

CNA FINANCIAL CORP  
Form 424B5  
August 03, 2006  
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Filed Pursuant to Rule 424(b)(5)  
Registration No. 333-127544

PROSPECTUS SUPPLEMENT

(To Prospectus dated September 14, 2005)

**7,000,000 Shares**

**CNA Financial Corporation**

**Common Stock**

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We are selling 7,000,000 shares of our common stock.

On August 1, 2006, the last reported sale price of our common stock on the New York Stock Exchange was \$34.50 per share.

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**Investing in our common stock involves risks. See Risk Factors beginning on page S-5 and on page 9 of our Annual Report on Form 10-K for the year ended December 31, 2005, which is incorporated herein by reference.**

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The underwriter has agreed to purchase our common stock at a price of \$33.64 per share, which will result in \$235,480,000 of proceeds to us (before giving effect to expenses).

The underwriter proposes to offer the shares of our common stock from time to time for sale in one or more transactions on the New York Stock Exchange, the Chicago Stock Exchange, NYSE Arca (formerly known as the Pacific Exchange), in the over-the-counter market, through negotiated transactions or otherwise, at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices.

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The underwriter will deliver the shares on or about August 4, 2006.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

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# **Citigroup**

Prospectus Supplement dated August 1, 2006.

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You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information contained in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the date on the front of this prospectus supplement.

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**ABOUT THIS PROSPECTUS SUPPLEMENT**

All references to CNA, we, our, or us in this prospectus supplement or the accompanying prospectus are to CNA Financial Corporation.

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering and certain other matters. The second part, the prospectus, gives more general information about us and our common stock offered hereby. Generally, when we refer to the prospectus, we are referring to both parts of this document combined. To the extent the description of our common stock in this prospectus supplement differs from the description of our common stock in the accompanying prospectus, you should rely on the information in this prospectus supplement. You should rely only on the information contained in, or incorporated by reference in, this prospectus supplement and the accompanying prospectus. Neither we nor the underwriter has authorized anyone to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. The information which appears in this prospectus supplement, the accompanying prospectus and any document incorporated by reference may only be accurate as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since the date of such information.

**WHERE YOU CAN FIND MORE INFORMATION**

We file annual, quarterly and special reports, proxy statements and other information with the Securities and Exchange Commission. Our Securities and Exchange Commission filings are available to the public over the Internet at the Securities and Exchange Commission's web site at <http://www.sec.gov>. You may also read and copy any document we file at the Securities and Exchange Commission's public reference room at 100 F. Street, N.E., Washington, D.C. 20549. You can call the Securities and Exchange Commission at 1-800-SEC-0330 for further information on the public reference room.

Our common stock is listed on the New York Stock Exchange, the Chicago Stock Exchange and NYSE Arca (formerly known as the Pacific Exchange). You also can find copies of our Securities and Exchange Commission filings at the offices of these stock exchanges at the addresses listed below:

New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005;

Chicago Stock Exchange, Inc., 440 South LaSalle Street, Chicago, Illinois 60603; and

NYSE Arca, Inc., 100 South Wacker Drive, Suite 1800, Chicago, Illinois 60606.

The Securities and Exchange Commission allows us to disclose certain information to you in this prospectus supplement by referring you to documents previously filed with the Securities and Exchange Commission that include such information. This process is generally referred to as incorporating by reference. The information incorporated by reference is an important part of this prospectus supplement, and information that we file later with the Securities and Exchange Commission will automatically update and supersede this information. We incorporate by reference the documents listed below and any future filings made with the Securities and Exchange Commission under Sections 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934 until this offering is terminated.

Our annual report on Form 10-K for the year ended December 31, 2005;

Our quarterly report on Form 10-Q for the quarter ended March 31, 2006;

Our quarterly report on Form 10-Q for the quarter ended June 30, 2006; and

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Our current reports on Form 8-K dated February 8, 2006 (filed on February 13, 2006), dated February 8, 2006 (filed on February 14, 2006), dated February 12, 2006 (filed on February 16, 2006, with respect to

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Item 4.02(a) only, and as amended by our current report on Form 8-K/A dated February 12, 2006 (filed on April 4, 2006), dated March 6, 2006 (filed on March 8, 2006), dated April 19, 2006 (filed on April 19, 2006) and dated August 1, 2006 (filed on August 1, 2006, with respect to Item 8.01 only).

You may request a copy of these filings at no cost, by writing or telephoning us at the following address:  
Office of the General Counsel

CNA Financial Corporation

333 South Wabash Avenue

Chicago, Illinois 60604

(312) 822-5000

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**THE COMPANY**

We are a global insurance organization serving businesses and individuals with a broad range of commercial property and casualty insurance products and insurance-related services. We are primarily focused on small and mid-size businesses, and architects, engineers, lawyers, healthcare professionals, financial intermediaries and corporate directors and officers. In 2005, we wrote approximately \$8 billion of annual net premiums. We are the country's seventh largest commercial insurance writer and the 1<sup>st</sup> largest property casualty company, based on 2004 statutory net written premiums (the latest information for which rankings are available). Our common stock is listed on the New York Stock Exchange, the Chicago Stock Exchange and NYSE Arca (formerly known as the Pacific Exchange) and also trades on the Philadelphia Stock Exchange. The trading symbol for our common stock is CNA. As of June 30, 2006, Loews Corporation (Loews) owned approximately 91% of our outstanding common stock and 100% of our Series H Cumulative Preferred Stock. As discussed under Retirement of Series H Cumulative Preferred Stock, we expect to use the proceeds of this offering as partial consideration for the repurchase of the Series H Cumulative Preferred Stock from Loews.

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**RISK FACTORS**

*Our business faces significant risks. The risks described below, in addition to those described in our Annual Report on Form 10-K for the year ended December 31, 2005, may not be the only risks we face. Additional risks that we do not yet know of or that we currently think are immaterial may also impair our business operations. You should carefully consider and evaluate all of the information included or incorporated by reference into this prospectus supplement and the accompanying prospectus, including the risk factors listed below, before deciding whether to invest in our common stock.*

**Risks related to the offering**

***Loews owns a majority of our common stock and has the power to elect our board of directors and influence our affairs.***

Loews beneficially owned approximately 91% of our outstanding common stock as of June 30, 2006 and, on a pro forma basis after giving effect to the issuance of common stock in the public offering and to Loews in a private placement, Loews will beneficially own approximately 89% of our outstanding common stock. As a result, Loews has the ability to elect our entire board of directors and determine the outcome of other matters submitted to our shareholders, such as the approval of significant transactions, and otherwise to influence our affairs.

***We may not be able to complete the repurchase of our Series H Cumulative Preferred Stock.***

We have agreed to repurchase all of our outstanding Series H Cumulative Preferred Stock from Loews, with the net proceeds of this offering to be used as a portion of the consideration for such repurchase. The repurchase of the Series H Cumulative Preferred Stock is conditioned upon our completion of this offering and one or more offerings of one or more series of debt securities, each of which will be used to fund a portion of the consideration for such repurchase. This offering is not conditioned upon the completion of the proposed repurchase. There can be no assurance that such offering or offerings of debt securities will be completed and, therefore, the Series H Cumulative Preferred Stock may remain outstanding. In such event, dividends on the Series H Cumulative Preferred Stock would continue to accrue and we would continue to be subject to the restrictions contained in the terms of the Series H Cumulative Preferred Stock, including the restriction on our ability to pay dividends on our common stock. If the conditions to the repurchase of the Series H Cumulative Preferred Stock are not satisfied or waived, we expect to use the net proceeds of this offering for other purposes. There can be no assurance that any such alternative use of the proceeds of this offering would result in benefits to our shareholders to the same extent as the proposed repurchase of the Series H Cumulative Preferred Stock.

***Future sales of our common stock may adversely affect its price.***

No prediction can be made as to the effect, if any, that future sales of shares of our common stock, or the availability of shares of our common stock for future sale, will have on the prevailing market price of our common stock from time to time. Public or private sales of substantial amounts of our common stock following this offering, or the perception that such sales could occur, could adversely affect the market price of our common stock, as well as our ability to raise additional capital in the public equity markets at a desirable time and price. The shares of common stock sold in this offering will be freely tradable without restriction or further registration under the Securities Act of 1933 by persons other than affiliates of ours within the meaning of Rule 144 promulgated under the Securities Act of 1933. Following consummation of the repurchase of the Series H Cumulative Preferred Stock, Loews will hold an aggregate of approximately 241.5 million shares of our common stock. Loews, pursuant to the Registration Rights Agreement described under Retirement of Series H Cumulative Preferred Stock, has the right to require us to register up to approximately 7.86 million shares of our common stock held by it. Sales of substantial amounts of our common stock in the public market following this offering, or the perception that such sales could occur, could adversely affect the market price for our common



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stock and may make it more difficult for us to sell our equity securities in the future at a time and price which we deem appropriate. We, our directors and officers and Loews have agreed that, for a period of 90 days after the date of this prospectus supplement, they will not, without the prior written consent of Citigroup Global Markets Inc., sell or otherwise dispose of any shares of our common stock or any securities convertible into or exercisable or exchangeable for any shares of our common stock. However, Citigroup Global Markets Inc. can waive these restrictions, in whole or in part, at any time.

