ABERCROMBIE & FITCH CO /DE/
Form 8-K
June 19, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): June 19, 2014

ABERCROMBIE & FITCH CO.
(Exact name of registrant as specified in its charter)

| Delaware | 1-12107 | 31-1469076 |
|---|---|---|
| (State or other jurisdiction of incorporation) | (Commission File Number) | (IRS Employer Identification No.) |

6301 Fitch Path, New Albany, Ohio 43054
(Address of principal executive offices) (Zip Code)

(614) 283-6500
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address,
if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 5.07. Submission of Matters to a Vote of Security Holders.

Abercrombie & Fitch Co. (the "Company") held its 2014 Annual Meeting of Stockholders (the "2014 Annual Meeting") on June 19, 2014 at its home office located at 6301 Fitch Path, New Albany, Ohio. At the close of business on April 30, 2014, the record date for the 2014 Annual Meeting, there were a total of 72,775,111 shares of Class A Common Stock outstanding and entitled to vote. At the 2014 Annual Meeting, 64,019,251 or 87.97% of the outstanding shares of Class A Common Stock entitled to vote were represented by proxy or in person and, therefore, a quorum was present.

The vote on the proposals presented for stockholder vote at the 2014 Annual Meeting was as follows:

Proposal 1 - Election of 12 Directors.

| | Votes For | Votes Against | Abstentions | Broker Non-Votes |
|---|---|---|---|---|
| James B. Bachmann | 59,942,619 | 360,532 | 112,422 | 3,603,678 |
| Bonnie R. Brooks | 59,972,412 | 315,503 | 127,658 | 3,603,678 |
| Terry L. Burman | 59,490,223 | 798,178 | 127,172 | 3,603,678 |
| Sarah M. Gallagher | 60,043,348 | 244,583 | 127,642 | 3,603,678 |
| Michael E. Greenlees | 58,725,788 | 1,563,338 | 126,447 | 3,603,678 |
| Archie M. Griffin | 42,697,412 | 17,605,925 | 112,236 | 3,603,678 |
| Michael S. Jeffries | 59,965,251 | 336,764 | 113,558 | 3,603,678 |
| Arthur C. Martinez | 59,458,213 | 844,819 | 112,541 | 3,603,678 |
| Diane L. Neal | 60,040,061 | 247,547 | 127,965 | 3,603,678 |
| Charles R. Perrin | 59,489,751 | 796,588 | 129,234 | 3,603,678 |
| Stephanie M. Shern | 59,970,014 | 318,868 | 126,691 | 3,603,678 |
| Craig R. Stapleton | 58,722,213 | 1,581,299 | 112,061 | 3,603,678 |

Each of James B. Bachmann, Bonnie R. Brooks, Terry L. Burman, Sarah M. Gallagher, Michael E. Greenlees, Archie M. Griffin, Michael S. Jeffries, Arthur C. Martinez, Diane L. Neal, Charles R. Perrin, Stephanie M. Shern, and Craig R. Stapleton was elected as a director of the Company to serve for a term of one year to expire at the Annual Meeting of Stockholders to be held in 2015.

Proposal 2 - Approval of the Advisory Resolution to Approve Executive Compensation.

| | Votes For | Votes Against | Abstentions | Broker Non-Votes |
|---|---|---|---|---|
| Beneficial Holders of Class A Common Stock | 57,893,810 | 2,348,793 | 145,551 | 3,603,678 |
| Registered Holders of Class A Common Stock | 19,478 | 6,166 | 1,775 | N/A |
| Total | 57,913,288 | 2,354,959 | 147,326 | 3,603,678 |

Proposal 3 - Ratification of Appointment of PricewaterhouseCoopers LLP as the Independent Registered Public Accounting Firm of the Company for the fiscal year ending January 31, 2015.

| | Votes For | Votes Against | Abstentions | Broker Non-Votes |
|---|---|---|---|---|
| Beneficial Holders of Class A Common Stock | 63,593,742 | 246,499 | 151,591 | N/A |
| Registered Holders of Class A Common Stock | 24,718 | 142 | 2,559 | N/A |
| Total | 63,618,460 | 246,641 | 154,150 | N/A |

Proposal 4 - Stockholder Proposal on the Adoption of a Policy Regarding Accelerated Vesting of Equity Awards of Named Executive Officers upon a Change of Control.

| | Votes For | Votes Against | Abstentions | Broker Non-Votes |
|---|---|---|---|---|
| Beneficial Holders of Class A Common Stock | 24,735,933 | 35,507,225 | 144,996 | 3,603,678 |
| Registered Holders of Class A Common Stock | 6,909 | 17,605 | 2,905 | N/A |
| Total | 24,742,842 | 35,524,830 | 147,901 | 3,603,678 |

Proposal 5 - Stockholder Proposal Regarding Adoption of a "Specific Performance Policy".

| | Votes For | Votes Against | Abstentions | Broker Non-Votes |
|---|---|---|---|---|
| Beneficial Holders of Class A Common Stock | 3,236,258 | | | |

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**Loews Common Stock**

The following description of certain rights of the Loews common stock does not purport to be complete and is qualified in its entirety by reference to our certificate of incorporation, our by-laws and the applicable provisions of the Delaware General Corporation Law. We urge you to

read the description of the Carolina Group stock in Carolina Group Stock below since the rights of the Loews common stock are impacted by the rights of the Carolina Group stock.

*Voting Rights*. The holders of Loews common stock are entitled to one vote for each share on all matters voted on by shareholders, including elections of directors, and, except as otherwise required by law or provided in any resolution adopted by our board of directors with respect to any series of our preferred stock, the holders of such Loews common shares and the holders of Carolina Group stock possess all voting power and the election of members of our board of directors will be decided by holders of a plurality of the voting power of the shares of Loews common stock and Carolina Group stock entitled to vote in person or by proxy, voting together, at a meeting for the election of directors. See Carolina Group Stock Voting Rights below for a further description of the voting rights of the Loews common stock.

*Dividends and Liquidation Rights*. Subject to any preferential rights of any outstanding series of Loews preferred stock created by our board of directors from time to time, the holders of Loews common stock are entitled to such dividends as may be declared from time to time by our board of directors from funds available therefor, and, upon liquidation, holders of shares of Loews common stock, Carolina Group stock and any other class of Loews common shares will share ratably in the funds of ours remaining for distribution to our common shareholders in proportion to the aggregate market capitalization of the outstanding shares of each class of stock, as applicable, to the aggregate market capitalization of all the outstanding shares of Loews

common stock, Carolina Group stock and any other class of Loews common shares outstanding, as more fully described below under the headings Carolina Group Stock Dividends and Carolina Group Stock Liquidation Rights.

*Miscellaneous*. The outstanding shares of Loews common stock are, and any shares of Loews common stock offered hereby upon issuance and payment therefor will be, fully paid and nonassessable. The Loews common stock has no preemptive or conversion rights and there are no redemption or sinking fund provisions applicable thereto.

The Loews common stock is listed on the New York Stock Exchange under the ticker symbol LTR.

The transfer agent and registrar for the Loews common stock is Mellon Investor Services LLC, 85 Challenger Road, Ridgefield Park, NJ 07660 (telephone: (800) 851-9677).

**Carolina Group Stock**

*The Carolina Group*

We designed Carolina Group stock to track the economic performance of the Carolina Group. The assets and liabilities attributed to the Carolina Group are:

- our 100% stock ownership interest in Lorillard;

notional, intergroup debt owed by the Carolina Group to the Loews Group, bearing interest at the annual rate of 8.0% and subject to optional prepayment, due December 31, 2021 (approximately $1.8 billion outstanding as of May 10, 2005);

any and all liabilities, costs and expenses of Loews and Lorillard and the subsidiaries and predecessors of Lorillard, arising out of or related to tobacco or otherwise arising out of the past, present or future business of Lorillard or its subsidiaries or predecessors, or claims arising out of or related to the sale of any businesses previously sold by Lorillard or its subsidiaries or predecessors, in each case, whether grounded in tort, contract, statute or otherwise, whether pending or asserted in the future;

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all net income or net losses arising from the assets and liabilities that are reflected in the Carolina Group and all net proceeds from any disposition of those assets, in each case, after deductions to reflect dividends paid to holders of Carolina Group stock or credited to the Loews Group in respect of its intergroup interest; and

any acquisitions or investments utilizing assets reflected in the Carolina Group.

Our certificate of incorporation defines the Loews Group generally as our assets and liabilities or that of any of our subsidiaries, other than the interest in the economic performance of the Carolina Group represented by the outstanding shares of Carolina Group stock.

