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A History of Loews Corporation

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Table of Contents

- **Introduction**
- **Chapter 1** The Loew's Ohio: From Movie Palace to Modern Corporation
- **Chapter 2** The Early Years: The Loew's Theatres Legacy
- **Chapter 3** The Tisch Brothers: A New Vision for Loews
- **Chapter 4** Diversification Begins: Expanding Beyond Entertainment
- **Chapter 5** Lorillard Tobacco: A Controversial but Profitable Acquisition
- **Chapter 6** CNA Financial: Entering the Insurance Industry
- **Chapter 7** The Hotel Business: Building a Luxury Portfolio
- **Chapter 8** Offshore Drilling: The Formation of Loews Offshore
- **Chapter 9** Bulova Watch Company: A Brief Foray into Timepieces
- **Chapter 10** The 1980s: Growth and Strategic Moves
- **Chapter 11** RJR Nabisco: The High-Stakes Takeover Bid
- **Chapter 12** The 1990s: Navigating Economic Shifts
- **Chapter 13** Loews Hotels: Expansion and Brand Building
- **Chapter 14** The Energy Sector: From Offshore to Pipelines
- **Chapter 15** Boardwalk Pipeline Partners: A Key Infrastructure Asset
- **Chapter 16** The 21st Century: Adapting to New Challenges
- **Chapter 17** Shareholder Value: A Core Principle of Loews
- **Chapter 18** Philanthropy and Community Engagement
- **Chapter 19** Leadership and Governance: The Tisch Family's Influence
- **Chapter 20** Financial Strategies: Capital Allocation and Investments
- **Chapter 21** Navigating Regulations: Tobacco and Insurance Industries
- **Chapter 22** Corporate Culture: Values and Vision
- **Chapter 23** Major Divestitures and Acquisitions
- **Chapter 24** Loews in the S&P 500: A Enduring Presence
- **Chapter 25** The Future of Loews: Challenges and Opportunities

Introduction

In the annals of American business, few companies can claim a trajectory as diverse and enduring as Loews Corporation. From its humble beginnings rooted in the golden age of cinema to its current standing as a diversified S&P 500 powerhouse, the story of Loews is a compelling saga of strategic vision, calculated risk-taking, and an unwavering commitment to long-term value creation. This book, "A History of Loews Corporation: The Story of an S&P 500 Company," endeavors to chronicle this remarkable journey, offering an in-depth look at the decisions, personalities, and pivotal moments that have shaped one of America's most intriguing conglomerates.

At its heart, the narrative of Loews Corporation is a testament to the transformative power of astute leadership. The vision of the Tisch brothers, Laurence and Preston, fundamentally reshaped the company's destiny, steering it away from its entertainment origins into a multifaceted enterprise encompassing industries as varied as insurance, hotels, and energy. Their ability to identify undervalued assets, navigate complex markets, and foster a culture of prudent financial management laid the groundwork for the company's sustained success and its eventual inclusion in the prestigious S&P 500 index. This book will explore how their unique approach to business, characterized by a deep understanding of intrinsic value and a contrarian spirit, allowed Loews to thrive through various economic cycles.

Beyond the boardroom strategies, this history delves into the often-complex realities of operating a diversified conglomerate. We will examine the challenges and opportunities inherent in managing a portfolio that has included everything from the controversial but highly profitable Lorillard Tobacco Company to the steady returns of CNA Financial and the capital-intensive world of offshore drilling. Each acquisition and divestiture represents a distinct chapter in the Loews story, illuminating the company's adaptability and its willingness to shed assets that no longer fit its strategic objectives, even when those assets were deeply ingrained in its past.

This book is more than just a chronological account of business transactions; it is an exploration of the principles that have guided Loews Corporation for decades. We will investigate the company's consistent focus on shareholder value, its approach to capital allocation, and the distinctive corporate culture that has permeated its various subsidiaries. The influence of the Tisch family, not only in leadership and governance but also in their philanthropic endeavors, will be examined, providing a holistic view of the forces that have shaped Loews into the entity it is today.

Ultimately, "A History of Loews Corporation" offers valuable insights for anyone interested in the dynamics of corporate growth, strategic diversification, and the

enduring legacy of a company that has consistently defied easy categorization. From its cinematic origins to its position as a diversified industrial giant, the Loews story is a masterclass in resilience and reinvention, demonstrating how a clear vision and a commitment to fundamental business principles can lead to sustained prosperity and an enduring presence on the American economic landscape.

As we navigate through the intricate chapters of Loews' past, from its early forays into the hotel business and the formation of Loews Offshore to its current emphasis on energy infrastructure with Boardwalk Pipeline Partners, readers will gain a comprehensive understanding of how this remarkable company has adapted to new challenges and opportunities in the 21st century. This journey through time will not only illuminate the specific decisions that propelled Loews forward but also provide broader lessons on corporate longevity and the art of managing a diverse portfolio in an ever-changing global economy.

