

CNA FINANCIAL CORP  
Form DEF 14A  
March 31, 2005

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934 (Amendment No. )

Filed by the Registrant  x  
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Check the appropriate box:

- o Preliminary Proxy Statement
- o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- x Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to §240.14a-12

CNA Financial Corporation

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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- x No fee required.
- o Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

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1) Amount Previously Paid:

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**CNA FINANCIAL CORPORATION**

*Notice of Annual Meeting April 27, 2005*

*To the Stockholders of*

CNA FINANCIAL CORPORATION:

You are hereby notified that pursuant to the By-Laws of CNA Financial Corporation, a Delaware corporation, the Annual Meeting of Stockholders will be held at CNA Center (333 South Wabash Avenue), Room 208N, Chicago, Illinois, on Wednesday, April 27, 2005, at 10:00 a.m., Chicago time, for the following purposes:

- (1) To elect eight Directors;
- (2) To ratify the appointment of Deloitte & Touche LLP as independent registered public accountants for the Company for 2005;
- (3) To consider and act upon a proposal to amend and approve the CNA Financial Corporation 2000 Incentive Compensation Plan; and
- (4) To transact such other business as may properly come before the meeting.

Only Stockholders of record at the close of business on March 11, 2005 are entitled to notice of, and to vote at, this meeting.

It is desired that as many Stockholders as practicable be represented at the meeting. Consequently, whether or not you now expect to be present, you are requested to sign and date the enclosed proxy and return it promptly to the Company. You may revoke the proxy at any time before the authority granted therein is exercised.

By order of the Board of Directors,

JONATHAN D. KANTOR  
*Executive Vice President,  
General Counsel and Secretary*

Chicago, Illinois  
March 28, 2005

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**CNA FINANCIAL CORPORATION**

**CNA CENTER, CHICAGO, ILLINOIS 60685**

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*Proxy Statement*

**Annual Meeting, April 27, 2005**

The Board of Directors of CNA Financial Corporation ( CNA or the Company ) submits this statement in connection with the solicitation of proxies from the Stockholders in the form enclosed.

The persons named in this statement as nominees for election as Directors have been designated by the Board of Directors.

Any Stockholder giving a proxy has the power to revoke it at any time before it is exercised. A subsequently dated proxy, duly received, will revoke an earlier dated proxy. A Stockholder may also revoke his or her proxy and vote in person at the Annual Meeting. Proxies will be voted in accordance with the Stockholder s specifications and, if no specification is made, proxies will be voted in accordance with the Board of Directors recommendations. The approximate date of mailing of this Proxy Statement is March 28, 2005.

On March 11, 2005, the Company had outstanding 255,953,958 shares of common stock ( Common Stock ). The holders of Common Stock have one vote for each share of stock held. Stockholders of record at the close of business on March 11, 2005 will be entitled to notice of, and to vote at, this meeting. The holders of a majority of shares of Common Stock issued and outstanding and entitled to vote when present in person or represented by proxy constitute a quorum at all meetings of Stockholders.

In accordance with the Company s By-Laws and applicable law, the election of Directors will be determined by a plurality of the votes cast by the holders of shares present in person or by proxy and entitled to vote. Consequently, the eight nominees who receive the greatest number of votes cast for election as Directors will be elected as Directors of the Company. Shares present which are properly withheld as to voting with respect to any one or more nominees, and shares present with respect to which a broker indicates that it does not have authority to vote ( broker non-votes ), will not be counted as shares that are present and entitled to vote for purposes of determining the presence of a quorum. The affirmative vote of shares representing a majority of the votes cast by the holders of shares present and entitled to vote is required to approve the other matters to be voted on at the Annual Meeting. Shares which are voted to abstain will be considered present at the meeting, but since they are not affirmative votes for the matter they will have the same effect as votes against the matter. Broker non-votes are not counted as present.