The Carolina Group stock has no preemptive or conversion rights.

The Carolina Group stock is listed on the New York Stock Exchange under the ticker symbol CG.

The transfer agent and registrar for the Carolina Group stock is Mellon Investor Services LLC, 85 Challenger Road, Ridgefield Park, NJ 07660 (telephone: (800) 851-9677).

*The Carolina Group Allocation Fraction*

Our certificate of incorporation defines the Carolina Group Allocation Fraction to represent the interest in the economic performance of the Carolina Group reflected by Carolina Group stock issued to the public. At any time that all of the interest in the economic performance of the Carolina Group is not reflected by the outstanding Carolina Group stock, this fraction will be used, in effect, to allocate to the Loews Group the right to participate, to the extent of its intergroup interest, in any dividend, distribution, liquidation or other payment made to holders of Carolina Group stock. At any time that all of the interest in the economic performance of the Carolina Group is fully reflected by the outstanding Carolina Group stock, this fraction will equal one and, accordingly, the intergroup interest will equal zero.

As of March 31, 2005, the Carolina Group Allocation Fraction was 0.3922.

Subject to the criteria we describe below, this fraction is subject to adjustment from time to time as our board of directors deems appropriate:

- to reflect subdivisions (by stock split or otherwise) and combinations (by reverse stock split or otherwise) of Carolina Group stock and stock dividends payable in shares of Carolina Group stock;

- to reflect the fair market value of any allocations by us of cash, property or other assets or liabilities from the Loews Group to the Carolina Group (or vice versa), or of cash or property or other assets or liabilities of the Loews Group to, or for the benefit of, employees of businesses

attributed to the Carolina Group in connection with employee benefit plans or arrangements of Loews or any of its subsidiaries (or vice versa);

to reflect the number of shares of our capital stock contributed to, or for the benefit of, employees of businesses attributed to the Carolina Group in connection with benefit plans or arrangements of us or any of our subsidiaries;

to reflect repurchases by us, on behalf of the Loews Group or the Carolina Group, of shares of Carolina Group stock;

to reflect issuances of Carolina Group stock for the account of the Carolina Group or the Loews Group;

to reflect dividends or other distributions to holders of Carolina Group stock, to the extent a pro rata payment is not made to the Loews Group; and

under such other circumstances as our board of directors determines appropriate to reflect the economic substance of any other event or circumstance.

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In addition, in determining the percentage interest of holders of Carolina Group stock in any particular dividend or other distribution, we will reduce the economic interest of holders of Carolina Group stock in the Carolina Group to reflect dilution arising from shares of Carolina Group stock reserved for issuance upon conversion, exercise or exchange of other securities that are entitled to participate in such dividend or other distribution.

Any such adjustment must be made in a manner that our board of directors determines to be fair and equitable to holders of Loews common stock and holders of Carolina Group stock. In the event that any asset or other property attributed to the Loews Group is allocated to the Carolina Group, the consideration paid by us to acquire such asset or other property will be presumed to be its fair market value as of its acquisition. Any adjustment to the Carolina Group Allocation Fraction made by our board of directors in accordance with these principles will be at the sole discretion of our board of directors and will be final and binding on all shareholders.

*Voting Rights*

Except as we describe below, each outstanding share of Carolina Group is entitled to 1/10 of a vote and each outstanding share of Loews common stock is entitled to one vote. The voting rights of Carolina Group stock are subject to adjustments to reflect stock splits, reverse stock splits, stock dividends or certain stock distributions with respect to Loews common stock or Carolina Group stock.

Except as otherwise required by Delaware law or any special voting rights of any class or series of Loews preferred stock or any other class of our common stock, holders of shares of Loews common stock, Carolina Group stock and any other class or series of our capital stock that are entitled to vote will vote as one class with respect to all matters to be voted on by our shareholders. No separate class vote of Carolina Group stock is required, except as required by the Delaware General Corporation Law. When a vote is taken on any matter as to which all of our common shares are voting together as one class, holders of Loews common stock have significantly greater voting power than holders of Carolina Group stock.

*Dividends*

*General*. Because we are a holding company, our principal source of funds is dividends we receive from our subsidiaries. The failure of the independent board of directors of Lorillard Tobacco Company or Lorillard to pay dividends could lead to our decreasing or eliminating dividends on Carolina Group stock. Dividends on Carolina Group stock are limited to an available dividend amount equal to the lesser of:

- the assets of Loews legally available for dividends; and
- the amount that would legally be available for dividends on Carolina Group stock if the Carolina Group were a separate Delaware corporation.

Dividends on Loews common stock are limited to the amount of funds legally available for all of

Loews, less the sum of the available dividend amount for Carolina Group stock. Net losses of either group and dividends or distributions on shares of either class of common stock will reduce the funds of Loews legally available for payment of dividends on Carolina Group stock.

*Discrimination among classes of common shares*. Our certificate of incorporation does not provide for mandatory dividends. Provided that there are sufficient assets to pay a dividend on a class of stock as described above under General, our board of directors has the sole authority and discretion to declare and pay dividends (or to refrain from declaring or paying dividends), in equal or unequal amounts, on Loews common stock, Carolina Group stock, any other class or series of our capital stock or any two or more of such classes. Subject to not exceeding the applicable available dividend amount, our board of directors has this power regardless of the relative available dividend amounts, prior dividend amounts declared, liquidation rights or any other factor.

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*Share Distributions*

We may declare and pay a distribution consisting of shares of Loews common stock, Carolina Group stock or any other of our securities or securities of any other person to holders of Loews common stock or Carolina Group stock only in accordance with the provisions described below. We refer to this type of distribution as a share distribution.

*Distributions on Loews common stock or Carolina Group stock*. We may declare and pay a share distribution to holders of Loews common stock or Carolina Group stock consisting of any securities of Loews, any subsidiary of Loews, or any other person. However, securities attributable to a group may be distributed to holders of another group only for consideration. In the case of shares of Carolina Group stock distributed to holders of Loews common stock, such consideration may consist, in whole or in part, of a decrease in the intergroup interest, if any, held by the Loews Group in the Carolina Group.

*Discrimination among classes of Loews common shares.* Our certificate of incorporation does not provide for mandatory share distributions. Subject to the restrictions described above, our board of directors has the sole authority and discretion to declare and pay share distributions (or to refrain from declaring or paying share distributions), in equal or unequal amounts, on Loews common stock, Carolina Group stock, or any other class or series of our capital stock or any two or more of such classes. Subject to not exceeding the applicable

available dividend amounts, our board of directors has this power regardless of the relative available dividend amounts, prior share distributions declared, liquidation rights or any other factor.

*Redemption*

*Redemption in exchange for shares of Loews common stock or cash following a tax event at option of our board of directors.* At any time following the occurrence of a tax event, our board of directors, in its sole discretion, may redeem all outstanding shares of Carolina Group stock for (1) shares of Loews common stock or (2) cash. In such event, each share of Carolina Group stock will be redeemed in exchange for (1) that number of shares of Loews common stock, calculated to the nearest 1/10,000, equal to 100% of the ratio of the average market price per share of Carolina Group stock to the average market price per share of Loews common stock or, at the sole discretion of our board of directors, (2) such amount of cash, calculated to the nearest $0.01, equal to 105% of the average market price per share of Carolina Group stock.

In order to redeem Carolina Group stock on the basis of a tax event, we must obtain an opinion of counsel that, as a result of the enactment of an amendment to or change (or prospective change) in a law or an interpretation of the law that takes place after Carolina Group stock is issued, there is more than an insubstantial risk that, for tax purposes:

- any issuance of Carolina Group stock would be treated as a sale or other taxable disposition by Loews or any of its subsidiaries of any of the assets, operations

or relevant subsidiaries underlying Carolina Group stock;

the existence of Carolina Group stock would subject us, our subsidiaries or our affiliates, or any of our or their respective successors to the imposition of tax or other adverse tax consequences; or

either Loews common stock or Carolina Group stock would not be treated solely as our common stock.

For purposes of the optional redemption provision described above, the average market price per share of Loews common stock or Carolina Group stock, as the case may be, means the average of the daily closing market value per share for Loews common stock or Carolina Group stock for the 20 consecutive trading days ending on the 5th trading day prior to the date notice of the redemption is mailed to holders of Carolina Group stock.

If we choose to redeem shares of Carolina Group stock for cash, holders of Carolina Group stock generally will be subject to tax in the event the total consideration they receive for their Carolina Group stock exceeds their adjusted basis in the Carolina Group stock.

