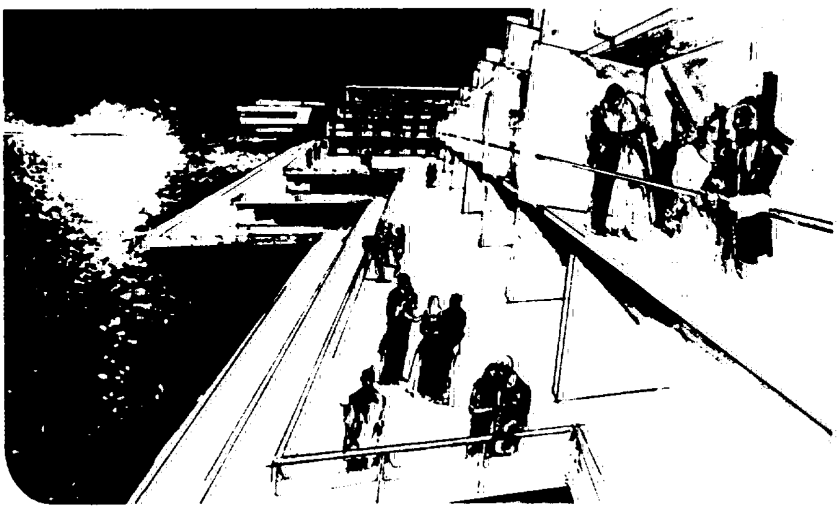
Loews L'Enfant Plaza, which opened in Washington, D.C. on May 30, 1973, has 372 rooms and excellent facilities for meetings and conventions. It is located at the heart of L'Enfant Plaza, one of the nation's largest private commercial developments with an underground shopping mall of over 40 shops, restaurants, a theatre, and parking for 2,400 cars. Loews L'Enfant Plaza is close to a number of Government agencies including the Department of Housing and Urban Development, Health, Education and Welfare, the National Aeronautics and Space Administration and such private organizations as AMTRAK and COMSAT. The hotel is also within walking distance of the Capitol. The Loews reputation for management expertise was a major factor in the selection of Loews to operate the hotel under a management contract with the L'Enfant Plaza Corporation.

Between 1974 and the end of 1977, expansion of Loews hotels will take place in cities where the Loews concept of service and sales can be combined with the needs of the particular market. Loews Le Concorde in Quebec City, Canada, is scheduled to open in May 1974 under a management agreement. Rising 30 stories above the historic Grande Allee at Place Montcalm, the luxury hotel will have 450 rooms. The hotel's architecture combines the sophistication of the vieux regime with a bold, contemporary statement.
The hotel is only a five-minute walk from the center of the old capital and just 20 minutes from Quebec Airport. Nearby are many museums, art galleries, cafes, boutiques, and some of the best ski resorts in the Northeast. Le Concorde is planned to appeal to both the tourist and the business traveler, offering a year-round heated swimming pool, seven restaurants and bars, a revolving roof-top restaurant and meeting and convention facilities.

In addition, plans are progressing for Loews to manage two hotels in Montreal, Canada. The larger of the two hotels, containing 900 rooms, will rise 48 stories above the heart of the city near Dominion Square. Loews other Montreal hotel will have 500 rooms, will be located near the city's famous Mount Royal Park, and will be part of a proposed 25 acre, $250 million development including residential and office buildings, pedestrian walks, and a broad variety of shopping services.

Loews Hotels and services are expanding in the United States and abroad. 1. Loews Hamburg Plaza opened March 1973. 2. Loews L'Enfant Plaza, Washington, D.C. opened May 30, 1973. 3. The Regency on Park Avenue continues to enjoy its premiere role among fine hotels. 4. Loews Reservations serves 112 Loews and associated hotels. 5. Loews Le Concorde will open May 1, 1974 in Quebec City, Canada.





In May 1975 Loews Monte Carlo will open in the Principality of Monaco. The 665-room deluxe resort hotel in many ways represents years of achievement for the Hotel Division. An engineering feat in itself, Loews Monte Carlo is being constructed on the marble cliffs overlooking the Mediterranean. Lanai rooms will rest on the edge of the cliffs with an unobstructed view of the sea. The hotel will offer four exquisite restaurants, a gaming casino, a roof-top swimming pool, convention facilities for 2,000 persons, and banquet accommodations for up to 1,200 persons. Loews sales and marketing staffs in the United States and Europe have already experienced an exciting response to this hotel.

The selection of Loews by the Principality of Monaco, and the association with Neue Heimat International, and its French affiliate, Manera, S.A., are further evidence of the outstanding reputation for management earned by Loews Hotels.

Loews Monte Carlo will be adjacent to a large convention center and close to luxury apartments which, together with the Loews hotel, will allow more people to enjoy the excitement of this famous resort area.

Loews hotel in Frankfurt, West Germany, will also open in 1975. Frankfurt is one of Europe's major financial and industrial centers. The 600-room hotel will be located atop West Germany's tallest building, a 45-story office and lodging tower near the Frankfurt Trade Mart.