**Principal Stockholders**

The following table contains certain information as to all entities which, to the knowledge of the Company, were the beneficial owners of 5% or more of the outstanding shares of Common Stock as of February 28, 2005 (unless otherwise noted). Each such entity has sole voting and investment power with respect to the shares set forth:

| Name and Address of Beneficial Owner   | Amount Beneficially Owned | Percent of Class |
|--|---------------------------|------------------|
| Loews Corporation ( Loews )<br>667 Madison Avenue<br>New York, New York 10021-8087 | 233,620,515               | 91%              |

Because Loews holds a majority of the outstanding Common Stock of CNA, Loews has the power to approve matters submitted for consideration at the Annual Meeting without regard to the votes of the other Stockholders. Loews has advised the Company's Board of Directors that it intends to vote FOR the election of management's nominees for the Board of Directors, FOR ratification of the appointment of Deloitte & Touche LLP as the Company's independent registered public accountants and FOR the proposal to approve the CNA Financial Corporation 2000 Incentive Compensation Plan, as amended. There are no agreements between CNA and Loews with respect to the election of CNA Directors or Officers or with respect to the other matters to come before the meeting.

**Director and Officer Holdings**

The following table sets forth certain information as to the shares of Common Stock beneficially owned by each Director and nominee, and each Executive Officer named in the Summary Compensation Table below (the Named Executive Officers), and by all Executive Officers and Directors of the Company as a group as of February 28, 2005, based on data furnished by them:

| Name  | Shares of the Company's Common Stock Beneficially Owned | Shares of Loews Corporation Common Stock Beneficially Owned |
|---|---|---|
| Michael Fusco                                   | 24,250(1)   | 0   |
| Brenda J. Gaines                                | 0   | 20  |
| Jonathan D. Kantor                              | 56,500(2)   | 0   |
| James R. Lewis                                  | 57,276(3)   | 0   |
| Stephen W. Lilienthal                           | 120,600(4)  | 0   |
| Paul J. Liska                                   | 0   | 0   |
| D. Craig Mense                                  | 20,000  | 0   |
| Don M. Randel                                   | 0   | 0   |
| Joseph Rosenberg                                | 12,200  | 33,750(5)   |
| James S. Tisch                                  | 6,100   | 3,182,608(6)  |
| Preston R. Tisch                                | 0   | 29,361,377(7)   |
| Marvin Zonis                                    | 183   | 0   |
| All Executive Officers and Directors as a Group | 297,109(8)  | 32,577,755(9)   |

1. Includes 23,750 shares issuable upon the exercise of options granted under the CNA Financial Corporation 2000 Incentive Compensation Plan (the Incentive Compensation Plan) which are currently exercisable.
2. Represents shares issuable upon the exercise of options granted under the Incentive Compensation Plan which are currently exercisable.
3. Includes 48,750 shares issuable upon the exercise of options granted under the Incentive Compensation Plan which are currently exercisable.
- 4.

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Includes 97,500 shares issuable upon the exercise of options granted under the Incentive Compensation Plan which are currently exercisable.

5. Represents shares of Loews Common Stock issuable upon the exercise of options granted under the Loews Stock Option Plan which are currently exercisable.
6. Includes 70,000 shares of Loews Common Stock issuable upon the exercise of options granted under the Loews Stock Option Plan which are currently exercisable. Also includes 2,177,611 shares of Loews Common Stock held by trusts of which Mr. J. S. Tisch is managing trustee and beneficiary and 95,000 shares of Loews Common Stock held by a charitable foundation as to which Mr. J. S. Tisch has shared voting and investment power. Loews Common Stock shares held by Mr. J. S. Tisch represent 1.7% of the outstanding shares of Loews Common Stock.
7. Includes 1,292,915 shares owned beneficially by Mr. P. R. Tisch's wife, 4,419,072 shares held by Mr. P. R. Tisch as trustee of trusts for the benefit of his wife as to which trust he has sole voting and investment power and 4,000,000 shares held by a trust of which Mr. P. R. Tisch is the managing trustee and beneficiary. Loews Common Stock shares held by Mr. P. R. Tisch represent 15.8% of the outstanding shares of Loews Common Stock.
8. Includes 376,500 shares issuable upon the exercise of options granted under the Incentive Compensation Plan which are currently exercisable.
9. Includes 103,750 shares of Loews Common Stock issuable upon the exercise of options granted under the Loews Stock Option Plan which are currently exercisable. Represents 18% of the outstanding shares of Loews Common Stock.