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*Redemption in exchange for shares of Loews common stock or cash.* At any time until the 90th day after the occurrence of a disposition of all or substantially all of the assets attributed to the Carolina Group, our board of directors, in its sole discretion, may redeem all outstanding shares of Carolina Group stock for (1) shares of Loews common stock or (2) cash. In such event, each share of Carolina Group stock will be redeemed in exchange for (1) that number of shares of Loews common stock, calculated to the nearest 1/10,000, equal to 115% of the ratio of the average market price per share of Carolina Group stock to the average market price per share of Loews common stock or (2) such amount of cash, calculated to the nearest $0.01, equal to 120% of the average market price per share of Carolina Group stock.

For purposes of the optional redemption provision described above, the average market price per share of Loews common stock or Carolina Group stock, as the case may be, means the average of the daily closing market value per share for Loews common stock or Carolina Group stock for the 20 consecutive trading days ending on the 5th trading day prior to the date notice of the redemption is mailed to holders of Carolina Group stock.

If we choose to redeem shares of Carolina Group stock for cash, holders of Carolina Group stock generally will be subject to tax in the event the total consideration they receive for their Carolina Group stock exceeds their adjusted basis in the Carolina Group stock.

*Redemption in exchange for stock of qualifying subsidiaries at option of our board of directors*. We may, in our sole discretion, at any time, without shareholder approval, redeem all outstanding shares of Carolina Group stock in exchange for shares of common stock of a subsidiary of Loews that satisfies certain requirements under the Internal Revenue Code of 1986, as amended, and that directly or indirectly holds all of the assets and liabilities of the Carolina Group (and no other material assets or liabilities). We refer to a subsidiary that satisfies these requirements as a qualifying subsidiary. This type of redemption must be tax-free to the holders of Carolina Group stock, except with respect to any cash that holders receive in lieu of fractional shares.

In this case, we would exchange the shares of Carolina Group stock for an aggregate number of shares of common stock of the qualifying subsidiary equal to the number of outstanding shares of common stock of the qualifying subsidiary held by us multiplied by the Carolina Group Allocation Fraction.

We may redeem shares of Carolina Group stock for qualifying subsidiary stock only if we have sufficient funds legally available for distribution under Delaware law.

*Redemption in connection with certain significant transactions*. In the event of a sale, transfer, assignment or other disposition of all or substantially all of the assets attributed to the Carolina Group, we may take one of the actions set forth below on or prior to the 90th calendar day following the disposition date, which action will be selected in the sole discretion of our board of directors; provided, however, that if (1) we have

received any of the net proceeds from the disposition, and (2) we have determined not to retain all such amounts as Loews tobacco contingency reserves, we must take one of the actions set forth below on or prior to the 90th calendar day following the disposition date:

Redeem each outstanding share of Carolina Group stock in exchange for a number of shares of Loews common stock (calculated to the nearest 1/10,000) equal to 115% of the ratio of the average market price per share of Carolina Group stock to the average market price per share of Loews common stock.

Subject to limitations, declare and pay a dividend in cash and/or in securities (other than Loews common stock) or other property to holders of the outstanding shares of Carolina Group stock equally on a pro rata basis in an aggregate amount equal to the net proceeds of the disposition received by us (less any Loews tobacco contingency reserves) allocable to Carolina Group stock.

Subject to limitations, if the disposition involves the disposition of all, not merely substantially all, of the assets attributed to the Carolina Group, redeem all outstanding shares of Carolina Group stock in exchange for cash and/or securities (other than Loews common stock) or other property in an aggregate amount equal to the net proceeds of such disposition allocable to Carolina Group stock.

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Subject to limitations, if the disposition involves substantially all (but not all) of the assets attributed to the Carolina Group, redeem a number of outstanding shares of Carolina Group stock in exchange for a redemption price in cash and/or securities (other than Loews common stock) equal to the net proceeds of that disposition allocable to Carolina Group stock. The number of shares of Carolina Group stock to be redeemed would be equal to the lesser of (1) a number determined by dividing the aggregate amount of net proceeds allocated to the redemption of these shares by the average market value of one share of Carolina Group stock during the 20 consecutive trading days ending on the 5th trading day immediately preceding the date of the public announcement that a definitive agreement has been signed for the disposition and (2) the total number of outstanding shares of Carolina Group stock.

Subject to limitations, redeem some shares of Carolina Group stock in exchange for shares of Loews common stock at the exchange rate described in the first bullet above, and use an amount equal to a portion of the net proceeds of the disposition received by us (less any Loews tobacco contingency reserves) allocable to Carolina Group stock to declare and pay a dividend as described in the second bullet above.

Subject to limitations, redeem some shares of Carolina Group stock in exchange for shares of Loews common stock at the exchange rate described in the first bullet above, and use an amount equal to a portion of the net proceeds of the disposition allocable to Carolina Group

stock to redeem part or all of the remaining shares of Carolina Group stock as described in the third and fourth bullets above.

The value of the consideration paid to holders of Carolina Group stock in the different scenarios described above could vary significantly. Our board of directors would not be required to select the option that would result in the distribution with the highest value to the holders of Carolina Group stock.

It is possible that Lorillard will, in its independent judgment, retain some or all of the net proceeds from the sale of all or substantially all of the assets of the Carolina Group. It is also possible that after we receive some or all of the net proceeds from the sale of substantially all of the assets of the Carolina Group, that we will retain some or all of such net proceeds as Loews tobacco contingency reserves.

If, on the 91st day following the disposition date, we have not redeemed all of the outstanding shares of Carolina Group stock and (1) we have not received 100% of the net proceeds from the disposition, or (2) we have received some or all of the net proceeds from the disposition but has determined to retain Loews tobacco contingency reserves, the following principles will apply. Each time that we receive any distributions from Lorillard, we are required to pay a dividend in cash and/or in securities (other than Loews common stock) or other property to holders of the outstanding shares of Carolina Group stock equally on a pro rata basis in an aggregate amount equal to the amount of the distribution (less any increase in Loews tobacco contingency reserves made in connection with each new distribution from Lorillard)

allocable to Carolina Group stock. If, and when, we, in our sole discretion, determine to release some or all of the Loews tobacco contingency reserves, we are required promptly to pay a dividend in cash and/or in securities (other than Loews common stock) or other property to holders of the outstanding shares of Carolina Group stock equally on a pro rata basis in an aggregate amount equal to the released Loews tobacco contingency reserves allocable to Carolina Group stock. In no event will we be required to make dividend payments more frequently than once per fiscal quarter. Any unpaid amounts in any fiscal quarter will be accumulated for payment in the next fiscal quarter. Notwithstanding the foregoing, at any time after:

- Lorillard has distributed to us all previously undistributed portions such that we have received 100% of the net proceeds from the disposition;
- there are no remaining Loews tobacco contingency reserves; and
- the remaining assets of the Carolina Group consist solely of cash and/or cash equivalents, such amount, the final cash amount,

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we may redeem all of the outstanding shares of Carolina Group stock for the greater of (x) the portion of the final cash amount allocable to the Carolina Group, divided equally among the outstanding shares of Carolina Group stock, and (y) $.001 per share of Carolina Group stock.

For purposes of these redemption provisions, the average market price per share of Loews common stock or Carolina Group stock, as the case may be, means the average of the daily closing market value per share for such Loews common stock or Carolina Group stock, as applicable, during the 20 consecutive trading days ending on the 5th trading day immediately preceding the date of the public announcement that a definitive agreement has been signed for the disposition.

For purposes of these provisions, substantially all of the assets of the Carolina Group as of any date means a portion of such assets that represents at least 80% of the fair value of the assets attributed to the Carolina Group as of such date.

For purposes of these provisions, the term net proceeds means the proceeds from the sale received after payment or provision for:

- repayment of any notional, intergroup debt;
- taxes and transaction costs in connection with the sale;
- any fixed tobacco-related liabilities; and

any other liabilities or obligations (contingent or otherwise) of the Carolina Group (other than any tobacco-related contingencies or other tobacco-related costs or liabilities of any kind (by way of contract, tort, indemnity, guarantee or otherwise) which are not fixed tobacco-related liabilities, whether or not any such contingency, cost or liability would be deductible as a cost or expense or would qualify for treatment as a reserve under generally accepted accounting principles), including

indemnity or guarantee obligations; and

liabilities assumed for future purchase price adjustments.

For purposes of these provisions, the term Loews tobacco contingency reserves means an amount retained by us which our board of directors from time to time determines in good faith should be retained for tobacco-related contingencies or other tobacco-related costs or liabilities of any kind (by way of contract, tort, indemnity, guarantee or otherwise), whether or not any such contingency, cost or liability would be deductible as a cost or expense or would qualify for treatment as a reserve under generally accepted accounting principles, in each case, other than fixed tobacco-related liabilities.