Loews Frankfurt will be followed in 1976 by another exciting Loews concept in resorts at Marbella on Spain's Costa del Sol, one of the preferred vacation spots for world travelers. Two luxury hotels will be opened at Marbella. The larger Loews unit will be a five-star deluxe facility similar in design to Loews Paradise Island Hotel and Villas in The Bahamas. Only a short distance away Loews will operate a 200-room golf hotel surrounded by an 18-hole golf course designed by Robert Trent Jones. Completing the Loews total resort concept will be a beach club providing both swimming and recreational facilities for guests of the two hotels.

Loews Monte Carlo opens May 1975. These architectural renderings illustrate the magnitude of the upcoming Loews resort complex in one of the world's most desirable settings.

The opening of Loews Athens is planned for 1977. The new facility, located on the Bay of Athens, will fulfill a need for luxury accommodations at this desirable resort and business destination point. Highlights of the Loews Athens will be a "Boatel," a 92-room yachtsman's inn, a marina and private beach.

Loews Reservations, a sales and reservation service initially established to serve Loews facilities, has become a separate profit center. Today, with fifteen service offices in the United States and Canada, "LRI," as it has become known, represents over 112 hotels and hotel chains around the world.

Loews Theatres

1. A good example of Loews twin theatre concept is Loews East 1 & 2 in the closed Richmond Shopping Mall in Shaker Heights, a suburb of Cleveland, Ohio. 2. The common lobby of the Loews Route 18 Theatre in East Brunswick, New Jersey illustrates the economics of "twinning." Audiences for both theatres use the same lobby and concession.

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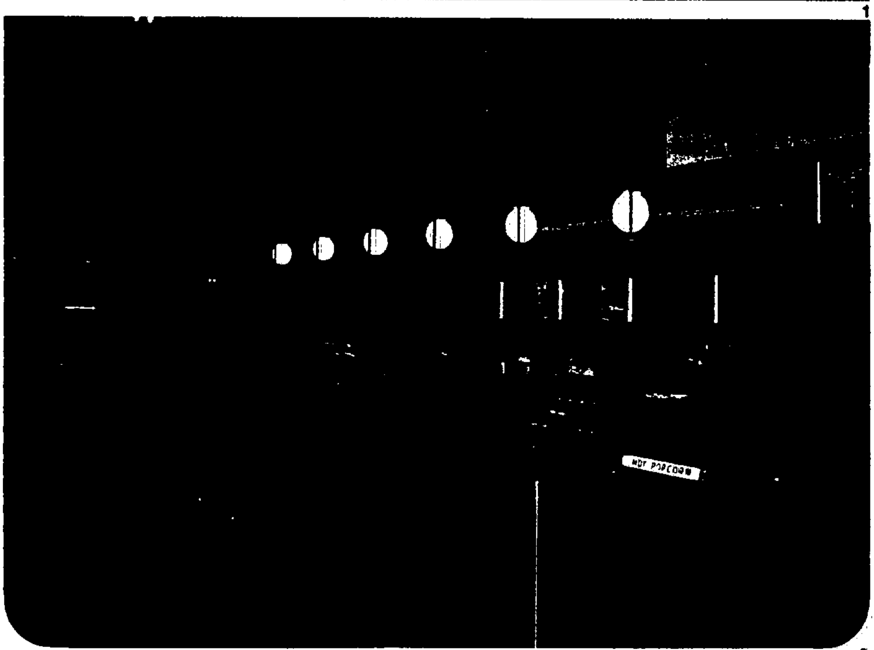

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The Loews Theatre Division continued to grow in fiscal 1973. Growth was essentially in two directions: new theatres were under construction in rapidly expanding suburban areas, and new auditoria were added to already existing theatres.

In 1973, a major program was directed toward obtaining maximum utilization of existing seating capacity by "twinning" auditoriums so that different films can be shown at the same time to two different audiences. While two theatres are created out of one, economies of scale are sustained by sharing a common lobby and other facilities. The new twin theatres are created at a fraction of the cost of constructing a new theatre.

In Cleveland, Ohio, three theatres with large seating capacities, and large parking areas, were divided into twin auditoriums during the year. The Loews Theatre in suburban Youngstown, Ohio, located in a large regional shopping center, was also twinned, as was the Loews East Brunswick, New Jersey, theatre. Two additional theatres, Parsippany-Troy Hills, New Jersey, and the Loews Paradise in the Bronx, New York, are undergoing a similar transformation. At the Loews Paradise, the balcony is being transformed into a separate auditorium, which will share a common lobby with the auditorium below.

Construction of new theatres also continued. A new twin theatre is under construction in Brookhaven, Long Island, New York, and building will begin soon on Loews twin theatres in Rochester, N.Y., and Atlanta, Georgia. These new theatres are expected to open in fiscal 1974.