Each holding represents less than 1% of the outstanding shares of Common Stock. For information with respect to the stock holdings of Loews, see "Principal Stockholders" above.



**ELECTION OF DIRECTORS**

**(Proposal No. 1)**

Pursuant to the By-Laws of the Company, the number of directors constituting the full Board of Directors has been fixed by the Board at eight. Each Director shall be elected at the Annual Meeting of Stockholders and each Director elected shall hold office until the next Annual Meeting of Stockholders and until his or her successor is elected and qualified. Directors need not be Stockholders. Unless authority to do so is withheld, the persons named in the enclosed proxy intend to vote the shares represented by the proxies given to them for the eight nominees hereinafter named.

Should any nominee or nominees become unavailable, the proxy holders will vote for the nominee or nominees designated by the Board of Directors. The Board of Directors has no reason to believe that any of the nominees will become unavailable.

Set forth below is the name, principal occupation and business experience during the time period that, at a minimum, includes the past five years, as well as certain other information for each nominee:

**Brenda J. Gaines**, North American President of Diners Club International, a division of Citigroup, from 1999 until 2004. From 1994 until 1999, she served as Executive Vice President, Corporate Card Sales for Diners Club International, and prior to that she served in various positions of increasing responsibility within Citigroup or its predecessor corporations from 1988. From 1985 to 1987, Ms. Gaines was Deputy Chief of Staff for the Mayor of the City of Chicago. She serves on the Board of Office Depot, Inc.(and serves on its audit committee) and Tenet Healthcare Corporation. She is a director of the March of Dimes and various non-profit organizations in the City of Chicago. She is a member of the Executive and Finance Committees, is interim Chairperson of the Audit Committee and has been a Director since October of 2004. Age 55.

**Stephen W. Lilienthal**, Chairman of the Board and Chief Executive Officer of the Company. Mr. Lilienthal has been Chairman of the Board and Chief Executive Officer of the CNA insurance companies since August 2002. From July 2001 until August 2002, he was President and Chief Executive Officer, Property and Casualty Operations of the CNA insurance companies. From June 1993 to June 1998, he served as senior officer of USF&G Corporation ( USF&G ). In April 1998, USF&G was acquired by the St. Paul Companies. Mr. Lilienthal was Executive Vice President of the St. Paul Companies until July 2001. He is a member of the Executive and Finance Committees. He is a Director of USF Corporation. Mr. Lilienthal has been a Director since August of 2001. Age 55.

**Paul J. Liska**, Executive Chairman of the Board of Directors of USF Corporation. Mr. Liska served as President, Credit and Financial Products at Sears Roebuck and Co. from October of 2002 until November of 2003. He was Executive Vice President and Chief Financial Officer for Sears in 2001. Prior to joining Sears, Mr. Liska was Executive Vice President and Chief Financial Officer of The St. Paul Companies since 1997. Mr. Liska is an Industrial Partner of Ripplewood Holdings LLC. Mr. Liska has been a Director since February of 2004 and serves on the Executive and Finance Committees. He served as Chairman of the Audit Committee from February 2004 until February 18, 2005. Age 49.

**Don M. Randel**, President of the University of Chicago since July 2000. From 1995 to 2000, he was Provost and Professor of Musicology at Cornell University. Prior to that time, he served at Cornell as Dean of the College of Arts and Sciences from 1991 to 1995 and as Associate Dean from 1968 to 1991. He is a member of the Audit, Executive, Finance and Incentive Compensation Committees. Mr. Randel has been a Director since May of 2002. Age 64.

**Joseph Rosenberg**, Chief Investment Strategist of Loews since 1995. He serves on the Executive and Finance Committees. He has been a Director since August of 1995. Age 71.

**James S. Tisch**, President and Chief Executive Officer and a member of the Office of the President of Loews. He is a Director of Loews and BKF Capital Group, Inc. and Chairman of the Board and Chief Executive Officer of Diamond Offshore Drilling, Inc. He is Chairman of the Finance Committee and serves on the Executive Committee. Mr. Tisch has served as a Director since 1985. Age 52.