For purposes of these provisions, fixed tobacco-related liabilities means noncontingent tobacco-related costs or liabilities in fixed and determinable amounts directly arising from a final and nonappealable award or order of a court of competent jurisdiction or a contractual obligation.

We may pay a dividend or redeem shares of Carolina Group stock only if we have funds for distributions under Delaware law and the amount to be paid to holders is less than or equal to the available distribution amount.

*Certain exceptions*. The provisions described under Redemption in connection with certain significant transactions will not apply, and we will not be required to redeem any securities or make any dividend or other distribution it would otherwise be required to make, in some circumstances, including the following:

- if the underlying disposition is conditioned upon the affirmative vote of a majority of holders of Carolina Group stock, voting as a separate class;

- if the disposition is in connection with a liquidation of Loews;

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in connection with a spin-off or similar disposition of our entire interest in the Carolina Group to the holders of Carolina Group stock, including a disposition that is made in connection with a redemption as described under Redemption in exchange for shares of Loews common stock or cash following a tax event at option of our board of directors, Redemption in exchange for shares of Loews common stock or cash or Redemption in exchange for stock of qualifying subsidiaries at option of our board of directors; and

if the disposition is to a person or group of which we are the majority owner and the Carolina Group receives in exchange primarily equity securities of that person or group as consideration and that person or group engages or proposes to engage primarily in one or more businesses similar or complementary to the businesses reflected in the Carolina Group prior to such transaction.

*General Procedures*

*Public announcements; notices*. In the case of specified dispositions or a redemption, we will publicly announce or otherwise provide specified information to holders of Carolina Group stock.

*Fractional shares*. Our board of directors will not have to issue or deliver any fractional shares to any holder of Carolina Group stock upon any redemption, dividend or other distribution described under Redemption. Instead of issuing fractional shares, we will pay cash

for the fractional share in an amount equal to the fair market value of the fractional share, without interest.

*No adjustments for dividends or other distributions*. No adjustments for dividends will be made upon the exchange of any shares of Carolina Group stock; except that, if a redemption date with respect to Carolina Group stock comes after the record date for the payment of a dividend or other distribution to be paid on that stock but before the payment or distribution, the registered holders of those shares at the close of business on such record date will be entitled to receive the dividend or other distribution on the payment date, notwithstanding the redemption of those shares or our default in payment of the dividend or distribution.

*Payment of taxes*. If any person exchanging a certificate representing shares of Carolina Group stock wants us to issue a certificate in a name other than the registered name on the old certificate, that person must pay any transfer or other taxes required by reason of the issuance of the certificate in another name or establish, to the satisfaction of us or our agent, that the tax has been paid or is not applicable.

*Notices of disposition of all or substantially all of the assets attributed to the Carolina Group*. Promptly following the disposition date, we will announce publicly by press release:

- the net proceeds of the disposition;
- the number of shares outstanding of Carolina Group

stock on the date of the notice; and

the Carolina Group Allocation Fraction on the date of the notice.

Not later than the 60th calendar day after the disposition date, we will announce publicly by press release whether we will pay a special dividend, redeem shares of Carolina Group stock for shares of Loews common stock or cash and/or other securities or take some other action permitted under the provisions described above. In addition, in the case of a dividend, we will announce in the press release the record date for determining holders entitled to receive the dividend. Notwithstanding the foregoing, we may take additional time, to the extent determined necessary in the judgment of our board of directors, to assess the appropriate amount of the net proceeds to be held in reserve for contingent liabilities.

We will also mail to each holder of shares of Carolina Group stock any additional notices and other information required by law or our certificate of incorporation.

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*Liquidation Rights*

In the event of a liquidation, dissolution or winding up of us, whether voluntary or involuntary, we will first pay or provide for payment of our debts and other liabilities, including the liquidation preferences of any class or series of Loews preferred stock. Thereafter, holders of shares of Loews common stock, Carolina Group stock and any other class of our common stock will share ratably in the funds of Loews remaining for distribution to our common shareholders in proportion to the aggregate market capitalization of the outstanding shares of each class of stock, as applicable, to the aggregate market capitalization of all the outstanding shares of Loews common stock, Carolina Group stock and any other class of our common stock outstanding. We will calculate the market capitalizations based on the 20 consecutive trading days ending on the 5th trading day immediately prior to the date of the public announcement of the liquidation, dissolution or winding up of us.

Neither of the following, by itself, will constitute a liquidation, dissolution or winding up of us:

- the consolidation or merger of us with or into any other corporation or corporations or the sale, transfer or lease of all or substantially all of the assets of us; or

- any transaction or series of related transactions that results in all of the assets and liabilities reflected in the Carolina Group being held by one or more of our subsidiaries and the

distribution of shares of such subsidiary or subsidiaries, and no other material assets or liabilities, to the holders of the outstanding shares of Carolina Group stock.

*Determinations by Our Board of Directors*

Any determinations made by our board of directors under any provision described in this section Carolina Group Stock will be final and binding on all of our shareholders, except as may otherwise be required by law. We will prepare a statement of any determination by our board of directors respecting the fair market value of any properties, assets or securities, and will file the statement with our Secretary.

**Anti-Takeover Considerations**

The Delaware General Corporation Law, our certificate of incorporation and our by-laws contain provisions which could serve to discourage or to make more difficult a change in control of us without the support of our board of directors or without meeting various other conditions.

*Extraordinary Corporate Transactions*

Delaware law provides that the holders of a majority of the shares entitled to vote must approve any fundamental corporate transactions such as mergers, sales of all or substantially all of a corporation s assets, dissolutions, etc.

*State Takeover Legislation*

Section 203 of the Delaware General Corporation Law, in general, prohibits a business combination between a corporation and an interested shareholder within three years of the time such shareholder became an interested shareholder, unless (a) prior to such time, the board of directors of the corporation approved either the business combination or the transaction that resulted in the shareholder becoming an interested shareholder, (b) upon consummation of the transaction that resulted in the shareholder becoming an interested shareholder, the interested shareholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, exclusive of shares owned by directors who are also officers and by certain employee stock plans or (c) at or subsequent to such time, the business combination is approved by the board of directors and authorized by the affirmative vote at a shareholders meeting of at least 66 2/3% of the outstanding voting stock which is not owned by the interested shareholder. The restrictions of Section 203 of the Delaware General

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Corporation Law do not apply to corporations that have elected, in the manner provided therein, not to be subject to Section 203 of the Delaware General Corporation Law or, with certain exceptions, which do not have a class of voting stock that is listed on a national securities exchange or authorized for quotation on the Nasdaq or held of record by more than 2,000 shareholders. We have elected not to be governed by Section 203 of the Delaware General Corporation Law.

*Rights of Dissenting Shareholders*

Delaware law does not afford appraisal rights in a merger transaction to holders of shares that are either listed on a national securities exchange, quoted on Nasdaq or held of record by more than 2,000 shareholders, provided that such shares will be converted into stock of the surviving corporation or another corporation, which corporation in either case must also be listed on a national securities exchange, quoted on Nasdaq or held of record by more than 2,000 shareholders. In addition, Delaware law denies appraisal rights to shareholders of the surviving corporation in a merger if the surviving corporation s shareholders weren t required to approve the merger.

*Shareholder Action*

Delaware law provides that, unless otherwise stated in the certificate of incorporation, any action which may be taken at an annual meeting or special meeting of shareholders may be taken without a meeting, if a consent in writing is signed by

the holders of the outstanding stock having the minimum number of votes necessary to authorize the action at a meeting of shareholders. Our certificate of incorporation does not provide otherwise and thus permits action by written consent.

*Meetings of Shareholders*

Our by-laws provide that special meetings of the shareholders may be called at any time by the board of directors or by the chairman of the board, the president or by the secretary or upon the written request of holders of a majority of the shares of our capital stock entitled to vote in an election of directors.

*Cumulative Voting*

Delaware law permits shareholders to cumulate their votes and either cast them for one candidate or distribute them among two or more candidates in the election of directors only if expressly authorized in a corporation s certificate of incorporation. Our certificate of incorporation does not authorize cumulative voting.

*Removal of Directors*

Delaware law provides that, except in the case of a classified board of directors or where cumulative voting applies, a director, or the entire board of directors, of a corporation may be removed, with or without cause, by the affirmative vote of a majority of the shares of the corporation entitled to vote at an election of directors.

Our by-laws provide that any or all of the directors may be removed, with or without cause, by vote of the shareholders.