The world premiere of "Papillon," the multi-million dollar movie version of the best selling novel, starring Steve McQueen and Dustin Hoffman, will take place at Loews State on Broadway on December 16, 1973. Other exciting productions in the coming year include: "The Godfather, Part II," already booked to premiere at four of our New York houses; "The Sting," starring Paul Newman and Robert Redford; "The Great Gatsby" with Mia Farrow and Robert Redford; the Mike Nichols thriller "The Day of The Dolphin", starring George C. Scott; the new Walt Disney cartoon feature "Robin Hood"; the cinema rendition of the best selling book, "The Exorcist," and "Magnum Force" with box office superstar Clint Eastwood.

The outlook for the Theatre Division is promising due to the technical innovations at our theatres and the production of new and exciting films by young creative talent.

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Loews/Snyder

1. Old and new San Francisco: Pacific Heights Towers, 20-story apartment landmark acquired by Loews/Snyder for condominium conversion. Project contains 128 apartments.
2. The new Coronado Shores Beach Club and lagoon.
3. Adobe Springs Village, a four-plex project, in Chino, California.
4. The five completed towers of Coronado Shores, with Coronado Bay and San Diego in the background.

The Loews/Snyder planned condominium development at Coronado Shores near San Diego continued to grow. The third 15-story residential tower of the complex has been completely sold, and the fourth, with 150 sea-view tower apartments also opened for occupancy in fiscal 1973. When completed, Coronado Shores will comprise ten condominium towers at a 32-acre master-plan community on the Pacific shore. The fifth tower, El Camino, will be available for occupancy late in 1973.

In the Los Angeles area construction of a 200-unit town house development at Fullerton is under way, another major residential development of 450 units is planned there, and ground will soon be broken for the second phase of the master-plan community of Beverly Glen Park, a mixture of 390 single family homes and town houses at the foot of the Santa Monica Mountains.

Another successful innovation for Loews/Snyder in fiscal 1973 was the acquisition and conversion to condominium ownership of a 69-unit rental apartment complex at Costa Mesa, California, adjacent to the recreational ports of Balboa and Newport. The project sold out immediately after opening.

At Chino, in southern California, Loews/Snyder began marketing its Adobe Springs Village of two story, four-plex homes offering an attractive living environment at modest prices. Marketing is now being concentrated on the single family development of Willows West in Lancaster, a growing suburb about 50 miles from downtown Los Angeles.

Construction and marketing are proceeding on the remaining 350 units of Westborough Green and Westborough Hills, in San Francisco. One thousand town house and condominium units have been sold there since marketing began in 1970. Sales and construction are also moving ahead at San Carlos Hills, a beautiful garden condominium development on the San Francisco peninsula.

In Arizona, where Tenneco, Inc. has selected Loews/Snyder to develop its land holdings, initial sales have been very promising at the adjoining communities of Las Casas and Las Casitas near Fort Huachuca.

In the Midwest, construction and marketing proceeded at Carol Stream, a 500-unit town house community 25 miles west of the Chicago Loop, and building commenced on Loews/Snyder's mid-rise condominium and rental apartments at Indian Head Park near LaGrange, Illinois.

On Staten Island, in New York City, two other master-plan villages in the 160-acre Village Greens development have been completed and are now occupied by more than 350 families.


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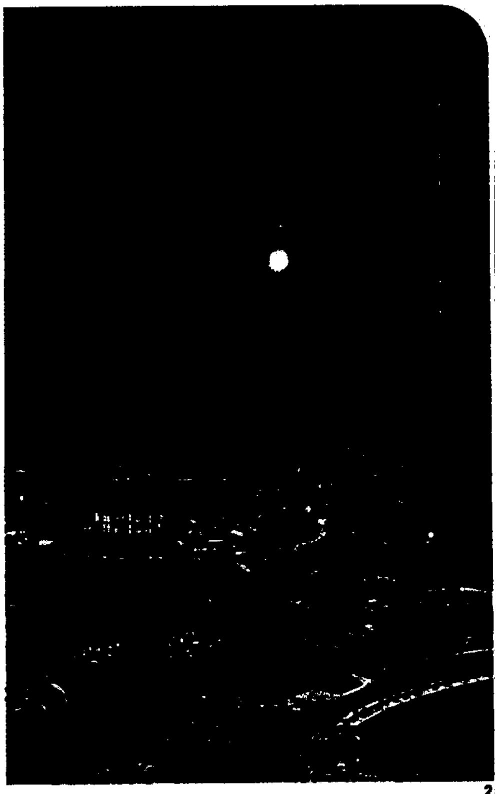
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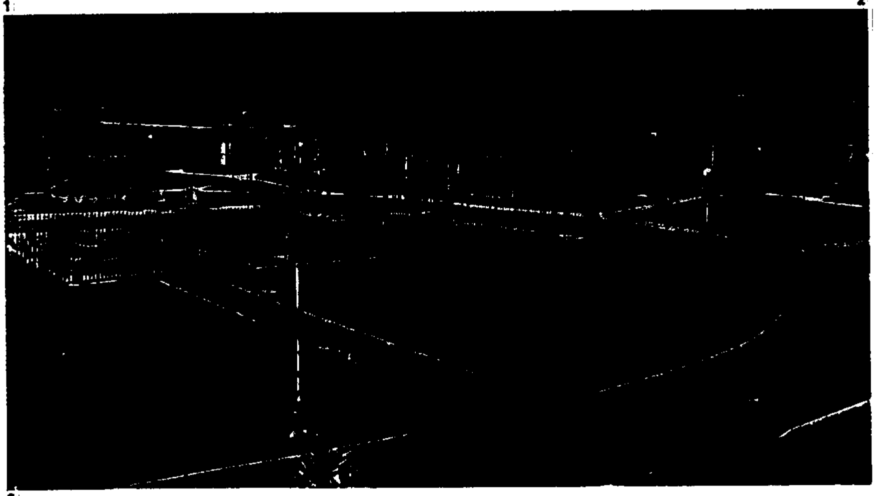
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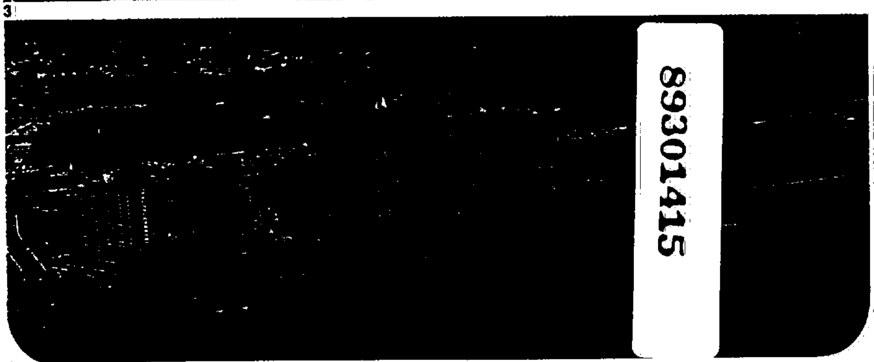