**Preston R. Tisch**, Chairman of the Board of Loews. Mr. Tisch has been a Director of the Company since 1974, except for a period from 1986 to 1988 during which he resigned to serve as Postmaster General of the United States. He is Chairman of the Executive Committee and serves on the Finance Committee. Age 78.

**Marvin Zonis**, Professor of International Political Economy, Leadership and E-Commerce at the Graduate School of Business of the University of Chicago since 1989. Principal of Marvin Zonis & Associates, Inc., an international consulting firm. He has been a Director since 1993. He is Chairman of the Incentive Compensation Committee and serves on the Audit, Executive and Finance Committees. Age 68.

### *Director Independence*

Under the rules of the New York Stock Exchange ( NYSE ), listed companies, like CNA, that have a controlling stockholder are not required to have a majority of independent directors. Because Loews holds more than 50% of the voting power of the Company, CNA is a controlled company within the meaning of the rules of the NYSE. Accordingly, the Board of Directors is not composed of a majority of directors who are independent. Nevertheless, the Board of Directors has determined that the following directors are independent under the listing standards of the NYSE ( Independent Directors ): Brenda J. Gaines, Don M. Randel and Marvin Zonis. Paul Liska was an independent director until February 18, 2005. In determining independence, each year the Board affirmatively determines whether or not each director or nominee has any material relationship with the Company. In assessing the materiality of any relationship, the Board considers all relevant facts and circumstances, not merely from the standpoint of the director or nominee, but from that of any person or organization with which the director or nominee has an affiliation. The Board considers the frequency and regularity of any services provided by or to, or other transactions between, the Company and the director or nominee or affiliated organization, whether they are being carried out at arm s-length in the ordinary course of business and whether they are being provided or conducted substantially on the same terms as those prevailing at the time from unrelated parties for comparable transactions. Material relationships can include commercial banking, industrial, legal, accounting, charitable and familial relationships.

The Board has established guidelines to assist it in determining director independence under these listing standards. Under the Board s guidelines, a director would not be considered independent if any of the following relationships exists: (i) during the past three years the director has been an employee, or an immediate family member has been an executive officer, of the Company; (ii) the director or an immediate family member received, during any twelve month period within the past three years, more than \$100,000 in direct compensation from the Company, excluding director and committee fees, pension payments and certain forms of deferred compensation; (iii) the director is a current partner or employee, or an immediate family member is a current partner of a firm that is the Company s internal or external auditor, or an immediate family member is a current employee of such a firm and participates in the firm s audit, assurance or tax compliance (but not tax planning) practice or, within the last three years, the director or an immediate family member was a partner or employee of such a firm and personally worked on the Company s audit within that time; (iv) the director or an immediate family member has at any time during the past three years been employed as an executive officer of another company where any of the Company s present executive officers at the same time serves or served on that company s compensation committee; or (v) the director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three years, exceeds the greater of \$1 million, or 2% of the other company s consolidated gross revenues.

*Committees and Meetings*

The Company has an Audit, Incentive Compensation, Executive and Finance Committee. The Company does not have a Nominating Committee. Under the rules of the NYSE, listed companies, like CNA, that have a controlling stockholder are not required to have a nominating committee. The Board of Directors as a whole therefore performs the functions of a nominating committee. The Company does not have a specific policy regarding stockholder nominations of potential directors to the Board of Directors other than through the process described under "Stockholder proposals for the 2006 Annual Meeting" below. Nominations for membership to the Company's Board of Directors are determined by the Board in consultation with its executive officers and other members of senior management. Possible nominees to the Board of Directors may be suggested by any director and given to the Chairman of the Board or by Stockholders as indicated above.

*Audit Committee*

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its responsibility to oversee management's conduct of the Company's financial reporting process, including review of the financial reports and other financial information of the Company, the Company's systems of internal accounting, the Company's financial controls, and the annual independent audit of the Company's financial statements. The Company's Audit Committee has sole authority to directly appoint, retain, compensate, evaluate and terminate the Company's independent registered public accounting firm and to approve all engagement fees and terms, including mandatory pre-approval of all engagements of the independent registered public accounting firm in accordance with policies and procedures adopted by the Audit Committee from time to time or as required. The Charter of the Audit Committee, as well as the Company's Corporate Governance Guidelines and Code of Business Conduct and Ethics, have been posted on the Company's web-site at [www.cna.com](http://www.cna.com) and are also available in print to any Stockholder who requests them. The Company's management is responsible for its financial statements and reporting process, including its system of internal controls. The Company's independent registered public accounting firm is responsible for expressing an opinion on the conformity of the Company's audited financial statements with accounting principles generally accepted in the United States of America.