*Vacancies*

Delaware law provides that vacancies and newly created directorships resulting from a resignation or any increase in the authorized number of directors elected by all of the shareholders having the right to vote as a single class may be filled by a majority of the directors then in office, unless the governing documents of a corporation provide otherwise.

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Our by-laws provide that newly created directorships resulting from an increase in the number of directors and vacancies occurring in the board of directors for any reason, may be filled by vote of a majority of the directors then in office, although less than a quorum, at any meeting of the board of directors or may be elected by a plurality of the votes cast by the holders of shares of capital stock entitled to vote in the election at a special meeting of the shareholders called for that purpose.

*No Preemptive Rights*

Holders of Loews common stock or Carolina Group stock do not have any preemptive rights to subscribe for any additional shares of capital stock or other obligations convertible into or exercisable for shares of capital stock that Loews may issue in the future.

**RELATIONSHIP BETWEEN THE LOEWS GROUP**

**AND THE CAROLINA GROUP**

The description of the Carolina Group policy statement below is not complete and is qualified in its entirety by reference to the Carolina Group policy statement. For information about how to obtain this document, see Where You Can Find More Information on page 3. We urge you to read the Carolina Group policy statement in its entirety.

**The Carolina Group Policy Statement**

In connection with the creation and issuance of Carolina Group stock, we adopted the Carolina Group policy statement, which we have followed and intend to continue to follow. While it has no present intention to do so, our board of directors may amend the Carolina Group policy statement at any time without shareholder consent.

*General Policy*

Our board of directors has determined that all material matters in which holders of Loews common stock and Carolina Group stock may have divergent interests will be generally resolved in a manner that is in the best interests of us and our common shareholders of all classes after giving consideration to the potentially divergent interests and all other relevant interests of the holders of the separate classes of our common shares. Under the Carolina Group policy statement, the relationship between the Loews Group and the Carolina Group and the means by which the terms of any material transaction between them will be determined will be governed by a process of fair dealing. In making determinations in connection with the policies set forth in the Carolina Group policy statement, the members of our board of directors will act in a fiduciary capacity and in accordance with legal guidance concerning their obligations under applicable law.

*Relationship Between the Loews Group and the Carolina Group*

| | |
|---|---|
| Lorillard is managed by its independent board of directors and our other subsidiaries are managed by their respective boards of directors. |
| There are limited financial arrangements between the Loews Group and the Carolina Group, including, for example, with respect to debt, taxes and fees for services provided from one group to the other. Given the dissimilar nature of the businesses underlying each group, we do not expect the intergroup interactions to be numerous or substantial. |
| The Carolina Group policy statement provides that, except as otherwise provided in the policy statement, all material commercial transactions between the Loews Group and the Carolina Group will be on commercially reasonable terms taken as a whole and will be subject to review by, and approval of, our board of directors. |

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Each group has access to the support services of the other group. For shared corporate services that arise as a result of being part of a combined entity, including securities filing and financial reporting services, costs relating to these services are:

- allocated, at cost, directly to the group utilizing those services; and
- if not directly allocable to a group, allocated, at cost, between the groups on a fair and reasonable basis as our board of directors determines.

For other support services, the Carolina Group policy statement provides that each group will seek to minimize the aggregate costs incurred by the two groups combined, although each group also will be entitled to negotiate and procure support services on its own either from the other group or from third parties.

The Carolina Group policy statement provides that the Carolina Group will not acquire an intergroup interest in the Loews Group.

*Corporate Opportunities*

The Carolina Group policy statement provides that our board of directors will allocate any business opportunities and operations, any acquired assets and businesses and any assumed liabilities between the two groups, in whole or in part, as it considers to be in the best interests of us and

our shareholders as a whole and as contemplated by the other provisions of the policy statement. If a business opportunity or operation, an acquired asset or business, or an assumed liability would be suitable to be undertaken by or allocated to either group, our board of directors will allocate it using its business judgment or in accordance with procedures that our board of directors adopts from time to time to ensure that decisions will be made in the best interests of us and our shareholders as a whole. Any allocation of this type may involve the consideration of a number of factors that our board of directors determines to be relevant.

Except under the policy statement and any other policies adopted by our board of directors, neither the Carolina Group nor the Loews Group has any duty, responsibility or obligation to provide financial support to the other group, except for the approximately $1.8 billion in notional intergroup debt described under About Loews Corporation Carolina Group/Loews Group or otherwise to assist the other group.

*Dividend Policy*

*General*. The Carolina Group policy statement provides that, subject to the limitation on dividends set forth in our certificate of incorporation, including any preferential rights of any series of our preferred stock that we may issue in the future, and to the limitations of applicable law, holders of shares of Carolina Group stock will be entitled to receive dividends on that stock when, as and if, our board of directors authorizes and declares dividends on that stock. The payment of dividends on Loews common stock and Carolina Group stock will be a business decision

that our board of directors makes from time to time based upon our results of operations, financial conditions and capital requirements and other factors that our board of directors considers relevant.

Payment of dividends on Loews common stock and Carolina Group stock may be restricted by loan agreements, indentures and other transactions that we enter into from time to time. In addition, our ability to pay dividends may be limited by our holding company structure. Because we have no operations of our own, our ability to pay dividends is dependent on the cash flows of, and cash distributions from, our subsidiaries. The subsidiaries are separate and independent legal entities and have no obligation, contingent or otherwise, to make funds available to us, whether in the form of loans, dividends or otherwise.

*Available Dividend Amount*. Dividends on Carolina Group stock are limited to an available dividend amount equal to the lesser of:

the assets of Loews legally available for dividends; and

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the amount that would legally be available for dividends on Carolina Group stock if the Carolina Group were a separate Delaware corporation.

Dividends on Loews common stock are limited to the amount of legally available funds for all of Loews less the sum of the available dividend amount for Carolina Group stock.

The available dividend amount for the Carolina Group is determined by the consolidated financial statements of Lorillard and its subsidiaries combined with any additional assets and liabilities allocated to the Carolina Group.

*Dependence on Lorillard Dividends*. For so long as the principal asset attributed to the Carolina Group is the stock of Lorillard, the principal source of cash to pay dividends on Carolina Group stock, including in respect of the Loews Group s intergroup interest, would be dividends paid by Lorillard to us. Although the Loews Group could, in effect, make loans to the Carolina Group in order to fund dividend payments, we have no current intention of causing the Loews Group to do so. Accordingly, our ability and willingness to pay dividends in respect of Carolina Group stock, including in respect of the Loews Group s intergroup interest, will depend primarily upon the payment of dividends by Lorillard to us.

Our certificate of incorporation provides that all dividends paid by Lorillard to us will be allocated to the Carolina Group. Lorillard s principal source of cash is

dividends from its wholly owned subsidiary, Lorillard Tobacco Company. The payment of dividends by each of Lorillard and Lorillard Tobacco Company is a business decision of that company s board of directors, subject to the limitations on dividends under applicable law and under any loan agreements, indentures or other transactions that each company enters into from time to time.

We understand that in making their respective business decisions regarding payment of dividends, the boards of directors of Lorillard and Lorillard Tobacco Company plan to take into account the results of operations, financial condition and capital requirements of such entity and such other factors that the respective board of directors considers relevant, including cash needs in respect of payment obligations under the settlement agreements entered into between the major cigarette manufacturers, including Lorillard, and each of the 50 states, the District of Columbia, the Commonwealth of Puerto Rico and certain other U.S. territories, cash needs for the cost of defending tobacco litigation, and cash needs for payment of judgments in or settlements of tobacco litigation.

None of the individuals currently serving as a director of Lorillard or Lorillard Tobacco Company is an officer, director or employee of Loews. As sole shareholder of Lorillard, we have the right to elect and remove directors of Lorillard. Should any person serving as a director of Lorillard be removed, resign or not seek reelection, we expect to nominate individuals who are not officers, directors or employees of Loews to fill such vacancies. We have no present intention to remove any person currently serving as a director of Lorillard.

On July 14, 2000, the jury in the case of Engle v. R.J. Reynolds Tobacco Co., et al. (Circuit Court, Dade County, Florida, filed May 5, 1994) awarded $16.3 billion in punitive damages against Lorillard as part of a $145.0 billion verdict against all of the defendants. In May 2003 a Florida appellate court reversed this judgment and decertified the class. This court subsequently denied plaintiff s motion for rehearing. The plaintiffs appealed the reversal to the Florida Supreme Court, which heard oral arguments in November 2004. A decision on plaintiffs appeal is pending. Under an agreement in which the Engle class agreed not to pursue any collection of, or execution on, the judgment until completion of all appeals, including to the U.S. Supreme Court, Lorillard agreed to maintain a balance sheet net worth (as determined in accordance with generally accepted accounting principles in effect as of July 14, 2000) of at least $921.2 million. As of March 31, 2005, Lorillard had a balance sheet net worth of approximately $1.2 billion. Because dividends from Lorillard to us are deducted from the balance sheet net worth of Lorillard, this agreement may affect the payment of dividends by Lorillard to us.