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**FORWARD-LOOKING STATEMENTS**

Each of this prospectus supplement, the accompanying prospectus and the documents we incorporate by reference in this prospectus supplement and the accompanying prospectus contain a number of forward-looking statements which relate to anticipated future events rather than actual present conditions or historical events. You can identify forward-looking statements because generally they include words such as believes, expects, intends, anticipates, estimates, and similar expressions. Forward-looking statements in this report include any and all statements regarding expected developments in our insurance business, including losses and loss reserves for asbestos, environmental pollution and mass tort claims which are more uncertain, and therefore more difficult to estimate than loss reserves respecting traditional property and casualty exposures; the impact of routine ongoing insurance reserve reviews we are conducting; our expectations concerning our revenues, earnings, expenses and investment activities; expected cost savings and other results from our expense reduction and restructuring activities; and our proposed actions in response to trends in our business. Forward-looking statements, by their nature, are subject to a variety of inherent risks and uncertainties that could cause actual results to differ materially from the results projected in the forward-looking statement. We cannot control many of these risks and uncertainties. Some examples of these risks and uncertainties are:

general economic and business conditions, including inflationary pressures on medical care costs, construction costs and other economic sectors that increase the severity of claims;

changes in financial markets such as fluctuations in interest rates, long-term periods of low interest rates, credit conditions and currency, commodity and stock prices;

the effects of corporate bankruptcies, such as Enron and WorldCom, on capital markets, and on the markets for directors and officers and errors and omissions coverages;

changes in foreign or domestic political, social and economic conditions;

regulatory initiatives and compliance with governmental regulations, judicial decisions, including interpretation of policy provisions, decisions regarding coverage and theories of liability, trends in litigation and the outcome of any litigation involving us, and rulings and changes in tax laws and regulations;

effects upon insurance markets and upon industry business practices and relationships of current litigation, investigations and regulatory activity by the New York State Attorney General's office and other authorities concerning contingent commission arrangements with brokers and bid solicitation activities;

legal and regulatory activities with respect to certain non-traditional and finite-risk insurance products, and possible resulting changes in accounting and financial reporting in relation to such products, including our restatement of financial results in May of 2005 and our relationship with an affiliate, Accord Re Ltd., as disclosed in connection with that restatement;

regulatory limitations, impositions and restrictions upon us, including the effects of assessments and other surcharges for guaranty funds and second-injury funds and other mandatory pooling arrangements;

the impact of competitive products, policies and pricing and the competitive environment in which we operate, including changes in our book of business;

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product and policy availability and demand and market responses, including the level of ability to obtain rate increases and decline or non-renew under priced accounts, to achieve premium targets and profitability and to realize growth and retention estimates;

development of claims and the impact on loss reserves, including changes in claim settlement policies;

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the effectiveness of current initiatives by claims management to reduce loss and expense ratios through more efficacious claims handling techniques;

the performance of reinsurance companies under reinsurance contracts with us;

results of financing efforts, including the availability of bank credit facilities;

changes in our composition of operating segments;

weather and other natural physical events, including the severity and frequency of storms, hail, snowfall and other winter conditions, as well as of natural disasters such as hurricanes and earthquakes;

man-made disasters, including the possible occurrence of terrorist attacks and the effect of the absence or insufficiency of applicable terrorism legislation on coverages;

the unpredictability of the nature, targets, severity or frequency of potential terrorist events, as well as the uncertainty as to our ability to contain our terrorism exposure effectively, notwithstanding the extension until 2007 of the Terrorism Risk Insurance Act of 2002;

the occurrence of epidemics;

exposure to liabilities due to claims made by insureds and others relating to asbestos remediation and health-based asbestos impairments, as well as exposure to liabilities for environmental pollution, mass tort, construction defect claims and exposure to liabilities due to claims made by insureds and others relating to lead-based paint;

whether a national privately financed trust to replace litigation of asbestos claims with payments to claimants from the trust will be established or approved through federal legislation, or, if established and approved, whether it will contain funding requirements in excess of our established loss reserves or carried loss reserves;

the sufficiency of our loss reserves and the possibility of future increases in reserves;

regulatory limitations and restrictions, including limitations upon our ability to receive dividends from our insurance subsidiaries imposed by state regulatory agencies and minimum risk-based capital standards established by the National Association of Insurance Commissioners;

the risks and uncertainties associated with our loss reserves as outlined in the *Critical Accounting Estimates* and the *Reserves Estimates and Uncertainties* sections of the *Management's Discussion and Analysis of Financial Condition and Results of Operations* section of our quarterly report on Form 10-Q for the quarter ended June 30, 2006;

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the level of success in integrating acquired businesses and operations, and in consolidating, or selling existing ones;

the possibility of further changes in our ratings by ratings agencies, including the inability to access certain markets or distribution channels and the required collateralization of future payment obligations as a result of such changes, and changes in rating agency policies and practices; and

the actual closing of contemplated transactions and agreements.

Our forward-looking statements speak only as of the date on which they are made and we do not undertake any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date of the statement, even if our expectations or any related events or circumstances change.

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**RETIREMENT OF SERIES H CUMULATIVE PREFERRED STOCK**

On December 19, 2002, we sold 7,500 shares of our Series H Cumulative Preferred Stock to Loews Corporation, the holder of approximately 91% of our outstanding common stock as of June 30, 2006, for \$750 million. The Series H Cumulative Preferred Stock accrues cumulative dividends at a rate of 8% per year, compounded annually.

The Series H Cumulative Preferred Stock is senior to our common stock as to the payment of dividends and amounts payable upon any liquidation, dissolution or winding up. No dividends may be declared on our common stock until all cumulative dividends on the Series H Cumulative Preferred Stock have been paid. We may not issue any equity securities ranking senior to or on parity with the Series H Cumulative Preferred Stock without the consent of the holders of a majority of the outstanding shares of Series H Cumulative Preferred Stock. The Series H Cumulative Preferred Stock is non-voting and is not convertible into any other securities. The Series H Cumulative Preferred Stock may be redeemed for cash upon the mutual agreement of us and the holders of a majority of the outstanding shares of the Series H Cumulative Preferred Stock at a redemption price equal to the liquidation preference (\$750 million), plus all unpaid dividends accrued through the date of redemption. Loews owns all of the outstanding shares of the Series H Cumulative Preferred Stock.

On August 1, 2006, we entered into a Series H Cumulative Preferred Stock Retirement Agreement with Loews in which we agreed to repurchase all of the shares of Series H Cumulative Preferred Stock held by Loews for cash at a price equal to the liquidation preference plus all unpaid dividends accrued through the closing date, or approximately \$993 million assuming that the repurchase closes on August 8, 2006. The consideration for the Series H Cumulative Preferred Stock will be financed with the net proceeds of this offering, the proceeds of one or more future offerings by us of one or more series of debt securities, and issuance by us of approximately 7.86 million shares of our common stock in a private placement to Loews for net proceeds of approximately \$264.5 million, at a per share price equal to the per share price paid by the underwriters to us for the shares of our common stock offered in this offering. We will retire all of the Series H Cumulative Preferred Stock following the repurchase from Loews. For a discussion of the risk that the repurchase of Series H Cumulative Preferred Stock may not be completed, see **Risk Factors** We may not be able to complete the repurchase of our Series H Cumulative Preferred Stock.

At the closing of the repurchase, we will enter into a Registration Rights Agreement with Loews under which it can require us to file up to three registration statements that would permit it to sell up to approximately 7.86 million shares of our common stock that it holds in public offerings, regardless of how they were acquired. Under the agreement, Loews also will have the right to request the inclusion of those shares in certain registration statements that we may file in the future.

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**USE OF PROCEEDS**

We intend to use the proceeds of this offering, which after paying transaction expenses we expect to be approximately \$234.4 million, as partial consideration for the repurchase of the Series H Cumulative Preferred Stock from Loews. The balance of the consideration to be paid to Loews will be financed with proceeds of approximately \$264.5 million from issuing to Loews approximately 7.86 million shares of our common stock at the per share price paid by the underwriters to us for the shares being offered in this offering and set forth on the cover page of this prospectus supplement, and the proceeds from one or more future offerings by us of one or more series of debt securities. See Retirement of Series H Cumulative Preferred Stock.