4

Loews Corporation and Subsidiaries

Consolidated Balance Sheet
August 31, 1973 and 1972

	1973	1972
Assets		
Current Assets:		
Cash, including time deposits (1973, $8,505,000; 1972, $7,595,000)	$ 21,314,000	$ 16,908,000
Receivables—principally trade, less allowance for doubtful accounts and cash discounts (1973, $2,919,000; 1972, $3,160,000)	60,670,000	46,460,000
Inventories:		
Leaf tobacco	225,732,000	222,241,000
Manufactured stock	21,985,000	23,296,000
Materials, supplies and other	6,491,000	8,375,000
Real estate held for development and sale	47,112,000	55,048,000
Total current assets	383,304,000	372,328,000
Investment in Securities, at cost	436,708,000	423,530,000
Total current assets and investment in securities	820,012,000	795,858,000
Investments and Advances:		
Investments in and advances to unconsolidated companies	14,111,000	14,000,000
Mortgages and notes receivable (maturing through 2008 at interest rates ranging from 4% to 10%)	35,226,000	36,583,000
Land and other investments, at cost	19,652,000	27,132,000
Total investments and advances	68,989,000	77,715,000
Property, Plant and Equipment, at cost:		
Land	41,994,000	43,113,000
Buildings and building equipment	154,053,000	154,810,000
Machinery and equipment	71,604,000	67,121,000
Leaseholds and leasehold improvements	10,969,000	11,192,000
Total	278,620,000	276,236,000
Less accumulated depreciation and amortization	85,821,000	80,302,000
Property, plant and equipment—net	192,799,000	195,934,000
Other Assets:		
Cost in excess of net assets acquired	67,115,000	71,711,000
Trademarks	100,033,000	100,299,000
Patents and licenses, less accumulated amortization (1973, $4,179,000; 1972, $3,320,000)	9,152,000	9,996,000
Prepaid expenses, deferred charges, etc.	10,002,000	8,865,000
Total other assets	186,302,000	190,871,000
Total	$1,268,102,000	$1,260,378,000

89301416

See the accompanying Notes to Consolidated Financial Statements.

	1973	1972
Liabilities and Shareholders' Equity		
Current Liabilities:		
Notes payable	$ 119,515,000	$ 101,823,000
Accounts payable and accrued liabilities	51,929,000	66,335,000
Accrued taxes:		
Federal and foreign income taxes	5,243,000	16,326,000
Excise and other taxes	14,754,000	14,595,000
Current maturities of long-term debt, less unamortized discount	11,138,000	17,377,000
Total current liabilities	202,579,000	216,456,000
Long-Term Debt, less current maturities and unamortized discount:		
Senior debt	268,235,000	240,865,000
Subordinated debt	372,533,000	374,978,000
Long-term debt—net	640,768,000	615,843,000
Deferred Credits, Reserve and Other Liabilities:		
Deferred income taxes	17,316,000	18,972,000
Reserve for employee benefits	6,738,000	5,443,000
Deferred credits and non-current liabilities	3,372,000	6,397,000
Total deferred credits, reserve and other liabilities	27,426,000	30,812,000
Shareholders' Equity:		
Common stock, authorized 30,000,000 shares of $1 par value; issued shares stated at par value	14,791,000	14,683,000
Additional paid-in capital	116,522,000	113,113,000
Earnings retained in the business	315,480,000	269,541,000
Total	446,793,000	397,337,000
Less common stock held in treasury, at cost (1973, 1,733,000 shares; 1972, 4,000 shares)	49,464,000	70,000
Total shareholders' equity	397,329,000	397,267,000
Total	$1,268,102,000	$1,260,378,000