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If and when Lorillard pays dividends to us, we intend to apply all of the cash from such distributions in the following order of priority until the notional, intergroup debt is repaid:

- first, to satisfy or make provision for any intergroup or other obligations of the Carolina Group, other than with respect to the notional, intergroup debt;
- second, to satisfy accrued interest on the Carolina Group s notional, intergroup debt;
- third, to pay any regularly declared quarterly dividends on Carolina Group stock and to make proportional distributions to the Loews Group in respect of its intergroup interest in the Carolina Group;
- fourth, to maintain up to $150.0 million for general corporate purposes, including for investments, on behalf of the Carolina Group (as of the date of this prospectus, approximately $100.0 million is being maintained in accordance with this provision); and
- fifth, to reduce the principal of the Carolina Group s notional, intergroup debt.

**Amendment and Modification to the Carolina Group Policy Statement**

Our board of directors may modify, suspend or rescind the policies set forth in the Carolina Group policy statement, including

any resolution implementing the provisions of the policy statement. Our board of directors may also adopt additional or other policies or make exceptions with respect to the application of the policies described in the Carolina Group policy statement in connection with particular facts and circumstances, all as our board of directors may determine, consistent with its fiduciary duties to us and all of our shareholders.

**Allocation of Certain Liabilities and Expenses**

Carolina Group has been allocated any and all liabilities, costs and expenses of Loews and Lorillard and the subsidiaries and predecessors of Lorillard, arising out of or related to tobacco or otherwise arising out of the past, present or future business of Lorillard or its subsidiaries or predecessors, or claims arising out of or related to the sale of any businesses previously sold by Lorillard or its subsidiaries or predecessors, in each case, whether grounded in tort, contract, statute or otherwise, whether pending or asserted in the future.

Accordingly, we and/or Lorillard may make decisions with respect to litigation and settlement strategies designed to obtain dismissal or release of us from tobacco-related litigation or liabilities. Such decisions and strategies could result, for example, in limitations on payment of dividends by Lorillard to us or an increase in Lorillard s exposure in such litigation. In such an event, these decisions and strategies could have a material adverse effect on the value of the Carolina Group stock.

**Relationship with Loews**

*Reallocation of Assets*

We may reallocate assets between the Loews Group and the Carolina Group in exchange for an increase or decrease in the retained intergroup interest held by the Loews Group in the Carolina Group. Any reallocations of assets between the groups that do not result in such an adjustment, other than reallocations made under a contract for the provision of goods or services between the groups, will be accompanied by:

- the reallocation by the transferee group to the transferor group of other assets or consideration;
- the creation of intergroup debt owed by the transferee group to the transferor group; or
- the reduction of intergroup debt owed by the transferor group to the transferee group,

in each case, in an amount having a fair market value, in the judgment of our board of directors, equivalent to the fair market value of the assets reallocated by the transferor group.

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*Taxes*

Loews and Lorillard are currently parties to a tax sharing agreement. The agreement provides that Lorillard will make payments to us, and we will make payments to Lorillard, in respect of the federal tax liability Lorillard would have if it were not a member of the Loews affiliated group. Any payments made pursuant to the tax sharing agreement between us and Lorillard will be credited to the Loews Group or the Carolina Group, as the case may be, for purposes of determining the allocation of responsibility for taxes between the Loews Group and the Carolina Group as described below.

According to the Carolina Group policy statement, the Carolina Group will generally be responsible for the consolidated tax liability, computed on a stand-alone basis, of a hypothetical affiliated group consisting of the Carolina Group, which we refer to as the hypothetical Carolina affiliated group. Such consolidated tax liability will take into account losses, deductions (including interest attributable to the notional, intergroup debt) and other tax attributes, such as capital losses or charitable deductions, but only to the extent that such tax attributes could be utilized by the hypothetical Carolina affiliated group on a stand-alone basis.

With respect to each taxable period ending after the date that Carolina Group stock was initially issued, allocation of responsibility for taxes will be made between the Carolina Group and the Loews Group as follows:

if the hypothetical Carolina affiliated group has consolidated federal taxable income, or consolidated, combined or unitary taxable income for state, local or foreign tax purposes, for the taxable period, then the Carolina Group will credit the Loews Group an amount equal to the tax that would have been payable by the hypothetical Carolina affiliated group had it filed a consolidated federal, or consolidated, combined or unitary state, local or foreign, tax return on a stand-alone basis for such taxable period and all prior taxable periods including periods before the formation of the Carolina Group; and

if the hypothetical Carolina affiliated group has a consolidated net operating loss, net capital loss, excess tax credit or other tax attribute for federal income tax purposes, or a consolidated, combined or unitary net operating loss, net capital loss, excess tax credit or other tax attribute for state, local or foreign tax purposes, for the taxable period, then the Loews Group will credit the Carolina Group an amount equal to the refund to which the hypothetical Carolina affiliated group would have been entitled had it filed a consolidated federal, or consolidated, combined or unitary state, local or foreign, tax return on a stand-alone basis for such taxable period and all prior taxable periods including periods before the formation of the Carolina Group.

It is possible that the Internal Revenue Service may assert that Carolina Group stock is not stock of Loews, in which case the members of the Loews Group and the Carolina Group may not be members of the same federal income tax affiliated group filing

consolidated returns. We believe that it is unlikely that the IRS would prevail on that view, but we can give no assurance in that regard. The Carolina Group would be responsible for any corporate-level taxes resulting from the treatment of Carolina Group stock as not our stock, and any corporate-level taxes on the actual or deemed disposition of the Carolina Group caused by the issuance of Carolina Group stock.

With respect to taxable periods ending on or prior to the date on which Carolina Group stock was initially issued, the Carolina Group will generally be responsible for the taxes attributable to the businesses and entities reflected in the Carolina Group. The responsibility of the Carolina Group for consolidated income taxes attributable to it will generally be considered to have been settled for taxable periods ending on or prior to the date on which Carolina Group stock was initially issued, except that consolidated income taxes resulting from audit adjustments or other tax contests from any prior year will be determined on a stand-alone basis. For example, the Carolina Group will be required to credit the Loews Group in the event that a loss or deduction attributable to the Carolina Group for such a period is disallowed.

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## DESCRIPTION OF WARRANTS

We may issue warrants to purchase debt securities, preferred stock, Loews common stock, Carolina Group stock or other securities. We may issue warrants independently or together with other securities. Warrants sold with other securities may be attached to or separate from the other securities. We will issue warrants under one or more warrant agreements between us and a warrant agent that we will name in the prospectus supplement.

The prospectus supplement relating to any warrants we offer will include specific terms relating to the offering. These terms will include some or all of the following:

- the title of the warrants;
- the aggregate number of warrants offered;
- the designation, number and terms of the debt securities, preferred stock, Loews common stock, Carolina Group stock or other securities purchasable upon exercise of the warrants and procedures by which those numbers may be adjusted;
- the exercise price of the warrants;
- the dates or periods during which the warrants are exercisable;

- the designation and terms of any securities with which the warrants are issued;
- if the warrants are issued as a unit with another security, the date on and after which the warrants and the other security will be separately transferable;
- if the exercise price is not payable in U.S. dollars, the foreign currency, currency unit or composite currency in which the exercise price is denominated;
- any minimum or maximum amount of warrants that may be exercised at any one time;
- any terms relating to the modification of the warrants;
- any terms, procedures and limitations relating to the transferability, exchange or exercise of the warrants; and
- any other specific terms of the warrants.

The description in the prospectus supplement will not necessarily be complete and will be qualified in its entirety by reference to the applicable warrant agreement, which will be filed with the SEC.

## DESCRIPTION OF STOCK PURCHASE CONTRACTS AND STOCK PURCHASE UNITS

We may issue stock purchase contracts representing contracts obligating holders to purchase from us, and us to sell to the holders, a specified or varying number of shares of our Loews

common stock, Carolina Group stock or preferred stock at a future date or dates. Alternatively, the stock purchase contracts may obligate us to purchase from holders, and obligate holders to sell to us, a specified or varying number of shares of Loews common stock, Carolina Group stock or preferred stock. The price per share and the number of shares may be fixed at the time the stock purchase contracts are entered into or may be determined by reference to a specific formula set forth in the stock purchase contracts. The stock purchase contracts may be entered into separately or as a part of a stock purchase unit that consists of (a) a stock purchase contract; (b) warrants; and/or (c) debt securities or debt obligations of third parties (including United States treasury securities, other stock purchase contracts or common stock), that would secure the holders obligations to purchase or to sell, as the case may be, Loews common stock, Carolina Group stock or preferred stock under the stock purchase contract. The stock purchase contracts may require us to make periodic payments to the holders of the stock purchase units or require the holders of the stock purchase units to make periodic payments to us. These payments may be unsecured or prefunded and may be paid on a current or on a deferred basis. The stock purchase contracts may require holders to secure their obligations under the contracts in a specified manner.