The current members of the Audit Committee are Brenda J. Gaines (interim Chairperson), Don M. Randel and Marvin Zonis, each of whom is an Independent Director and also meets the additional independence requirements of applicable listing standards of the NYSE and Securities and Exchange Commission (SEC) regulations. Each of the current members is financially literate as determined by the Board. Mr. Liska was appointed as a member and Chairman of the Company's Audit Committee in February of 2004, and resigned from the Audit Committee on February 19, 2005 due to his assumption of his role as Executive Chairman of USF Corporation, where Mr. Lienthal serves as Chairman of the Compensation Committee. The Board determined that Mr. Liska was, until his resignation from the Audit Committee, an audit committee financial expert under NYSE and SEC standards. The Board has subsequently determined that Ms. Gaines is an audit committee financial expert under NYSE and SEC standards.

The Company's Independent Directors will meet in regular executive session without management participation. The Company has created a new position of presiding director (Presiding Director) whose primary responsibility is to preside over these executive sessions of the Independent Directors. The Chairpersons of the Audit and Incentive Compensation Committees alternate annually as the Presiding Director. Ms. Gaines, as interim Chairperson of the Audit Committee, serves as Presiding Director until the annual meeting on April 27, 2005. This procedure will require that the Chairperson of the Incentive Compensation Committee is an Independent Director during any period in which he or she is serving as the Presiding Director.

The Company's Directors are asked annually to report to the Company the number of audit committees on which such Director serves. During 2004, no Director reported serving on three or more audit committees.

#### *Incentive Compensation Committee*

The Company does not have a Compensation Committee. Under the rules of the NYSE, listed companies, like CNA, that have a controlling stockholder are not required to have a compensation committee. However, as noted above, the Company's Board does maintain an Incentive Compensation Committee ( ICC ) that administers the Incentive Compensation Plan. The current members of the ICC are Marvin Zonis (Chairperson) and Don M. Randel, each of whom is an Independent Director.

#### *Meetings*

During 2004 there were six meetings of the Board of Directors, six meetings of the Audit Committee and four meetings of the ICC. Each director of the Company attended not less than 75% of the total number of meetings of the Board of Directors and committees of the Board on which that director served during 2004. The Board recommends, but does not require, that all directors attend the Company's Stockholders meetings. All of the Company's directors, except Ms. Gaines who was not elected until October of 2004, attended its 2004 Annual Meeting of Stockholders.

#### *Audit Committee Report*

The role of the Audit Committee is to assist the Board of Directors with the responsibility of administering corporate policy in matters of accounting and control in its oversight of the Company's financial reporting process. As set forth in the Charter of the Audit Committee, management of the Company is responsible for the preparation, presentation and integrity of the Company's financial statements, the Company's accounting and financial reporting principles and internal controls and procedures are designed to assure compliance with accounting standards and applicable laws and regulations. The Audit Committee functions as the liaison with the Company's independent registered public accounting firm and internal audit. The independent registered public accounting firm is responsible for auditing the Company's financial statements and expressing an opinion as to their conformity with accounting principles generally accepted in the United States of America.

In the performance of its oversight function, the Audit Committee has considered and discussed the audited financial statements with management and the independent registered public accounting firm. The Audit Committee has also discussed with the independent registered public accounting firm the matters required to be discussed by the standard adopted or referenced by the Public Company Accounting Oversight Board ( PCAOB ) including the Statement on Auditing Standards No. 61, *Communication with Audit Committees*, as currently in effect. Finally, the Audit Committee has received the written disclosures and the letter from the independent registered public accounting firm required by PCAOB and/or Independence Standards Board Standard No. 1, *Independence Discussions with Audit Committees*, as currently in effect. The Audit Committee has discussed with the independent registered public accounting firm the firm's independence.