89301417

Loews Corporation
and Subsidiaries

Statement of Consolidated Earnings and Earnings Retained in the Business For the Years Ended August 31, 1973 and 1972

	1973	1972
Sales and Operating Revenues		
Excluding security gains:		
Sales of manufactured products and revenues of theatre and hotel operations	$714,021,000	$761,067,000
Other revenues, principally rent and dividends	52,415,000	43,038,000
Total	766,436,000	804,105,000
Costs and Expenses:		
Cost of sales and operating costs	505,655,000	537,077,000
Selling, advertising and administrative	120,266,000	129,938,000
Depreciation and amortization	10,124,000	12,157,000
Interest and amortization of debenture discount and expense	51,796,000	45,190,000
Income taxes	27,363,000	28,855,000
Total	715,204,000	753,217,000
Earnings Before Security Gains, Equity in Net Earnings of Former Associated Company and Extraordinary Items	51,232,000	50,888,000
Security Gains:		
Realized gains	17,213,000	22,542,000
Less applicable income taxes	5,328,000	9,020,000
Security gains—net	11,885,000	13,522,000
Equity in Net Earnings of Former Associated Company	—	2,282,000
Earnings Before Extraordinary Items	63,117,000	66,692,000
Extraordinary Items	—	2,929,000
Net Earnings	63,117,000	69,621,000
Earnings Retained in the Business, Beginning of Year	269,541,000	215,158,000
Cash dividends (per share—$1.21 in 1973 and $1.03 in 1972)	(17,178,000)	(15,002,000)
Equity in certain transactions of former associated company	—	(236,000)
Earnings Retained in the Business, End of Year	$315,480,000	$269,541,000
Earnings Per Share—Primary:		
Earnings before security gains, equity in net earnings of former associated company and extraordinary items	$3.61	$3.49
Security gains—net	.84	.93
Equity in net earnings of former associated company	—	.16
Extraordinary items	—	.20
Net earnings	$4.45	$4.78
Earnings Per Share—Assuming Full Dilution:		
Earnings before security gains, equity in net earnings of former associated company and extraordinary items	$3.01	$2.81
Security gains—net	.60	.64
Equity in net earnings of former associated company	—	.11
Extraordinary items	—	.14
Net earnings	$3.61	$3.70

See the accompanying Notes to Consolidated Financial Statements.

Loews Corporation and Subsidiaries

Statement of Changes in Consolidated Financial Position For the Years Ended August 31, 1973 and 1972

	1973	1972
Funds Provided:		
Earnings before extraordinary items	$ 63,117,000	$ 66,692,000
Charges not requiring current outlays:		
Depreciation and amortization	10,124,000	12,157,000
Deferred income taxes	427,000	1,581,000
Other—net	1,094,000	491,000
Funds derived from operations exclusive of extraordinary items	74,762,000	80,921,000
Extraordinary items	—	2,929,000
Deferred income taxes related to extraordinary items	—	2,328,000
Dispositions of property, plant and equipment	4,773,000	20,775,000
Dispositions of other investments and advances	16,358,000	10,485,000
Issuance of long-term debt	87,532,000	110,890,000
Reduction of cost in excess of net assets acquired attributable to:		
Income tax benefits	4,616,000	6,655,000
Sale of investment in former associated company	—	16,528,000
Issuance of common stock	3,517,000	5,330,000
Total	191,558,000	256,841,000
Funds Applied:		
Additions to property, plant and equipment	10,853,000	17,224,000
Additions to other investments and advances	7,632,000	34,399,000
Additions to common stock held in treasury	49,394,000	—
Reduction in long-term debt	61,515,000	45,823,000
Exercise of warrants through application of 6⅞% debentures	2,834,000	3,542,000
Dividends paid	17,178,000	15,002,000
Other—net	4,121,000	(2,465,000)
Total	153,527,000	113,525,000
Excess of Funds Provided Over Funds Applied Represented by:		
Increase in investment in securities	13,178,000	68,436,000*
Increase in working capital	24,853,000	74,880,000
Total	$ 38,031,000	$143,316,000
Excess of Funds Provided Over Funds Applied by Component:		
Increase in investment in securities	$ 13,178,000	$ 68,436,000*
Increase (decrease) in working capital:		
Cash, including time deposits	4,406,000	(3,106,000)
Receivables	14,210,000	(11,979,000)
Inventories	296,000	48,606,000
Real estate held for development and sale	(7,936,000)	16,416,000
Notes payable	(17,692,000)	(42,448,000)
Accounts payable and accrued liabilities	14,406,000	71,271,000
Accrued taxes	10,924,000	1,530,000
Current maturities of long-term debt, less unamortized discount	6,239,000	(5,410,000)
	24,853,000	74,880,000
Total	$ 38,031,000	$143,316,000

*Net of transactions which did not result in the provision or application of funds.