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The applicable prospectus supplement will describe the terms of any stock purchase contract or stock purchase unit and will contain a summary of certain United States federal income tax consequences applicable to the stock purchase contracts and stock purchase units.

## PLAN OF DISTRIBUTION

We may sell the securities offered by this prospectus from time to time in one or more transactions;

- directly to purchasers;
- through agents;
- to or through underwriters or dealers; or
- through a combination of these methods.

In addition, we may enter into derivative or hedging transactions with third parties, or sell securities not covered by this prospectus to third parties in privately negotiated transactions. In connection with such a transaction, the third parties may sell securities covered by and pursuant to this prospectus and an applicable prospectus supplement. If so, the third party may use securities borrowed from us or others to settle such sales and may use securities received from us to close out any related short positions. We may also loan or pledge securities covered by this prospectus and an applicable prospectus supplement to third parties, who may sell the loaned securities or, in an event of default

in the case of a pledge, sell the pledged securities pursuant to this prospectus and the applicable prospectus supplement.

A prospectus supplement with respect to each series of securities will state the terms of the offering of the securities, including:

- the terms of the offering;
- the name or names of any underwriters or agents and the amounts of securities underwritten or purchased by each of them, if any;
- the public offering price or purchase price of the securities and the net proceeds to be received by us from the sale;
- any delayed delivery arrangements;
- any initial public offering price;
- any underwriting discounts or agency fees and other items constituting underwriters or agents compensation;
- any discounts or concessions allowed or reallowed or paid to dealers; and
- any securities exchange on which the securities may be listed.

The offer and sale of the securities described in this prospectus by us, the underwriters or the third parties described above may be effected from time to time in one or more transactions, including privately negotiated transactions, either:

at a fixed price or prices, which may be changed;

at market prices prevailing at the time of sale;

at prices related to the prevailing market prices; or

at negotiated prices.

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**General**

Underwriters, dealers, agents and remarketing firms that participate in the distribution of the offered securities may be underwriters as defined in the Securities Act of 1933. Any discounts or commissions they receive from us and any profits they receive on the resale of the offered securities may be treated as underwriting discounts and commissions under the Securities Act of 1933. We will identify any underwriters, agents or dealers and describe their commissions, fees or discounts in the applicable prospectus supplement.

**Underwriters and Agents**

If underwriters are used in a sale, they will acquire the offered securities for their own account. The underwriters may resell the offered securities in one or more transactions, including negotiated transactions. These sales will be made at a fixed public offering price or at varying prices determined at the time of the sale. We may offer the securities to the public through an underwriting syndicate or through a single underwriter. The underwriters in any particular offering will be mentioned in the applicable prospectus supplement.

Unless the applicable prospectus supplement states otherwise, the obligations of the underwriters to purchase the offered securities will be subject to certain conditions contained in an underwriting agreement that we will enter into with the underwriters at the time of the sale to them. The underwriters

will be obligated to purchase all of the securities of the series offered if any of the securities are purchased, unless the applicable prospectus supplement says otherwise. Any initial public offering price and any discounts or concessions allowed, reallowed or paid to dealers may be changed from time to time.

We may designate agents to sell the offered securities. Unless the applicable prospectus supplement states otherwise, the agents will agree to use their best efforts to solicit purchases for the period of their appointment. We may also sell the offered securities to one or more remarketing firms, acting as principals for their own accounts or as agents for us. These firms will remarket the offered securities upon purchasing them in accordance with a redemption or repayment pursuant to the terms of the offered securities. A prospectus supplement will identify any remarketing firm and will describe the terms of its agreement, if any, with us and its compensation.

In connection with offerings made through underwriters or agents, we may enter into agreements with such underwriters or agents pursuant to which we receive our outstanding securities in consideration for the securities being offered to the public for cash. In connection with these arrangements, the underwriters or agents may also sell securities covered by this prospectus to hedge their positions in these outstanding securities, including in short sale transactions. If so, the underwriters or agents may use the securities received from us under these arrangements to close out any related open borrowings of securities.

**Dealers**

We may sell the offered securities to dealers as principals. The dealer may then resell such securities to the public either at varying prices to be determined by the dealer or at a fixed offering price agreed to with us at the time of resale.

**Direct Sales**

We may choose to sell the offered securities directly. In this case, no underwriters or agents would be involved.

**Institutional Purchasers**

We may authorize agents, dealers or underwriters to solicit certain institutional investors to purchase offered securities on a delayed delivery basis pursuant to delayed delivery contracts providing for payment and delivery on a specified future date. The applicable prospectus supplement will provide the details of any such arrangement, including the offering price and commissions payable on the solicitations.

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We will enter into such delayed contracts only with institutional purchasers that we approve. These institutions may include commercial and savings banks, insurance companies, pension funds, investment companies and educational and charitable institutions.

**Indemnification; Other Relationships**

We may have agreements with agents, underwriters, dealers and remarketing firms to indemnify them against certain civil liabilities, including liabilities under the Securities Act of 1933. Agents, underwriters, dealers and remarketing firms, and their affiliates, may engage in transactions with, or perform services for, us in the ordinary course of business. This includes commercial banking and investment banking transactions.

**Market Making, Stabilization and Other Transactions**

There is currently no market for any of the offered securities, other than the Loews common stock and the Carolina Group stock each of which is listed on the New York Stock Exchange. If the offered securities are traded after their initial issuance, they may trade at a discount from their initial offering price, depending upon prevailing interest rates, the market for similar securities and other factors. While it is possible that an underwriter could inform us that it intended to make a market in the offered securities, such underwriter would not be obligated to do so, and any such market making could

be discontinued at any time without notice. Therefore, no assurance can be given as to whether an active trading market will develop for the offered securities. We have no current plans for listing of the debt securities, preferred stock or warrants on any securities exchange or on the National Association of Securities Dealers, Inc. automated quotation system; any such listing with respect to any particular debt securities, preferred stock or warrants will be described in the applicable prospectus supplement.

Any underwriter may engage in stabilizing transactions, syndicate covering transactions and penalty bids in accordance with Rule 104 under the Securities Exchange Act of 1934. Stabilizing transactions involve bids to purchase the underlying security in the open market for the purpose of pegging, fixing or maintaining the price of the securities. Syndicate covering transactions involve purchases of the securities in the open market after the distribution has been completed in order to cover syndicate short positions.

Penalty bids permit the underwriters to reclaim a selling concession from a syndicate member when the securities originally sold by the syndicate member are purchased in a syndicate covering transaction to cover syndicate short positions. Stabilizing transactions, syndicate covering transactions and penalty bids may cause the price of the securities to be higher than it would be in the absence of the transactions. The underwriters may, if they commence these transactions, discontinue them at any time.

**Fees and Commissions**

In compliance with the guidelines of the National Association of Securities Dealers, Inc. (the NASD ), the aggregate maximum discount, commission or agency fees or other items constituting underwriting compensation to be received by any NASD member or independent broker-dealer will not exceed 8% of any offering pursuant to this prospectus and any applicable prospectus supplement; however, it is anticipated that the maximum commission or discount to be received in any particular offering of securities will be significantly less than this amount.

If more than 10% of the net proceeds of any offering of securities made under this prospectus will be received by NASD members participating in the offering or affiliates or associated persons of such NASD members, the offering will be conducted in accordance with NASD Conduct Rule 2710(h).

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## LEGAL MATTERS

Unless otherwise specified in the applicable prospectus supplement, the validity of the securities offered by this prospectus will be passed upon for us by Gary W. Garson, Esq., our Senior Vice President, Secretary and General Counsel. As of May 12, 2005, Mr. Garson owned options to purchase 60,000 shares of Loews common stock. If legal matters in connection with offerings made by this prospectus are passed on by counsel for the underwriters, dealers or agents, if any, that counsel will be named in the applicable prospectus supplement.