This offering is not conditioned upon the completion of the proposed repurchase of the Series H Cumulative Preferred Stock. In the event the repurchase of the Series H Cumulative Preferred Stock is not consummated, the proceeds of this offering will be used for general corporate purposes.

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**UNDERWRITING**

Under the terms and subject to the conditions contained in an underwriting agreement dated the date of this prospectus supplement, Citigroup Global Markets Inc. has agreed to purchase, and we have agreed to sell to it, the 7,000,000 shares of common stock being offered hereby.

The underwriting agreement provides that the obligations of the underwriter to purchase the shares included in this offering are subject to approval of legal matters by counsel and to other conditions. The underwriter is obligated to purchase all the shares if it purchases any of the shares.

The underwriter proposes to offer the shares of our common stock from time to time for sale in one or more transactions on the New York Stock Exchange, the Chicago Stock Exchange, NYSE Arca (formerly known as the Pacific Exchange), in the over-the-counter market, through negotiated transactions or otherwise, at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices. The difference between the price at which the underwriter purchases shares from the selling stockholders and the price at which the underwriter resells such shares, which may include a commission equivalent of up to \$0.05 per share, may be deemed underwriting compensation.

CNA, certain of its directors and executive officers and Loews have agreed with the underwriter not to dispose of or hedge any of their common stock or securities convertible into or exercisable or exchangeable for shares of common stock during the period from the date of this prospectus supplement continuing through the date 90 days after the date of this prospectus supplement, except with the prior written consent of the underwriter. This restriction does not apply to shares of common stock disposed of as bona fide gifts.

We will pay all fees and expenses associated with this offering. Our expenses associated with this offering are estimated to be approximately \$1.1 million.

Our common stock is listed on the New York Stock Exchange, the Chicago Stock Exchange and NYSE Arca, and is traded on the Philadelphia Stock Exchange, under the symbol CNA.

In connection with this offering, the underwriter may purchase and sell shares of our common stock in the open market. These transactions may include short sales, syndicate covering transactions and stabilizing transactions. Short sales involve syndicate sales of our common stock in excess of the number of shares to be purchased by the underwriter in the offering, which creates a syndicate short position. Syndicate covering transactions involve purchases of our common stock in the open market after the distribution has been completed in order to cover short positions. A short position is more likely to be created if the underwriter is concerned that there may be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of bids for or purchases of shares in the open market while the offering is in progress.

Any of these activities may have the effect of preventing or retarding a decline in the market price of our common stock. They may also cause the price of our common stock to be higher than the price that would otherwise exist in the open market in the absence of these transactions. The underwriter may conduct these transactions on the New York Stock Exchange, the Chicago Stock Exchange, NYSE Arca, or in the over-the-counter market, or otherwise. If the underwriter commences any of these transactions, it may discontinue them at any time.

The underwriter has performed investment banking and advisory services for us and our affiliates, including Loews, from time to time for which it has received customary fees and expenses. The underwriter may, from time to time, engage in transactions with and perform services for us and our affiliates in the ordinary course of its businesses.



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A prospectus supplement or accompanying prospectus in electronic format may be made available on the websites maintained by the underwriter. The underwriter may agree to allocate a number of shares for sale to its online brokerage account holders. Other than the prospectus supplement or accompanying prospectus in electronic format, the information on any of these websites and any other information contained on a website maintained by the underwriter is not part of this prospectus supplement or accompanying prospectus.

We have agreed to indemnify the underwriter against certain liabilities, including liabilities under the Securities Act of 1933, or to contribute to payments the underwriter may be required to make because of any of those liabilities.

**LEGAL MATTERS**

The validity of the shares will be passed upon for us by Mayer, Brown, Rowe & Maw LLP, Chicago, Illinois. The underwriter has been represented in connection with this offering by Cravath, Swaine & Moore LLP, New York, New York.

**EXPERTS**

The consolidated financial statements and the related consolidated financial statement schedules as of December 31, 2005 and 2004, and for each of the three years in the period ended December 31, 2005, and management's report on the effectiveness of internal control over financial reporting as of December 31, 2005, incorporated in this prospectus supplement by reference from our annual report on Form 10-K for the year ended December 31, 2005 have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports (which reports (1) expressed an unqualified opinion on the consolidated financial statements and consolidated financial statement schedules and included an explanatory paragraph relating to the restatements described in Note T, (2) expressed an unqualified opinion on management's assessment of the effectiveness of our internal control over financial reporting, and (3) expressed an adverse opinion on the effectiveness of our internal control over financial reporting), 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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PROSPECTUS

**\$1,500,000,000**

**CNA Financial Corporation**

**Senior Debt Securities**

**Subordinated Debt Securities**

**Subordinated Junior Debt Securities**

**Preferred Stock**

**Depositary Shares**

**Common Stock**

**Warrants**

**Purchase Contracts**

## **Purchase Units**

Our common stock is listed on the New York Stock Exchange, the Chicago Stock Exchange and the Pacific Exchange, and traded on the Philadelphia Stock Exchange, under the trading symbol CNA.

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**CNA Financial Capital I**

**CNA Financial Capital II**

**CNA Financial Capital III**

**Preferred Securities fully and unconditionally**

**guaranteed, as described herein, by**

**CNA Financial Corporation**

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We will provide specific terms of these securities in supplements to this prospectus. You should read this prospectus and any supplement carefully before you invest. This prospectus may not be used to sell these securities without a supplement.

**Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.**

The date of this prospectus is September 14, 2005.

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**ABOUT THIS PROSPECTUS**

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission using a shelf registration process. Under this shelf process, we may sell from time to time up to \$1,500,000,000 of the securities described in this prospectus, in any combination. This prospectus provides a general description of the securities that we may offer. Each time we offer any of the types of securities described herein, we will prepare and distribute a prospectus supplement that will contain a description of the specific terms of the securities being offered and of the offering. The prospectus supplement may also supplement the information contained in this prospectus. You should read both this prospectus and the applicable prospectus supplement, together with the additional information described under the heading **Where You Can Find More Information**, before purchasing any securities.

You should rely only on the information contained or incorporated by reference in this prospectus and any prospectus supplement. Incorporated by reference means that we can disclose important information to you by referring you to another document filed separately with the Securities and Exchange Commission. We have not authorized any other person to provide you with different information. If anyone provides you with different information, you should not rely on it. We are not making, nor will we make, an offer to sell securities in any jurisdiction where the offer or sale is not permitted. You should assume that information appearing in this prospectus and any supplement to this prospectus is current only as of the dates on their covers. Our business, financial condition, results of operations and prospects may have changed since that date.

Unless otherwise indicated or unless the context requires otherwise, all references in this prospectus to:

CNAF, we, us, our and similar references mean CNA Financial Corporation;

the CNA Companies and the Company mean CNA Financial Corporation and its subsidiaries; and

the CNA Capital Trusts mean CNA Financial Capital I, CNA Financial Capital II and CNA Financial Capital III.

**WHERE YOU CAN FIND MORE INFORMATION**

We file annual, quarterly and special reports, proxy statements and other information with the Securities and Exchange Commission. Our Securities and Exchange Commission filings are available to the public over the Internet at the Securities and Exchange Commission's web site at <http://www.sec.gov>. You may also read and copy any document we file at the Securities and Exchange Commission's public reference room at 450 Fifth Street, N.W., Judiciary Plaza, Washington, D.C. 20549. You can call the Securities and Exchange Commission at 1-800-SEC-0330 for further information on the public reference room.

Our common stock is listed on the New York Stock Exchange, the Chicago Stock Exchange and the Pacific Exchange. You also can find copies of our Securities and Exchange Commission filings at the offices of these stock exchanges at the addresses listed below:

New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005;

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Chicago Stock Exchange, Inc., 440 South LaSalle Street, Chicago, Illinois 60603; and

Pacific Exchange, Inc., 301 Pine Street, San Francisco, California 94104.

The Securities and Exchange Commission allows us to disclose certain information to you in this prospectus by referring you to documents previously filed with the Securities and Exchange Commission that includes such information. This process is generally referred to as incorporating by reference. The information incorporated by reference is an important part of this prospectus, and information that we file later with the Securities and Exchange Commission will automatically update and supersede this information. We incorporate by reference

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the documents listed below and any future filings made with the Securities and Exchange Commission under Sections 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934 until this offering is terminated.

Our annual report on Form 10-K/A for the year ended December 31, 2004;

Our quarterly report on Form 10-Q for the quarter ended March 31, 2005;

Our quarterly report on Form 10-Q for the quarter ended June 30, 2005;

Our current reports on Form 8-K dated February 9, 2005 (filed on February 14, 2005), dated April 29, 2005 (filed on May 2, 2005), dated May 17, 2005 (filed on May 20, 2005), dated May 26, 2005 (filed June 20, 2005) and dated June 10, 2005 (filed on June 13, 2005); and

The description of our common stock contained in the registration statement on Form S-3 (File No. 33-35250) filed on June 6, 1990.