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CHAPTER ONE: The Loew's Ohio: From Movie Palace to Modern Corporation

The story of Loews Corporation is a tale of reinvention and astute business acumen, but its roots stretch back to a different era, one of flickering silent films and opulent movie palaces. Before the modern conglomerate known today, there was Loew's, Inc., a cinema empire built by a visionary entrepreneur named Marcus Loew. His journey, beginning in the late 19th century, laid an unexpected foundation for a company that would eventually diversify far beyond the silver screen.

Marcus Loew was born in New York City in 1870 to an impoverished Jewish immigrant family. With little formal education, he began working at a young age to support his family, taking on various menial jobs from newsboy to furrier. Yet, even in these early struggles, Loew displayed a nascent entrepreneurial spirit. He saved enough money to invest in the burgeoning penny arcade business, a popular form of entertainment at the turn of the century.

His ventures into the amusement industry quickly expanded. In 1904, Loew founded the People's Vaudeville Company in Cincinnati, Ohio. This chain of "store theaters" offered a unique blend of one-reel films and live variety shows, a formula that proved immensely successful and rapidly expanded to New York. The company's name evolved, first to Loew's Consolidated Enterprises in 1910 and then to Loew's, Inc. in 1919, reflecting its growing reach and sophistication. Loew's vision was simple yet effective: provide high-quality entertainment at an affordable price, a strategy that fueled rapid expansion across the East Coast and Midwest.

As motion pictures began to supplant vaudeville as the dominant form of entertainment after World War I, Loew swiftly adapted his business model. He started building elaborate theaters specifically designed for film screenings, transforming his enterprise into a leading chain of vaudeville and movie theaters in the United States. These were not just functional spaces; they were grand, luxurious movie palaces characterized by elegant interiors and comfortable seating, intended to transport patrons away from their daily lives into a world of fantasy. Marcus Loew famously declared, "I don't sell tickets to movies... I sell tickets to theaters."

One such architectural marvel was the Loew's Ohio Theatre in Columbus, Ohio. Designed by the renowned theater architect Thomas W. Lamb, the Ohio Theatre opened its doors on March 17, 1928. Lamb, who also designed New York's Ziegfeld Theatre and Madison Square Garden, considered the Ohio Theatre one of his most successful creations. The theater was an opulent Spanish Baroque masterpiece,

originally seating over 3,000 guests, and was decorated and furnished by New York designer Anne Dornin, who even sourced authentic pieces from her travels for the "Africa Corner" in the lower lounge.

The Loew's Ohio Theatre was designed as "a palace for the average man," providing a lavish setting for both silent films, accompanied by its own orchestra and a Robert-Morton theater organ, and deluxe vaudeville shows featuring prominent performers of the era. Sound films were introduced in August 1928, and throughout the 1930s and 40s, the theater served as the premiere showcase for films from MGM and other studios, often featuring double bills. During World War II, the Ohio Theatre, like many movie houses, saw increased activity, even adding late-night showings for war plant workers and promoting war bond sales in its lobby.

However, the golden age of movie palaces would not last indefinitely. Marcus Loew himself, despite his grand vision, never saw the Loew's Ohio Theatre completed, as he passed away in September 1927, at the age of 57, six months before its grand opening. The company he founded, Loew's Inc., continued to thrive for decades, becoming a dominant force in the film industry.

To ensure a steady supply of films for his extensive network of theaters, Loew had embarked on a series of significant acquisitions. In 1920, he purchased Metro Pictures Corporation, and a few years later, acquired a controlling interest in the financially troubled Goldwyn Picture Corporation. These acquisitions, combined with the film production company owned by Louis B. Mayer, led to the formation of Metro-Goldwyn-Mayer (MGM) in April 1924, a studio that would become synonymous with Hollywood glamour.

Loew's, Inc. served as the parent company and distribution arm for MGM until a landmark 1948 Supreme Court antitrust ruling, *United States v. Paramount Pictures, Inc.*, forced major movie studios to divest their theater chains. This decision aimed to prevent any single company from having excessive control over the movie business. As a result, Loew's Inc. was legally required to separate from MGM, a split that officially occurred in 1959. This significant divestiture marked the end of an era for the original Loew's empire and, inadvertently, opened the door for a new chapter and a new kind of company to emerge.

The stage was now set for the entry of Laurence and Preston Robert Tisch, two brothers with a different vision for the future, who would acquire the separated Loew's Theatres and transform it into the diversified powerhouse known today as Loews Corporation. Their journey, however, began not with movie palaces, but with hotels, laying the groundwork for a strategic shift that would redefine the company entirely. The initial acquisition of Loew's Theatres in 1959 was merely the first step in a much larger, more ambitious plan.

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