The members of the Audit Committee rely without independent verification on the information provided to them by management and the independent registered public accounting firm and on management's representation that the Company's financial statements have been prepared with integrity and objectivity. They do not provide any expert or special assurance as to the Company's financial statements or any professional certification as to the independent registered public accounting firm's work. Accordingly, the Audit Committee's oversight does not provide an independent basis to determine that management has applied appropriate accounting and financial reporting principles or internal controls and procedures, that the audit of the Company's financial statements has been carried out in accordance with generally accepted auditing standards, that the Company's financial

statements are presented in accordance with accounting principles generally accepted in the United States of America, or that the Company's registered public accounting firm is in fact independent.

Based upon the reports and discussions described in this report, and subject to the limitations on the role and responsibilities of the Audit Committee referred to above and in the Charter, the Audit Committee recommended to the Board that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2004 filed with the SEC and determined that the provision of non-audit services by Deloitte & Touche LLP to the Company in 2004 was compatible with maintaining the independence of Deloitte & Touche LLP in its audit of the Company.

**SUBMITTED BY THE AUDIT COMMITTEE**  
**OF THE COMPANY'S BOARD OF DIRECTORS**

Brenda J. Gaines (interim Chairperson)

Don M. Randel  
Marvin Zonis

***Director Compensation***

The Company's Directors who are not employees of CNA or any of its subsidiaries received an annual retainer in 2004 of \$25,000. In addition, members of committees received the following annual retainers: Finance \$4,000, Executive \$4,000, Incentive Compensation, \$10,000 (Chairperson receives \$15,000) and Audit, \$25,000 (Chairperson receives \$35,000). In addition, a meeting fee of \$600 was paid to the Chairpersons of the Audit and Incentive Compensation Committees for each meeting with management, the independent registered public accountants, advisors and other appropriate persons held to carry out their respective duties between regularly scheduled quarterly meetings of the Committees. In 2004, Messrs. Randel, Rosenberg, J. Tisch and Zonis and Ms. Gaines were paid \$2,000 each for their services rendered as directors in connection with a debt offering. Mr. Liska was paid \$4,000 for his services in connection with the same debt offering.

## COMPENSATION OF EXECUTIVE OFFICERS

The following table includes compensation paid by the Company and its subsidiaries for services rendered in all capacities for the years indicated for the Chief Executive Officer and other Named Executive Officers as of December 31, 2004:

## Summary Compensation Table

| Name and<br>Principal Position  | Fiscal<br>Year       | Annual Compensation                   |   |                                  | Long-Term Compensation              |  |                                      |                                      |
|---|----------------------|---------------------------------------|---|----------------------------------|-------------------------------------|--|--------------------------------------|--------------------------------------|
|   |                      | Salary<br>(a)(\$)                     | Bonus<br>(b)(\$)                          | Other<br>Compensation<br>(c)(\$) | Awards                              |  | Payouts                              |                                      |
|   |                      |                                       |   |                                  | Restricted<br>Stock(d)<br>Award(\$) | Securities<br>Underlying<br>Options(#) | Long-Term<br>Compensation<br>(e)(\$) | All Other<br>Compensation<br>(f)(\$) |
| Stephen W. Lilienthal(g)<br>Chief Executive Officer<br>CNA Financial<br>Corporation                                     | 2004<br>2003<br>2002 | \$ 986,538<br>986,538<br>802,885      | \$ 1,805,000<br>1,900,000<br>1,220,000    | \$ 158,023(h)<br><br>114,864(i)  | 0<br>0<br>0                         | 55,000<br>55,000<br>55,000             | \$ 76,000<br>0<br>0                  | \$ 296,110<br>189,499<br>276,934(j)  |
| Michael Fusco(k)<br>Executive Vice<br>President,<br>Chief Actuary<br>CNA Insurance<br>Companies                         | 2004<br>2003<br>2002 | \$ 491,731<br>437,308<br>400,000      | \$ 850,000(l)<br>750,000(l)<br>450,000(l) |                                  | 0<br>0<br>0                         | 20,000<br>15,000<br>5,000              | \$ 52,267<br>20,267<br>22,021        | \$ 95,328<br>59,740<br>40,268        |
| Jonathan D. Kantor<br>Executive Vice<br>President,<br>General Counsel &<br>Secretary<br>CNA Financial<br>Corporation    | 2004<br>2003<br>2002 | \$ 711,538<br>643,750<br>540,385      | \$ 1,650,000<br>1,650,000<br>969,500      | \$ 831,000(m)<br>787,000(m)      | 0<br>0<br>0                         | 30,000<br>30,000<br>20,000             | \$ 113,800<br>41,800<br>24,113       | \$ 29,885<br>26,282<br>22,696        |
| James R. Lewis<br>President & CEO<br>CNA Property &<br>Casualty Operations<br>CNA Insurance<br>Companies                | 2004<br>2003<br>2002 | \$ 778,846<br>778,846<br>648,077      | \$ 850,000<br>1,000,000<br>771,949(n)     | 54,743                           | 0<br>0<br>0                         | 30,000<br>30,000<br>30,000             | \$ 86,000<br>38,000<br>38,000        | \$ 156,769<br>124,062<br>207,772(o)  |
| D. Craig Mense(p)<br>Executive Vice<br>President & Chief<br>Financial Officer<br>CNA Financial<br>Corporation           | 2004                 | \$ 52,885                             | \$ 650,000(q)                             |                                  | \$ 523,000(r)                       | 25,000                                 | \$ 2,922                             | \$ 3,152                             |
| Robert V. Deutsch(s)<br>Former Executive Vice<br>President & Chief<br>Financial Officer<br>CNA Financial<br>Corporation | 2004<br>2003<br>2002 | \$ 1,733,846(t)<br>722,885<br>550,141 | 0<br>1,400,000<br>814,000                 | \$ 110,232(h)                    | 0<br>0<br>0                         | 25,000<br>25,000<br>25,000             | \$ 83,199<br>40,532<br>64,531        | \$ 366,845(u)<br>29,230<br>23,526(v) |

## Notes

- (a) Base salary includes compensation deferred under the CNA Savings and Capital Accumulation Plan (the "S-CAP") and the CNA Supplemental Executive Savings and Capital Accumulation Plan (the "SES-CAP").
- (b) Amounts disclosed are annual incentive cash awards under the Incentive Compensation Plan, hereinafter described. Annual incentive cash awards are typically paid in the first quarter of the following year unless deferred.
- (c) Amounts not otherwise explained by footnotes in this column represent various taxable perquisites provided to select Company executives. The amount reported in the Other Annual Compensation column reflects perquisites and other personal benefits only if the aggregate

amount of such compensation for the given year meets or exceeds the lesser of either \$50,000 or 10 percent of the total annual salary and bonus for the Named Executive Officer.

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- (d) Dividends are paid on the shares of restricted stock in the same amount and to the same extent as dividends paid to all other owners of Common Stock.
- (e) Represents long-term incentive cash awards under the Incentive Compensation Plan.
- (f) Amounts not otherwise explained by footnotes in this column represent amounts contributed or accrued to the Named Executive Officers under the S-CAP and the SES-CAP.
- (g) On August 26, 2002, Mr. Lilienthal assumed the title of Chief Executive Officer, CNA Financial Corporation.
- (h) 2004 amounts for Messrs. Lilienthal and Deutsch include \$138,973 and \$84,729, respectively, for personal use of company aircraft, which represent the aggregate incremental cost to the Company for personal use of company aircraft. Amounts for 2003 and 2002 were previously reported and calculated in accordance with IRS guidelines for imputed income for personal use of company aircraft.
- (i) Includes \$54,648 reimbursement for cost incurred by Mr. Lilienthal for legal services provided to him in connection with the drafting and negotiating of his employment contract with the Company.
- (j) Includes \$192,420 of relocation expenses paid in 2002.
- (k) Mr. Fusco was named an executive officer in 2004.
- (l) Includes \$200,000 installments of the sign-on bonus awarded to Mr. Fusco in the amount of \$1 million to be paid in 5 equal installments annually beginning in November 2000.
- (m) Represents deferred sign-on bonus paid in connection with 2003 employment agreement (including accrued interest), hereinafter described.
- (n) Includes a 2002 annual incentive cas