You may request a copy of these filings at no cost, by writing or telephoning us at the following address:

Office of the General Counsel

CNA Financial Corporation

CNA Center

Chicago, Illinois 60685

(312) 822-5000

We have not included, or incorporated by reference, separate financial statements of any of the CNA Capital Trusts. The CNA Capital Trusts have no operating history or independent operations. The sole purposes of the CNA Capital Trusts will be to issue common and preferred securities and to use the proceeds to purchase junior subordinated debt securities from us. We will own all of the common securities of the CNA Capital Trusts and we will fully guarantee all of the obligations of the CNA Capital Trusts. Because of these factors, we do not believe that separate financial statements for the CNA Capital Trusts would be helpful to you in considering an investment in any of the securities offered pursuant to this prospectus.

You should rely only on the information incorporated by reference or provided in this prospectus or any prospectus supplement. We have not authorized anyone else to provide you with different or additional information. We are not making an offer of these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information in this prospectus or any prospectus supplement is accurate as of any date other than the date on the front of those documents.

**THE CNA COMPANIES**

We are a global insurance organization serving businesses and individuals with a broad range of commercial property and casualty insurance products and insurance-related services. We are primarily focused on small and mid-size businesses, and architects, engineers, lawyers, healthcare professionals, financial intermediaries and corporate directors and officers. In 2004, we wrote approximately \$8 billion of annual net premiums. In 2003, we wrote more than \$9 billion of annual net premiums, making our company the country's seventh largest commercial insurance writer and the 14th largest property casualty company. Our common stock is listed on the New York Stock Exchange, the Chicago Stock Exchange and the Pacific Exchange and also trades on the Philadelphia Stock Exchange. The trading symbol for our common stock is CNA. As of December 31, 2004, Loews Corporation owned approximately 91% of our outstanding common stock and 100% of our Series H preferred stock.

CNAF was incorporated as a Delaware corporation in 1967. Our principal subsidiaries are The Continental Corporation, incorporated in 1968, which is the holding company of Continental Casualty Company, incorporated in 1897. Principal subsidiaries of Continental Casualty Company are Continental Assurance Company, incorporated in 1911, and The Continental Insurance Company, incorporated in 1853.



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The principal business of the CNA Companies is insurance. Continental Casualty Company, The Continental Insurance Company and each of their property and casualty insurance affiliates generally conduct the property and casualty insurance operations of the CNA Companies. Our life and group insurance operations, which have either been sold or are being managed as a run-off operation, are conducted by Continental Casualty Company and Continental Assurance Company. The principal market for insurance products offered by the CNA Companies is the United States.

### **THE CNA CAPITAL TRUSTS**

Each CNA Capital Trust is a statutory business trust formed under Delaware law pursuant to (i) a trust agreement executed by us, as sponsor of the CNA Capital Trust, and a Delaware trustee for that CNA Capital Trust and (ii) the filing of a certificate of trust with the Delaware Secretary of State. Each trust agreement has been amended and restated in its entirety, and is filed as an exhibit to the registration statement of which this prospectus forms a part. Each trust agreement has been qualified as an indenture under the Trust Indenture Act of 1939. Each CNA Capital Trust exists for the exclusive purposes of (i) issuing and selling its common and preferred securities, (ii) using the proceeds from the sale of its securities to acquire a series of junior debt securities that we issue, and (iii) engaging in other related activities.

We will own all of the common securities of each CNA Capital Trust. The common securities of a CNA Capital Trust will rank equal to, and payments will be made thereon in the same proportion, as the preferred securities of such CNA Capital Trust, except that upon the occurrence and continuance of an event of default under a trust agreement resulting from an event of default under the indenture with respect to the junior debt securities, hereafter referred to as a junior debt related event of default, our rights as holder of the common securities to payment in respect of distributions and payments upon liquidation, redemption or otherwise will be subordinated to the rights of the holders of the preferred securities of such CNA Capital Trust. We will acquire common securities in an aggregate liquidation amount equal to not less than 3% of the total capital of each CNA Capital Trust.

Unless otherwise specified in the applicable prospectus supplement, each CNA Capital Trust has a term of approximately 55 years, but may terminate earlier as provided in the applicable Trust Agreement. Each CNA Capital Trust's business and affairs are conducted by its trustees, each appointed by us, as holder of the common securities. Unless otherwise specified in the applicable prospectus supplement, the trustees for each CNA Capital Trust will be J. P. Morgan Trust Company, National Association, as the property trustee, Chase Bank USA, National Association, as the Delaware trustee, and two individual trustees, as the administrative trustees, who are employees or officers of or affiliated with the CNA Companies. The property trustee, the Delaware trustee and the administrative trustees are collectively referred to in this prospectus as the issuer trustees. J. P. Morgan Trust Company, National Association, as property trustee, will act as sole indenture trustee under each trust agreement for purposes of compliance with the Trust Indenture Act of 1939. J. P. Morgan Trust Company will also act as trustee under the guarantees and the junior debt indenture. The holder of the common securities of a CNA Capital Trust, or the holders of a majority in liquidation amount of the related preferred securities if an event of default in respect of the trust agreement for such CNA Capital Trust has occurred and is continuing, will be entitled to appoint, remove or replace the property trustee and/or the Delaware trustee for such CNA Capital Trust. In no event will the holders of the preferred securities have the right to vote to appoint, remove or replace the administrative trustees; such voting rights are vested exclusively in the holder of the common securities. The duties and obligations of each issuer trustee are governed by the applicable trust agreement. We will pay all fees and expenses related to each CNA Capital Trust and the offering of the preferred securities and will pay, directly or indirectly, all ongoing costs, expenses and liabilities of each CNA Capital Trust.

The principal executive office of each CNA Capital Trust is CNA Center, Chicago, Illinois 60685 and its telephone number is (312) 822-5000.

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**USE OF PROCEEDS**

Except as otherwise described in the applicable prospectus supplement, the net proceeds from the sale of the securities offered pursuant to this prospectus will be added to our general funds and used for general corporate purposes, which may include, but are not limited to, prepayment of other debt and capital contributions to our subsidiaries to support such subsidiaries' operations. Each CNA Capital Trust will use all proceeds received from the sale of its preferred securities to purchase our junior debt securities.

**SECURITIES TO BE OFFERED**

**Securities to be offered by CNAF**

We may offer and sell from time to time under this prospectus:

- (1) our unsecured senior debt securities;
- (2) our unsecured subordinated debt securities, which together with the senior debt securities are collectively referred to in this prospectus as the debt securities;
- (3) our junior debt securities;
- (4) shares of our common stock, par value \$2.50 per share;
- (5) shares of our preferred stock, no par value, which may be represented by depositary shares;
- (6) warrants to purchase our debt securities, junior debt securities, common stock, preferred stock or depositary shares;
- (7) purchase contracts to purchase any of our debt securities, junior debt securities, common stock, preferred stock, depositary shares, warrants or preferred securities of the CNA Capital Trusts, which are collectively referred to in this prospectus as the purchase contract securities; and
- (8) purchase units, each representing ownership of a purchase contract and any of (x) our debt securities or junior debt securities, (y) debt obligations of third parties, including treasury bonds and similar obligations of the United States and/or (z) trust preferred securities, securing the holder's obligations to purchase the applicable purchase contract securities under the purchase contract.

We may offer to sell any of the securities in one or more separate classes or series, in amounts, at prices and on terms to be determined by market conditions at the time of sale and set forth in a prospectus supplement. The securities offered pursuant to this prospectus may be sold for U.S. dollars, foreign denominated currency or currency units. Similarly, the amounts payable by us as dividends, interest, principal or other distributions also may be payable in U.S. dollars, foreign denominated currency or currency units. Debt securities and junior debt securities may

consist of debentures, notes or other evidences of indebtedness. We will describe all of these terms in the prospectus supplement relating to the applicable offering.