See the accompanying Notes to Consolidated Financial Statements.

89301419

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation—The consolidated financial statements include all subsidiaries and the assets, liabilities and results of operations (including provision for co-venturer's participation in profits and losses) of unincorporated residential development joint ventures for which the Company has provided or guaranteed principally all the required working capital.

Certain amounts applicable to 1972 have been reclassified to conform to the classifications followed in 1973.

Inventories—Inventories are valued at the lower of average cost or market. The entire inventory of leaf tobacco has been classified as a current asset in accordance with generally recognized trade practice although, due to the duration of the aging processes, the tobacco on hand includes requirements beyond the period of one year. It is not practicable to determine the amount not realizable within one year.

Real estate held for development and sale—Real estate held for development and sale is valued at the lower of cost or estimated realizable value. Interest, property taxes and other expenses incurred in connection with the holding and development of real estate are capitalized until the projects are sold.

Real estate held for development and sale and other assets held as investments in the amount of $65,101,000 at August 31, 1973 have been pledged to secure certain notes payable and long-term debt.

Investment in securities—The cost of securities sold is determined on the identified certificate or first-in, first-out method. The Company has invested in securities in order to secure a return on funds it is holding for development and expansion opportunities. The Company regularly and actively seeks development and expansion opportunities which may require application of such funds. In view of the uncertainty as to when such opportunities may arise, the investment in securities has been classified as a non-current asset.

Property, plant and equipment—Depreciation is computed principally on the straight-line method over the estimated useful lives of the various classes of properties. Leaseholds and improvements are amortized over the related leases (including optional renewal periods where appropriate) or the estimated lives of improvements, if less than the lease term.

Cost in excess of net assets acquired—Lorillard Corporation (Lorillard) was acquired in November 1968, liquidated and merged into Loew's Theatres, Inc. (a wholly-owned subsidiary of the Company) in July 1969 and continued operations as a division of such subsidiary. The cost in excess of net assets acquired related to this acquisition, amounting to $128,944,000 as adjusted to date and before deduction of the estimated tax benefits referred to below, has been attributed to other intangibles which, in the opinion of Management, have continuing value. It is the Company's policy not to amortize such excess as long as there is no diminution in value of the investment.

As a result of the aforementioned liquidation, the Company will realize certain income tax benefits which will be considered as a partial recovery of the cost in excess of net assets acquired. The estimated tax benefits realized (which are presently under examination by the Internal Revenue Service) amounted to $61,829,000 at August 31, 1973.

Excise taxes — Excise taxes of $197,054,000 and $194,752,000 paid on sales of manufactured products in 1973 and 1972, respectively, are included in "sales of manufactured products and revenues of theatre and hotel operations" and "cost of sales and operating costs" in the accompanying statement of consolidated earnings and earnings retained in the business.

2 EXTRAORDINARY ITEMS

Extraordinary items in 1972 consisted of the following:

Gain on sale of forty-eight theatres located principally in California and Florida	$8,049,000
Loss on sale of investment in former associated company (see Note 4)	(2,650,000)
	5,399,000
Less applicable income taxes, including deferred of $2,328,000	2,470,000
Net	$2,929,000

The sales and operating revenues and net earnings applicable to the theatres sold were not significant in relation to consolidated sales and operating revenues and net earnings of continuing operations.

3 LEASING OF CERTAIN HOTELS

On August 1, 1972 the Company leased to subsidiaries of American Airlines, Inc. four of its hotels under long-term lease agreements expiring from 1995 to 2002. While sales of manufactured products (principally tobacco) increased in 1973, the total operating revenues and costs of the Company declined, in part, due to this transaction.

4 INVESTMENTS

The quoted market value of the investment in securities aggregated approximately $412,300,000 and $443,400,000 at August 31, 1973 and 1972, respectively.

Securities with a quoted market value of approximately $14,600,000 are pledged as collateral in connection with the retirement plan covering production employees and to secure other liabilities.

In July 1972, the Company sold substantially all of its investment in its former associated company, Franklin New York Corporation (Franklin), which investment had been accounted for under the equity method of accounting. The Company received $1,751,000 of cash dividends from Franklin from September 1, 1971 through the date of sale.

89301420

Investments in and advances to unconsolidated companies include the Company's investments in 50% owned companies which are stated at cost, adjusted to give effect to subsequent earnings and dividends received, less, in 1972, allowance for losses of $1,958,000.