## EXPERTS

The financial statements, the related financial statement schedules, and management s report on the effectiveness of internal control over financial reporting incorporated in this prospectus by reference from the Company s Annual Report on Form 10-K/A for the year ended December 31, 2004 have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports, which are incorporated herein by reference, and have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

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**PART II**

**INFORMATION NOT REQUIRED IN PROSPECTUS**

**Item 14. Other Expenses of Issuance and Distribution.**

The following table sets forth the estimated expenses (all of which will be borne by the registrant) incurred in connection with the issuance and distribution of the securities being registered, other than underwriting discounts and commissions (if any). All of the amounts shown are estimates, except the SEC registration fee.

| | |
|---|---|
| SEC registration fee | $ 222,540 |
| Rating agency fees | 350,000 |
| Trustee fees and expenses | 5,000 |
| Printing and distributing | 50,000 |
| Legal fees and expenses | 100,000 |
| Accounting fees and expenses | 100,000 |
| Miscellaneous | 75,000 |
| Total | $ 902,540 |

**Item 15. Indemnification of Directors and Officers.**

Reference is made to Section 145 of the Delaware General Corporation Law which provides for indemnification of directors and officers in certain circumstances.

Article 8, Section 8.1 of the Company s by-laws provides as follows: The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a director or an officer of the Corporation against expenses (including attorneys fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding to the fullest extent and in the manner set forth in and permitted by the Delaware General Corporation Law, and any other applicable law, as from time to time in effect. Such right of indemnification shall not be deemed exclusive of any other rights to which such director or officer may be entitled apart from the foregoing provisions. The foregoing provisions of this Section 8.1 shall be deemed to be a contract between the Corporation and each director and officer who serves in such capacity at any time while this Article 8 and the relevant provisions, of the Delaware General Corporation Law and other applicable law, if any, are in effect, and any repeal or modification thereof shall not affect any rights or obligations then existing, with respect to any state of facts then or theretofore existing, or any action, suit or proceeding theretofore, or thereafter brought or threatened based in whole or in part upon any such state of facts.

The registrant maintains directors and officers liability insurance for the benefit of its directors and certain of its officers.

In connection with an offering of the securities registered hereunder, the registrant may enter into an underwriting agreement which may

provide that the underwriters are obligated, under certain circumstances, to indemnify directors, officers and controlling persons of the registrant against certain liabilities, including liabilities under the Securities Act of 1933.

See also the undertakings set out in response to Item 17 herein.

**Item 16. Exhibits and Financial Statement Schedules.**

See the Exhibit Index which is incorporated herein by reference.

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**Item 17. Undertakings.**

The undersigned registrant hereby undertakes:

1. To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the Calculation of Registration Fee table in the effective registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to

such information in the registration statement;

provided, however, that paragraphs (1)(i) and (1)(ii) do not apply if the registration statement is on Form S-3, Form S-8 or Form F-3, and the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the registrant pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement.

2. That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

3. To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant s annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan s annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be

the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions of the registrant s articles of incorporation or by-laws or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

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**SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, State of New York on May 12, 2005.

**LOEWS CORPORATION**

By: /s/ PETER W. KEEGAN
Name: **Peter W. Keegan**
Title: **Senior Vice President and Chief Financial Officer**

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Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in their respective capacities on May 12, 2005.

| Name | Title or Position |
|---|---|
| * **James S. Tisch** | Director, President, Chief Executive Officer (Principal Executive Officer) |
| /s/ Peter W. Keegan **Peter W. Keegan** | Senior Vice President and Chief Financial Officer (Principal Financial Officer and Accounting Officer) |
| * **Guy A. Kwan** | Controller |
| * **Joseph L. Bower** | Director |
| * **John Brademas** | Director |
| * **Charles M. Diker** | Director |
| * **Paul J. Fribourg** | Director |
| * **Walter L. Harris** | Director |

* Director

**Philip A. Laskawy**

* Director

**Gloria R. Scott**

* Director

**Andrew H. Tisch**

* Director

**Jonathan M. Tisch**

* Director

**Preston R. Tisch**

* /s/ Peter W. Keegan

**Peter W. Keegan**

**Attorney-In-Fact**

**Pursuant to Power of Attorney**

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**EXHIBIT INDEX**

| Exhibit Number | Description of Documents | Page |
|---|---|---|
| 1.1 | Form of Underwriting Agreement, to be filed as an exhibit to a Current Report on Form 8-K of the Registrant and incorporated by reference herein. | |
| 3.1 | Restated Certificate of Incorporation of the Registrant, dated April 16, 2002, incorporated herein by reference to Exhibit 3 to the Quarterly Report on Form 10-Q of the Registrant for the quarter ended March 31, 2002 (File No. 1-6541). | |
| 3.2 | By-Laws of the Registrant, as amended through May 14, 2002, incorporated herein by reference to Exhibit 3 to the Quarterly Report on Form 10-Q of the Registrant for the quarter ended June 30, 2002 (File No. 1-6541). | |
| 4.1 | Indenture, dated as of March 1, 1986, between the Registrant and JPMorgan Chase Bank, N.A. (as successor to The Chase Manhattan Bank, National Association), as Trustee (the Senior Indenture ), incorporated herein by reference to Exhibit 4(a) to the Registration Statement on Form | |

| | |
|---|---|
| | S-3 of the Registrant, dated March 7, 1986 (File No. 33-3829). |
| 4.2 | Form of Senior Debt Securities (included in Exhibit 4.1). |
| 4.3 | First Supplemental Indenture, dated as of March 30, 1993, between the Registrant and the Trustee, incorporated herein by reference to Exhibit B to a Current Report on Form 8-K of the Registrant filed with the SEC on June 3, 1993 (File No. 1-6541). |
| 4.4 | Second Supplemental Indenture, dated as of February 18, 1997, between the Registrant and the Trustee, incorporated herein by reference to Exhibit 4.4 to the Registration Statement on Form S-3 of the Registrant, dated February 20, 1997 (File No. 333-22113). |
| 4.5 | Indenture, dated as of December 1, 1985, between the Registrant and JPMorgan Chase Bank, N.A. (as successor to Manufacturers Hanover Trust Company), as Trustee (the Subordinated Indenture ), incorporated herein by reference to Exhibit 4.1 of the Registration Statement on Form S-3 of the Registrant, dated December 9, 1985 (File No. 33-2026). |
| 4.6 | Form of Subordinated Debt Securities (included in Exhibit 4.5). |
| 4.7 | First Supplemental Indenture, dated as of |

| | |
|---|---|
| | February 18, 1997, between the Registrant and the Trustee, incorporated herein by reference to Exhibit 4.7 to the Registration Statement on Form S-3 of the Registrant, dated February 20, 1997 (File No. 333-22113). |
| 4.8 | Second Supplemental Indenture, dated as of February 18, 1997, between the Registrant and the Trustee, incorporated herein by reference to Exhibit 4.8 to the Registration Statement on Form S-3 of the Registrant, dated February 20, 1997 (File No. 333-22113). |
| 4.9 | Third Supplemental Indenture, dated as of September 16, 1997, between the Registrant and the Trustee, incorporated herein by reference to Exhibit 4.1 to a Current Report on Form 8-K/A of the Registrant filed with the SEC on September 29, 1997 (File No. 1-6541). |
| 4.10 | The Carolina Group Policy Statement, incorporated herein by reference to Exhibit A to the Proxy Statement on Schedule 14A of the Registrant, dated November 29, 2001 (File No. 1-6541). |

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| Exhibit Number | Description of Documents | Page |
|---|---|---|
| 4.11 | Purchase Contract Agreement setting forth Stock Purchase Contracts and/or Stock Purchase Units, to be filed as an exhibit to a Current Report on Form 8-K of the Registrant and incorporated by reference herein. | |
| 4.12 | Form of Warrant Certificate, including the Form of Warrant Certificate, to be filed as an exhibit to a Current Report on Form 8-K of the Registrant and incorporated by reference herein. | |
| 5.1 | Opinion of Gary W. Garson, Esq., Senior Vice President, Secretary and General Counsel of the Registrant. | ** |
| 12.1 | Computation of ratio of earnings to fixed charges. | * |
| 23.1 | | * |

| | | |
|---|---|---|
| | Consent of Deloitte & Touche LLP. | |
| 23.2 | Consent of Gary W. Garson, Esq., Senior Vice President, Secretary and General Counsel of the Registrant (included in Exhibit 5.1). | ** |
| 24.1 | Power of Attorney. | ** |
| 25.1 | Form T-1 Statement of Eligibility and Qualification under the Trust Indenture Act of 1939 of JPMorgan Chase Bank, N.A. under the Senior Indenture and Subordinated Indenture. | ** |

* Filed herewith
** Previously filed