**Securities to be offered by the CNA Capital Trusts**

Each of the CNA Capital Trusts may offer and sell, from time to time, its preferred securities. We will guarantee the obligation of the CNA Capital Trusts to pay (i) periodic cash distributions, (ii) liquidation amounts and (iii) redemption payments with respect to the preferred securities. EACH GUARANTEE WILL BE AN IRREVOCABLE GUARANTEE BY US ON A SUBORDINATED BASIS THAT THE RELATED CNA CAPITAL TRUST WILL PAY ITS OBLIGATIONS UNDER ITS PREFERRED SECURITIES TO THE EXTENT THAT SUCH RELATED CNA CAPITAL TRUST HAS SUFFICIENT FUNDS TO MAKE SUCH PAYMENTS. THE GUARANTEE IS NOT A GUARANTEE OF COLLECTION FROM US. The guarantee is subordinate to all our indebtedness (including any debt securities which may be issued pursuant to this prospectus), except for (i) our indebtedness that is expressly made junior to or equal with such guarantee, (ii) non-recourse indebtedness, (iii) our indebtedness to any of the other CNA Companies or to any of our employees, (iv) our liabilities for taxes, (v) trade debt incurred in the ordinary course of business and (vi) junior

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debt securities. In connection with the investment of the proceeds from the offering of preferred securities, CNA Capital Trusts will purchase junior debt securities that we issue in one or more series. The junior debt securities purchased by a CNA Capital Trust may be subsequently distributed pro rata to the holder of preferred securities and common securities of that CNA Capital Trust under certain circumstances.

You should read the summaries below of the securities offered pursuant to this prospectus, as well as the description of the particular securities in any applicable prospectus supplement. For a further description of our common stock, you should refer to the description of our common stock that is incorporated by reference in this prospectus from our registration statement on Form S-3 (File No. 33-35250) filed on June 6, 1990.

## **DESCRIPTION OF THE DEBT SECURITIES**

The debt securities will consist of notes, debentures or other evidences of indebtedness. Debt securities may be issued from time to time in one or more series. The senior debt securities will be issued under an indenture, dated March 1, 1991, between us and J. P. Morgan Trust Company, National Association (formerly known as The First National Bank of Chicago), a national banking association, as trustee, as supplemented by a first supplemental indenture, dated as of October 15, 1993, and by a second supplemental indenture, dated as of December 15, 2004. The indenture, as supplemented, governing the senior debt securities is referred to in this prospectus as the senior indenture. The subordinated debt securities will be issued under an indenture between us and J. P. Morgan Trust Company, National Association, a national banking association, as trustee. The indenture governing the senior subordinated debt is referred to in this prospectus as the subordinated indenture, and the senior indenture and the subordinated indenture are sometimes referred to collectively as the indentures and individually as the indenture. J. P. Morgan Trust Company, National Association, in its capacity as trustee under either or both of the indentures is referred to hereinafter as the trustee.

Each of the indentures has been qualified under the Trust Indenture Act of 1939 and is subject to that Act. Copies of the senior indenture and the form of the subordinated indenture are included as exhibits to the registration statement of which this prospectus forms a part. The following description summarizes the material terms of the indentures and the debt securities. Because it is only a summary, it does not contain all of the details found in the full text of the debt securities and the indentures, including the definitions of certain terms used in the description of the debt securities in this prospectus, and other terms that are made a part of the indentures by the Trust Indenture Act of 1939.

The indentures are substantially identical except for provisions relating to subordination. Any debt securities offered by this prospectus and any accompanying prospectus supplement are referred to herein as the offered debt securities.

### **General**

The indentures do not limit the aggregate principal amount of debt securities that may be issued thereunder and provide that debt securities may be issued from time to time in one or more series and may be denominated and payable in U.S. dollars, foreign currencies or units based on or related to foreign currencies. We may sell offered debt securities at par, a premium or an original issue discount. Offered debt securities sold at an original issue discount may bear no interest or interest at a below market rate. The specific terms of a series of offered debt securities will be established in or pursuant to a resolution of our board of directors and/or in one or more supplemental indentures. Pursuant to the indentures, we can establish different rights with respect to each series of debt securities issued under the indentures.

The applicable prospectus supplement will provide information for the following terms of the offered debt securities to the extent such terms are applicable to such offered debt securities:

the title of such offered debt securities and the particular series thereof;

any limit on the aggregate principal amount of such offered debt securities;

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whether such offered debt securities are to be issuable in registered form, referred to in this prospectus as registered securities, or bearer form, referred to in this prospectus as bearer securities, or both, whether any of such offered debt securities are to be issuable initially in temporary global form and whether any of such offered debt securities are to be issuable in permanent global form;

the price or prices (generally expressed as a percentage of the aggregate principal amount thereof) at which such offered debt securities will be issued;

the date or dates on which such offered debt securities will mature;

the interest rate or rates per annum for the offered debt securities, or the formula by which such interest rate or rates shall be determined for the offered debt securities, the dates from which any such interest on the offered debt securities will accrue and the circumstances, if any, under which we may reset such interest rate or interest rate formula;

the interest payment dates on which any such interest on such offered debt securities will be payable, the regular record date for any interest payable on such offered debt securities that are registered securities on any interest payment date, and the extent to which, or the manner in which any interest payable on a global security on an interest payment date will be paid if other than in the manner described below under Global Securities;

the person to whom interest on any registered security of such series will be payable, if other than the person in whose name such offered debt security (or one or more predecessor offered debt securities) is registered at the close of business on the regular record date for such payment, and the manner in which, or the person to whom, any interest on any bearer security of such series will be payable, if otherwise than upon presentation and surrender of the coupons thereto;

if other than the principal amount of such offered debt securities, the portion of the principal amount of such offered debt securities which shall be payable upon declaration of acceleration of the maturity thereof or provable in bankruptcy;

any mandatory or optional sinking fund or analogous provisions;

each office or agency where, subject to the terms of the applicable indenture as described below under Payments and Paying Agents, the principal of any interest on such offered debt securities will be payable and each office or agency where, subject to the terms of the applicable indenture as described below under Denominations, Registration and Transfer, such offered debt securities may be presented for registration of transfer or exchange;

the date, if any, after which and the price or prices at which, such offered debt securities may be redeemed, pursuant to any optional or mandatory redemption provisions, in whole or in part, and the other detailed terms and provisions of any such optional or mandatory redemption provisions;

the denominations in which such offered debt securities which are registered securities will be issuable, if other than denominations of U.S. \$1,000 and any integral multiple thereof, and the denomination in which such offered debt securities which are bearer securities will be issuable, if other than denominations of U.S. \$5,000;

the currency or currencies of payment of principal of and any premium and interest on such offered debt securities;

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any index used to determine the amount of payments of principal or any interest on such debt securities different from those described herein;

the application, if any, of any restrictive covenants or events of default that are in addition to or different from those described herein;

the form of such offered debt security; and

any other terms and provisions of such offered debt securities not inconsistent with the terms and provisions of the applicable indenture, including without limitations any restrictive covenants which may be applicable to us for the benefit of the holders of such offered debt securities.

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Any such prospectus supplement will also describe any special provisions for the payment of additional amounts with respect to such offered debt securities. Offered debt securities of any series may be issued in one or more tranches as described in the applicable prospectus supplement.

If the purchase price of any of the offered debt securities is payable in a foreign currency or currencies or foreign currency unit or units or if the principal of and any premium and interest on any series of debt securities are payable in a foreign currency or currencies or foreign currency unit or units, the restrictions, elections, general tax considerations, specific terms and other information with respect to such issue of debt securities and such foreign currency or currencies or foreign currency unit or units will be described in the applicable prospectus supplement.

## **Ranking and Subordination**

### ***Senior Debt Securities.***

The senior debt securities will rank equally with all of our other unsecured and unsubordinated indebtedness. As of December 31, 2004, we had approximately \$2.0 billion aggregate principal amount of indebtedness for borrowed money which would rank *pari passu* with the senior debt securities. The senior indenture does not limit the amount of debt, either secured or unsecured, that we may issue under the senior indenture or otherwise. In addition, our subsidiaries had approximately \$228.7 million of indebtedness outstanding.

### ***Subordinated Debt Securities.***

Indebtedness evidenced by the subordinated debt securities will be subordinated in right of payment, as set forth in the subordinated indenture, to the prior payment in full of all our existing and future senior indebtedness. Senior indebtedness is defined in the subordinated indenture as the principal of and interest on (including any interest that accrues after or would have accrued but for the filing of a petition initiating any proceeding pursuant to any bankruptcy law, regardless of whether such interest is allowed or permitted to the holder of such debt against our bankruptcy or any other insolvency estate in such proceeding) and other amounts due on or in connection with any debt incurred, assumed or guaranteed by us, whether outstanding on the date of the subordinated indenture or thereafter incurred, assumed or guaranteed, and all renewals, extensions and refunds of any such debt. Amounts outstanding under any senior debt securities will be included in senior indebtedness. Excluded from the definition of senior indebtedness are the following: (a) any debt which expressly provides (i) that such debt shall not be senior in right of payment to the subordinated debt securities, or (ii) that such debt shall be subordinated to any of our other debt, unless such debt expressly provides that such debt shall be senior in right of payment to the subordinated debt securities; and (b) any of our debt in respect of the subordinated debt securities. As of December 31, 2004, we had approximately \$2.0 billion aggregate principal amount of indebtedness for borrowed money which would rank senior to the subordinated debt securities and no borrowings which would rank junior or equal with the subordinated debt securities.