5 INCOME TAXES

The components of income taxes for the years ended August 31, 1973 and 1972 were as follows:

	1973	1972
Federal (including deferred of $1,467,000 in 1973 and $1,581,000 in 1972)	$21,971,000	$23,423,000
State	3,964,000	4,438,000
Foreign (including deferred credit of $1,040,000 in 1973)	1,428,000	994,000
Total	$27,363,000	$28,855,000

Deferred income taxes have been provided for the tax effects of items (principally interest, real estate taxes, depreciation and income related to certain installment accounts receivable) reported in different periods for financial and income tax reporting purposes. State income taxes are principally current.

Federal income taxes have not been provided on unremitted earnings of a subsidiary (a Domestic International Sales Corporation) aggregating $2,363,000 through August 31, 1973 because the Company intends to postpone indefinitely the remittance of such earnings.

6 LONG-TERM DEBT

Long-term debt at August 31, 1973 and 1972 consisted of the following:

	Rates of Interest (%) Actual	Rates of Interest (%) Effective	1973 (000's omitted)	1972 (000's omitted)
Senior debt:				
25-year debentures due 1976	3	3	$ 7,172	$ 7,172
25-year debentures due 1978	3¾	3⅞	8,865	10,483
Sinking fund debentures due 1986	4⅞	5	25,710	28,042
Notes payable to banks under Revolving Credit Agreement for $60,000,000 terminating August 31, 1979, interest at 1% in excess of the prime commercial rate (such prime rate was 9¾% at August 31, 1973)			60,000	60,000
Note payable to bank, due September 30, 1974, interest at ½% in excess of the prime commercial rate			30,000	—
Other senior debt, principally mortgages	4-9	4-9	148,095	153,104
Less current maturities and unamortized discount			(11,607)	(17,936)
Senior debt			268,235	240,865
Subordinated debt:				
Convertible subordinated debentures due 1993	5½	5½	—	136
Subordinated debentures due 1993	6⅝	7¼	12,933	13,720
*Subordinated debentures due 1993	6⅞	7⅞	394,217	397,318
Less unamortized discount			(34,617)	(36,196)
Subordinated debt			372,533	374,978
Long-term debt—net			$640,768	$615,843

*Redeemable in whole or in part, commencing in fiscal 1977 at 105% and decreasing percentages thereafter, and requiring annual sinking fund payments of $4,000,000 in fiscal years 1977 to 1981 and $17,500,000 from 1982 to 1993. 6⅞% subordinated debentures applied in exercise of warrants, aggregating $7,032,000 through August 31, 1973, may be used to reduce annual sinking fund requirements.

The aggregate of long-term debt maturing during the five years ending August 31, 1978 is approximately as follows: 1974, $11,164,000 (included in current liabilities after deducting related unamortized discount); 1975, $38,989,000; 1976, $14,663,000; 1977, $7,072,000; 1978, $8,627,000.

Presently the principal source from which dividends are payable by the Company is income from dividends received from Loew's Theatres, Inc., a wholly-owned subsidiary of the Company. The Revolving Credit Agreement and indentures relating to long-term debt of such subsidiary contain, among other things, restrictive covenants relating to maintenance of minimum levels of working capital and net worth and payment of cash dividends on its common stock. At August 31, 1973, the subsidiary's working capital and net worth were in excess of the minimum requirements of the Revolving Credit Agreement and the amount of earnings retained in the business available for the payment of cash dividends under the most restrictive indenture was approximately $210,000,000.

7 SHAREHOLDERS' EQUITY

Changes in shareholders' equity, exclusive of earnings retained in the business, were as follows:

	Common Stock Issued	Additional Paid-in Capital	Common Stock Held in Treasury
Balance, September 1, 1971	14,517,000	$107,949,000	$ 70,000
Exercise of stock options	52,000	1,647,000	—
Conversion of debentures	2,000	51,000	—
Exercise of warrants	112,000	3,466,000	—
Balance, August 31, 1972	14,683,000	113,113,000	70,000
Exercise of stock options	14,000	497,000	—
Conversion of debentures	4,000	129,000	—
Exercise of warrants	90,000	2,783,000	—
Purchase of 1,729,000 treasury shares	—	—	49,394,000
Balance, August 31, 1973	14,791,000	$116,522,000	$49,464,000

At August 31, 1973, 6,275,000 shares of common stock were reserved for exercise of the warrants issued in connection with the acquisition of Lorillard. The warrants entitle the bearer to purchase for cash (or through application of the 6⅞% subordinated debentures at principal amount) a share of common stock at a current price of $37.50 increasing to $40 a share in 1976. The warrants expire on November 29, 1980. As of August 31, 1973, 795,000 shares were also reserved for exercise of stock options.