By reason of such subordination, in the event of dissolution, insolvency, bankruptcy or other similar proceedings, upon any distribution of assets, (i) the holders of subordinated debt securities will be required to pay over their share of such distribution to the holders of senior indebtedness until such senior indebtedness is paid in full; and (ii) our creditors who are not holders of subordinated debt securities or holders of senior indebtedness may recover less, ratably, than holders of senior indebtedness and may recover more, ratably, than the holders of subordinated debt securities.



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In the event that the subordinated debt securities are declared due and payable prior to their stated maturity by reason of the occurrence of an event of default, we are obligated to notify holders of senior indebtedness promptly of such acceleration. We may not pay the subordinated debt securities until 179 days have passed after such acceleration occurs and may thereafter pay the subordinated debt securities if the terms of the subordinated indenture otherwise permit payment at that time.

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No payment of the principal, issue price plus accrued original issue discount (if any), redemption price, interest, if any, or any other amount payable with respect to any subordinated debt security may be made, nor may we acquire any subordinated debt securities except as described in the subordinated indenture, if any default with respect to senior indebtedness occurs and is continuing that permits the acceleration of the maturity of the senior indebtedness and either such default is the subject of judicial proceedings or we receive notice of the default, unless

179 days pass after notice of the default is given and such default is not then the subject of judicial proceedings or the default with respect to the senior indebtedness is cured or waived; and

the terms of the subordinated indenture otherwise permit the payment or acquisition of the subordinated debt securities at that time.

## **Denominations, Registration and Transfer**

The offered debt securities will be issuable as registered securities, bearer securities or both. Offered debt securities may be issuable in the form of one or more global securities, as described below under Global Securities. Unless otherwise provided in the applicable prospectus supplement, registered securities denominated in U.S. dollars will be issued only in denominations of \$1,000 or any integral multiple thereof and bearer securities denominated in U.S. dollars will be issued only in denominations of \$5,000 with coupons attached. A global security will be issued in a denomination equal to the aggregate principal amount of outstanding offered debt securities represented by such global security. The prospectus supplement relating to offered debt securities denominated in a foreign or composite currency will specify the denominations for these offered debt securities.

In connection with its original issuance, no bearer security shall be mailed or otherwise delivered to any location in the United States (as defined below under Limitations on Issuance of Bearer Securities ) and a bearer security may be delivered in connection with its original issuance only if the person entitled to receive such bearer security furnishes written certification, in the form required by the applicable indenture, to the effect that such bearer security is not being acquired by or on behalf of a United States person (as defined below under Limitations on Issuance of Bearer Securities ), or, if a beneficial interest in such bearer security is being acquired by or on behalf of a United States person, that such United States person is a financial institution (as defined in Treasury Regulation Section 1.165-12(c)(1)(v)) that is purchasing for its own account or for the account of a customer and which agrees to comply with the requirements of Section 165(j)(3)(A), (B) or (C) of the United States Internal Revenue Code of 1986, as amended, and the regulations thereunder.

Registered securities of any series will be exchangeable for other registered securities of the same series and of a like aggregate principal amount and tenor of different authorized denominations. In addition, if offered debt securities of any series are issuable as both registered securities and as bearer securities, at the option of the holder upon request confirmed in writing, and subject to the terms of the applicable indenture, bearer securities (with all unmatured coupons, except as provided below, and all matured coupons in default attached) of such series will be exchangeable for registered securities of the same series of any authorized denominations and of a like aggregate principal amount and tenor. Unless otherwise indicated in an applicable prospectus supplement, any bearer security surrendered in exchange for a registered security between a record date and the relevant date for payment of interest shall be surrendered without the coupon relating to such date for payment of interest attached and interest will not be payable in respect of the registered security issued in exchange for such bearer security, but will be payable only to the holder of such coupon when due in accordance with the terms of the applicable indenture. Except as provided in an applicable prospectus supplement, bearer securities will not be issued in exchange for registered securities.

Offered debt securities may be presented for exchange as provided above, and registered securities (other than a global security) may be presented for registration of transfer (with the form of transfer duly executed), at the office of the security registrar we designate or at the office of any transfer agent we designate for such purpose with respect to any series of offered debt securities and referred to in an applicable prospectus



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supplement, without service charge and upon payment of any taxes and other governmental charges as described in the applicable indenture. Such transfer or exchange will be made when the security registrar or such transfer agent, as the case may be, is satisfied with the documents of title and identity of the person making the request. We have initially appointed the trustee as the security registrar under the indentures. If a prospectus supplement refers to any transfer agent, in addition to the security registrar, we initially designate with respect to any series of offered debt securities, we may at any time rescind the designation of any such transfer agent or approve a change in the location through which any such transfer agent acts. Exceptions to the prior sentence will occur if offered debt securities of a series are issuable only as registered securities. We will be required to maintain a transfer agent in each place of payment for such series. Similarly, if offered debt securities of a series are issuable as bearer securities, then we will be required to maintain, in addition to the security registrar, a transfer agent in a place of payment for such series located outside the United States. We may at any time designate additional transfer agents with respect to any series of offered debt securities.

In the event of any redemption, neither we nor the trustee shall be required to (i) issue, register the transfer of or exchange offered debt securities of any series during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of offered debt securities of that series selected to be redeemed and ending at the close of business (a) if offered debt securities of the series are issuable only as registered securities, the day of mailing of the relevant notice of redemption, and (b) if offered debt securities of the series are issuable as bearer securities, the day of the first publication of the relevant notice of redemption or, if offered debt securities of that series are also issuable as registered securities and there is no publication, the mailing of the relevant notice of redemption; (ii) register the transfer of or exchange any registered security or portion thereof, called for redemption, except the unredeemed portion of any registered security being redeemed in part; or (iii) exchange any bearer security called for redemption, except to exchange such bearer security for a registered security of that series and like tenor which is immediately surrendered for redemption.

## **Payments and Paying Agents**

Unless otherwise indicated in an applicable prospectus supplement, payment of principal of and any interest on registered securities (other than a global security) will be made at the office of such paying agent or paying agents as we may designate from time to time, except that, at our option, payment of any interest may be made by check mailed to the address of the payee entitled thereto as such address shall appear in the security register. Unless otherwise indicated in an applicable prospectus supplement, payment of any installment of interest on registered securities will be made to the person in whose name such registered security is registered at the close of business on the regular record date for such interest payment.

Unless otherwise indicated in an applicable prospectus supplement, payment of principal of and any premium and interest on bearer securities will be payable (subject to applicable laws and regulations) at the offices of such paying agent or paying agents as we may designate from time to time, except that, at our option, payment of any interest may be made by check mailed to the address of the payee entitled thereto as such address shall appear in the security register. Unless otherwise indicated in an applicable prospectus supplement, payment of any installment of interest on registered securities will be made to the person in whose name such registered security is registered at the close of business on the regular record date for such interest payment.

Unless otherwise indicated in an applicable prospectus supplement, payment of principal of and any premium and interest on bearer securities will be payable (subject to applicable laws and regulations) at the offices of such paying agent or paying agents outside the United States as we may designate from time to time, except that, at our option, payment of any interest may be made by check or by wire transfer to an account maintained by the payee outside the United States. Unless otherwise indicated in an applicable prospectus supplement, payment of interest on bearer securities on any interest payment date will be made only against surrender of the coupon relating to such interest payment date. No payment with respect to any bearer security will be made at any of our offices or agencies in the United States or by check mailed to any address in the United States or by wire transfer to an account maintained in the United States. Payments will not be made in



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respect of bearer securities or coupons relating to those bearer securities pursuant to presentation to us or our paying agents within the United States. Notwithstanding the foregoing, payment of principal of and any interest on bearer securities denominated and payable in U.S. dollars will be made at the office of our paying agent in the United States if, and only if, payment of the full amount thereof in U.S. dollars at all offices or agencies outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions and we have delivered to the trustee an opinion of counsel to that effect.

Unless otherwise indicated in an applicable prospectus supplement, the principal office of the trustee in The City of New York will be designated as our sole paying agent for payments with respect to offered debt securities which are issuable solely as registered securities. Any paying agent outside the United States and any other paying agent in the United States that we initially designate for the offered debt securities will be named in the applicable prospectus supplement. We may at any time designate additional paying agents or rescind the designation of any paying agent or approve a change in the office through which any paying agent acts, except that, if offered debt securities of a series are issuable only as registered securities, we will be required to maintain a paying agent in each place of payment of such series and, if offered debt securities of a series are issuable as bearer securities, we will be required to maintain (i) a paying agent in each place of payment for such series in the United States for payments with respect to any registered securities of such series (and for payments with respect to bearer securities of such series in the circumstances described above, but not otherwise), (ii) a paying agent in each place of payment located outside the United States where offered debt securities of such series and any coupons belonging thereto may be presented and surrendered for payment; provided that if the offered debt securities of such series are listed on The International Stock Exchange, the London Stock Exchange or the Luxembourg Stock Exchange or any other stock exchange located outside the United States and such stock exchange shall so require, we will maintain a paying agent in London or Luxembourg or any other required city located outside the United States, as the case may be, for offered debt securities of such series, and (iii) a paying agent in each place of payment located outside the United States where (subject to applicable laws and regulations) registered securities of such series may be surrendered for registration of transfer or exchange and where notices and demands to or upon us may be served.

All monies we pay to a paying agent for the payment of principal of and any interest on any offered debt securities that remains unclaimed for at least two years after such principal, premium, if any, or interest has become due and the payable will be repaid, at our request, to us. After this repayment, the holder of such offered debt security or any coupon relating thereto will look only to us for payment thereof.

## **Global Securities**

The offered debt securities of a series may be issued in whole or in part in the form of one or more global securities that will be deposited with, or on behalf of, a depository identified in the prospectus supplement relating to such series. Global securities may be issued only in fully registered form and may be issued in either temporary or permanent form. Unless and until it is exchanged in whole or in part for the individual offered debt securities represented thereby, a global security may not be transferred except as a whole by the depository for such global security to a nominee of such depository or by a nominee of such depository to such depository or another nominee of such depository or by the depository or any nominee of such depository to a successor depository or any nominee of such successor.

The specific terms of the depository arrangement with respect to a series of offered debt securities will be described in the prospectus supplement relating to such series. We anticipate that the following provisions will generally apply to depository arrangements.

Upon the issuance of a global security, the depository for such global security or its nominee will credit on its book-entry registration and transfer system the respective principal amounts of the individual offered debt securities represented by such global security to the accounts of persons that have accounts with such depository, who are referred to as participants. Such accounts shall be designated by the underwriters, dealers or agents



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with respect to such offered debt securities or by us if such offered debt securities are offered and sold directly by us. Ownership of beneficial interests in a global security will be limited to participants or persons that may hold interests through participants. Ownership of beneficial interests in such global security will be shown on, and the transfer of that ownership will be effected only through, records maintained by the applicable depository or its nominee (with respect to interests of participants) and records of participants (with respect to interests of persons who hold through participants). The laws of some states require that certain purchasers of securities take physical delivery of such securities in definitive form. Such limits and such laws may impair the ability to own, pledge or transfer beneficial interest in a global security.

So long as the depository for a global security or its nominee is the registered owner of such global security, such depository or such nominee, as the case may be, will be considered the sole owner or holder of the offered debt securities represented by such global security for all purposes under the applicable indenture. Except as provided below, owners of beneficial interests in a global security will not be entitled to have any of the individual offered debt securities of the series represented by such global security registered in their names, will not receive or be entitled to receive physical delivery of any such offered debt securities of such series in definitive form and will not be considered the owners or holders thereof under the applicable indenture.

Payments of principal of and any premium and any interest on individual offered debt securities represented by a global security registered in the name of a depository or its nominee will be made to the depository or its nominee, as the case may be, as the registered owner of the global security representing such offered debt securities. None of us, the trustee, any paying agent or the security registrar for such offered debt securities will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the global security for such offered debt securities or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

We expect that the depository for a series of offered debt securities or its nominee, upon receipt of any payment of principal, premium or interest in respect of a permanent global security representing any of such offered debt securities, immediately will credit participants' accounts with payments in amounts proportionate to their respective beneficial interest in the principal amount of such global security for such offered debt securities as shown on the records of such depository or its nominee. We also expect that payments by participants to owners of beneficial interests in such global security held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts in bearer form or registered in street name. Such payments will be the responsibility of such participants.

If a depository for a series of offered debt securities is at any time unwilling, unable or ineligible to continue as depository and we do not appoint a successor depository within 90 days, we will issue individual offered debt securities of such series in exchange for the global security representing such series of offered debt securities. In addition, we may, at any time and in our sole discretion, subject to any limitations described in the prospectus supplement relating to such offered debt securities, determine not to have any offered debt securities of such series represented by one or more global securities and, in such event, will issue individual offered debt securities of such series in exchange for the global security or Securities representing such series of offered debt securities. Individual offered debt securities of such series so issued will be issued in denominations, unless we otherwise specify, of \$1,000 and integral multiples thereof.

## **Limitations on Issuance of Bearer Securities**

In compliance with United States federal tax laws and regulations, bearer securities may not be offered, sold, resold or delivered in connection with their original issuance in the United States or to United States persons (each as defined below) other than to a qualifying foreign branch of a United States financial institution, and any underwriters, agents and dealers participating in the offering of offered debt securities must agree that they will not offer any bearer securities for sale or resale in the United States or to United States persons (other than a qualifying foreign branch of a United States financial institution) or deliver bearer securities within the





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United States. In addition, any such underwriters, agents and dealers must agree to send confirmations to each purchaser of a bearer security confirming that such purchaser represents that it is not a United States person or is a qualifying foreign branch of a United States financial institution and, if such person is a dealer, that it will send similar confirmations to purchasers from it. The term "qualifying foreign branch of a United States financial institution" means a branch located outside the United States of a United States securities clearing organization, bank or other financial institution listed under Treasury Regulation Section 1.165-12(c)(1)(v) that agrees to comply with the requirements of Section 165(j)(3)(A), (B) or (C) of the Internal Revenue Code and the regulations thereunder.

Bearer securities and any coupons relating thereto will bear a legend substantially to the following effect: Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code. Under Sections 165(j) and 1287(a) of the Internal Revenue Code, holders that are United States persons, with certain exceptions, will not be entitled to deduct any loss on bearer securities and must treat as ordinary income, any gain realized on the sale or other disposition (including the receipt of principal) of bearer securities.

The term "United States person" means a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof, an estate or, for taxable years beginning before January 1, 1997, a trust the income of which is subject to United States federal income taxation regardless of its source or, for taxable years beginning after December 31, 1996, a trust if a U.S. court is able to exercise primary supervision over the administration of the trust and one or more U.S. fiduciaries have the authority to control all substantial decisions of the trust. The term "United States" means the United States of America (including the states and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (including the Commonwealth of Puerto Rico).

## **Defeasance**

The indentures provide that we will be discharged from any and all obligations in respect of the debt securities of any series (except for certain obligations to register the transfer or exchange of debt securities of such series, to replace stolen, lost or mutilated debt securities of such series, to maintain paying agencies and to hold monies for payment in trust) upon the deposit with the trustee for such series of debt securities in trust of money and/or U.S. government obligations in an amount sufficient to pay the principal of and each installment of interest, if any, on the debt securities of such series on the maturity of such payments in accordance with the terms of the applicable indenture and the debt securities of such series. Such a trust may only be established if, among other things, we have delivered to such trustee an opinion of counsel (who may be our counsel) to the effect that (i) holders of the debt securities of such series will not recognize income, gain or loss for federal income tax purposes as a result of such deposit, defeasance and discharge and will be subject to federal income tax on the same amounts and in the same manner and at the same times, as would have been the case if such deposit, defeasance and discharge had not occurred, and (ii) the debt securities of such series, if then listed on The New York Stock Exchange, will not be delisted as a result of such deposit, defeasance and discharge.

The indentures provide that, if applicable, we may omit to comply with any additional restrictive covenants imposed on us in connection with the establishment of any series of debt securities and that clause (d) under "Events of Default" with respect to such restrictive covenants and clause (e) under "Events of Default" shall not be deemed to be an event of default under the applicable indenture and the debt securities of any series, upon the deposit with the trustee under the applicable indenture, in trust of money and/or U.S. government obligations which through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, and each installment of interest, if any, on the debt securities of such series on the maturity of such payments in accordance with the terms of the applicable indenture and the debt securities of such series. Our obligations under the applicable indenture and debt securities of such series other than with respect to the covenants referred to above and the events of default other than the events of default referred to above shall remain in full force and effect. Such a trust may only be established if,



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among other things, we have delivered to the trustee an opinion of counsel (who may be our counsel) to the effect that (i) the holders of the debt securities of such series will not recognize income, gain or loss for federal income tax purposes as a result of such deposit and defeasance of certain covenants and events of default and will be subject to federal income tax on the same amounts and in the same manner and at the same times, as would have been the case if such deposit and defeasance had not occurred, and (ii) the debt securities of such series, if then listed on The New York Stock Exchange, will not be delisted as a result of such deposit and defeasance.