A summary of stock option data for the fiscal years 1973 and 1972 follows:

	1973 Number of Shares	1973 Option Price Per Share	1972 Number of Shares	1972 Option Price Per Share
Outstanding, September 1	107,000	$25.00-50.06	150,000	$25.00-45.94
Granted	10,000	26.25-54.31	19,000	36.56-50.06
Exercised	(14,000)	29.65-40.50	(52,000)	28.25-45.13
Cancelled	(27,000)	28.25-45.69	(10,000)	28.82-45.94
Outstanding, August 31	76,000	$25.00-54.31	107,000	$25.00-50.06
At August 31: Exercisable	40,000		57,000	
Available for grant	719,000		725,000	

8 EARNINGS PER SHARE

Primary earnings per share are based upon the weighted average number of shares (1973, 14,190,000; 1972, 14,567,000) outstanding during each year. Earnings per share, assuming full dilution, give effect to assumed exercise of stock options and warrants computed, as applicable, through either (1) assumed application of the 6⅞% subordinated debentures at par as payment of the exercise price of the warrants or (2) assumed repurchase of common stock of the Company with proceeds from exercise of stock options and warrants (limited to 20% repurchase of outstanding common stock) and use of the remaining proceeds to reduce various issues of debt. The computation takes into consideration the effect of eliminating interest expense and debenture discount, net of tax effects, where debt is assumed to be reduced.

9 RETIREMENT PLANS

The Company and its subsidiaries have non-contributory retirement plans for eligible salaried and production employees. The provision for pension costs under the plans was $1,839,000 and $1,816,000 for the years ended August 31, 1973 and 1972, respectively. It is the companies' policy to fund the accrued pension cost relating to the salaried employee plan and to maintain reserves for the accrued pension cost relating to the production employee plan. As of the most recent date for which computations are available, the actuarially computed value of vested benefits for the unfunded plan was $6,200,000 greater than the reserves for accrued pension costs and unfunded prior service cost, which approximates $9,300,000, is being amortized over a forty-year period.

10 LEASE COMMITMENTS

Rent expense, lease commitments and other information relating to non-cancellable leases (principally hotels and theatres), exclusive of taxes and other charges payable by the lessees, were as follows:

Year Ending August 31	Rentals*	Rentals From Subleases	Net
1972	$ 9,748,000	$ 281,000	$ 9,467,000
1973	9,420,000	1,870,000	7,550,000
1974	10,529,000	1,869,000	8,660,000
1975	10,281,000	1,868,000	8,413,000
1976	10,132,000	1,825,000	8,307,000
1977	9,879,000	1,755,000	8,124,000
1978	9,600,000	1,755,000	7,845,000
Five Years Ending August 31			
1983	44,005,000	8,009,000	35,996,000
1988	39,212,000	7,448,000	31,764,000
1993	30,786,000	6,579,000	24,207,000
Years Subsequent to 1993 (in total)	118,640,000	2,072,000	116,568,000

*Includes minimum rental commitments except for 1972 and 1973 which also include additional rentals of $678,000 and $124,000, respectively, based upon gross receipts or net earnings of related properties.

11 CONTINGENCIES

In March 1973 the Company had several transactions in the common stock of Equity Funding Corporation of America which have given rise to a lawsuit by the Company against the sellers seeking damages and rescission. The outcome of the lawsuit is not presently determinable. The Company has provided for potential losses of $5,283,000, less applicable tax effect of $2,536,000. Such provision is included under the caption "security gains" in the accompanying statement of consolidated earnings and earnings retained in the business. Pending litigation also includes antitrust and other civil suits for damages incident to the companies' businesses. The outcome of such actions will not, in the opinion of Management, materially affect the business or assets of the Company and its subsidiaries.

OPINION OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Haskins & Sells
Certified Public Accountants

Two Broadway
New York, New York 10004

To the Board of Directors
and Shareholders of Loews Corporation:

We have examined the consolidated balance sheet of Loews Corporation and Subsidiaries as of August 31, 1973 and 1972 and the related statements of consolidated earnings and earnings retained in the business and of changes in consolidated financial position for the years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, such statements present fairly the financial position of the companies at August 31, 1973 and 1972 and the results of their operations and changes in their financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Haskins & Sells

October 31, 1973

Directory

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Charles B. Benenson
Benenson Realty Company

James Bruce
Director

Curtis H. Judge
President,
Lorillard Division

John F. Murphy
Consultant

Bernard Myerson*
Executive Vice President;
President, Loews Theatres

*(Members of Executive Committee)

Lester Pollack*
Senior Vice President

Simon H. Rifkind
Member, Law Firm of
Paul, Weiss, Rifkind
Wharton & Garrison

Laurence A. Tisch*
Chairman of the Board
and Chief Executive Officer

Preston Robert Tisch*
President and Chairman of the
Executive Committee

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Laurence A. Tisch
Chairman of the Board and
Chief Executive Officer

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Executive Vice President;
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Assistant Secretary

William E. Duffy
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Harry Katz
Assistant Controller

Robert J. McNamara
Assistant Controller

Loews Corporation

Corporate Headquarters
666 Fifth Avenue, New York, N.Y.
10019
(212) 586-4400

Transfer Agent
First National City Bank

Registrar
First National City Bank

Independent Auditors
Haskins & Sells

The Annual Meeting of Shareholders will be held January 10, 1974, 11 A.M., at the Loews State I Theatre at 45th Street and Broadway, New York City.

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LOEWS CORPORATION
666 Fifth Avenue
New York, N.Y. 10019

89301424