In the event we exercise our option to omit compliance with certain covenants of an indenture with respect to the debt securities of any series as described above and the debt securities of such series are declared due and payable because of the occurrence of any event of default other than an event of default described in clauses (d) or (e) under Events of Default, the amount of money and U.S. government obligations on deposit with the trustee will be sufficient to pay amounts due on the debt securities of such series at the time of the acceleration resulting from such event of default. However, we will remain liable for such payments.

The term U.S. government obligation means direct noncallable obligations of, or noncallable obligations guaranteed by, the United States or an agency thereof for the payment of which guarantee or obligation, the full faith and credit of the United States is pledged.

## **Modification of the Indentures**

The indentures contain provisions permitting us and the trustee, with the consent of the holders of a majority of the principal amount of the debt securities of each series then outstanding under such indenture, to execute supplemental indentures adding any provisions to or changing or eliminating any of the provisions of the applicable indenture or modifying the rights of the holders of the debt securities of such series, except that no such supplemental indenture may, among other things, (i) extend the final maturity of any debt securities, or reduce the rate or extend the time of payment of interest thereon, or reduce the principal amount thereof, impair the right to institute suit for payment thereof or reduce any amount payable upon any redemption thereof without the consent of the holder of the debt security so affected, or (ii) reduce the aforesaid percentage of debt securities, the consent of the holders of which is required for any such supplemental indenture, without the consent of the holders of all outstanding debt securities. Our board of directors does not have the power to waive any of the covenants of the indentures including those relating to consolidation, merger or sale of assets.

## **Events of Default**

An event of default with respect to any series of debt securities is defined in the indentures as being:

a default by us for thirty (30) days in the payment of any installment of interest on the debt securities of such series;

a default by us in the payment of any principal on the debt securities of such series when due;

a default by us in the payment of any sinking fund installment with respect to such series of debt securities;

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a default by us in the performance of any of the agreements in the applicable indenture contained therein for the benefit of the debt securities of such series which shall not have been remedied within a period of 60 days after receipt of written notice by us from the trustee for such series of debt securities or by us and such trustee from the holders of not less than 25% in principal amount of the offered debt securities of such series then outstanding;

with respect to any series of offered debt securities (unless otherwise specified in the accompanying prospectus supplement), the acceleration, or failure to pay at maturity, of any of our indebtedness for money borrowed exceeding \$100,000,000 in principal amount, which acceleration is not rescinded or annulled or indebtedness paid within 15 days after the date on which written notice thereof shall have first been given to us as provided in the applicable indenture;

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certain events with respect to our bankruptcy, insolvency or reorganization, with the occurrence of any such event being referred to in this prospectus as a bankruptcy default; or

any other event of default established in accordance with the applicable indenture with respect to any series of debt securities.

No event of default (other than a bankruptcy default) with respect to a particular series of debt securities necessarily constitutes an event of default with respect to any other series of debt securities.

The indentures provide that if an event of default with respect to any series of debt securities shall have occurred and is continuing, either the trustee with respect to the debt securities of that series or the holders of at least 25% in aggregate principal amount of debt securities of that series then outstanding may declare the principal amount (or, if the debt securities of that series were sold at an original issue discount, such portion of the principal amount as may be specified in the terms of that series) of all the debt securities of that series and interest, if any, accrued thereon to be due and payable immediately, but upon certain conditions such declaration may be annulled and past defaults (except, unless theretofore cured, a default in payment of principal of or interest on debt securities of that series) may be waived by the holders of a majority in principal amount of the debt securities of that series then outstanding.

The indentures each contain a provision entitling the trustee with respect to any series of debt securities, subject to the duty of the trustee during default to act with the required standard of care, to be indemnified by the holders of debt securities of such series before proceeding to exercise any right or power under the applicable indenture at the request of the holders of such debt securities. The indentures also provide that the holders of a majority in principal amount of the outstanding debt securities of any series may direct the time, method and place of conducting any proceeding for any remedy available to the trustee for such series of debt securities, or exercising any trust or power conferred on such trustee, with respect to the debt securities of such series. The indentures each contain a covenant that we will file annually with the trustee a certificate as to the absence of any default or specifying any default that exists.

No holder of any debt security of any series will have any right to institute any proceeding with respect to the applicable indenture or for any remedy under such indenture, unless (i) such holder previously shall have given the trustee for such series of debt securities written notice of an event of default with respect to debt securities of that series and (ii) the holders of at least 25% in aggregate principal amount of the outstanding debt securities of that series shall have made written request, and offered reasonable indemnity, to such trustee to institute such proceeding as trustee, and such trustee shall not have received from the holders of a majority in aggregate principal amount of the outstanding debt securities of that series a direction inconsistent with such request and shall have failed to institute such proceeding within 60 days. However, any right of a holder of any debt security to receive payment of the principal of and any interest on such debt security on or after the due dates expressed in such debt security and to institute suit for the enforcement of any such payment on or after such dates shall not be impaired or affected without consent of such holder.

## **Consolidation, Merger and Sale of Assets**

We covenant that we will not merge or consolidate with any other corporation or sell or convey all or substantially all of our assets to any person, unless (i) either we shall be the continuing corporation, or the successor corporation or the person which acquires by sale or conveyance substantially all of our assets (if other than us) shall be a corporation organized under the laws of the United States or any state thereof and shall expressly assume the due and punctual payment of the principal of and interest on all the debt securities, according to their tenor, and the due and punctual performance and observance of all of the covenants and conditions of the applicable indenture to be performed or observed by us, by supplemental indenture satisfactory to the trustee, executed and delivered to the trustee by such corporation, and (ii) we or such successor corporation, as the case may be, shall not, immediately after such merger or consolidation, or such sale or conveyance, be in default in the performance of any such covenants or condition.



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Other than the covenants described above, or as set forth in any accompanying prospectus supplement, the indentures and the debt securities do not contain any covenants or other provisions designed to afford holders of the debt securities protection in the event of a takeover, recapitalization or highly leveraged transaction in which we are involved.

## **No Personal Liability**

No past, present or future director, officer, employee or stockholder, as such, of ours or any successor of ours shall have any liability for any of our obligations under the debt securities or the indentures or for any claims based on, in respect of, or by reason of, such obligations or their creation. Each holder of debt securities by accepting such debt security waives and releases all such liability. The waiver and release are part of the consideration for the issue of the debt securities.

## **The Trustee**

The trustee in its individual or any other capacity may become the owner or pledgee of debt securities and may otherwise deal with us or our affiliates with the same rights it would have if it were not the trustee provided it complies with the terms of the applicable indenture. The CNA Companies and the trustee may engage in normal and customary banking transactions from time to time.

## **DESCRIPTION OF JUNIOR DEBT SECURITIES**

The junior debt securities may be issued in one or more series under a junior subordinated indenture, between us and J. P. Morgan Trust Company, National Association, as trustee. The junior subordinated indenture is referred to in this prospectus as the junior indenture and J. P. Morgan Trust Company, National Association, in its capacity as trustee under the junior indenture, is referred to in this prospectus as the junior indenture trustee. The junior indenture has been qualified under the Trust Indenture Act of 1939 and is subject to that act. The form of the junior indenture is included as an exhibit to the registration statement of which this prospectus forms a part. The following description summarizes the material terms of the junior indenture and the junior debt securities. Because it is only a summary, it does not contain all of the details found in the full text of the junior debt securities and the junior indenture, including the definitions of certain terms used in the description of the junior debt securities in this prospectus, and those terms made a part of the junior indenture by the Trust Indenture Act of 1939.

## **General**

The junior indenture does not limit the aggregate principal amount of junior debt securities that may be issued thereunder and provides that junior debt securities may be issued from time to time in one or more series and may be denominated and payable in U.S. dollars, foreign currencies or units based on or related to foreign currencies. We may sell junior debt securities at par, a premium or a discount. As of December 31, 2004, we had approximately \$2.0 billion aggregate principal amount of indebtedness for borrowed money which would rank senior to the junior debt securities, and no such indebtedness which is equal or junior to the junior debt securities.



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The junior debt securities will be issuable in one or more series pursuant to an indenture supplemental to the junior indenture or a resolution of our board of directors or a committee thereof.

The applicable prospectus supplement will provide information for the following terms of the junior debt securities:

the title of the junior debt securities or series thereof;

any limit upon the aggregate principal amount of the junior debt securities;

the date or dates on which the principal of the junior debt securities is payable, referred to in this prospectus as the stated maturity, or the method of determination thereof;

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the interest rate or rates, if any, for the junior debt securities, the dates on which any such interest shall be payable, our right, if any, to defer or extend an interest payment date, and the regular record date for any interest payable on any interest payment date or the method by which any of the foregoing shall be determined;

the place or places where, subject to the terms of the junior indenture as described below under **Payment and Paying Agents**, the principal of and premium, if any, and interest on the junior debt securities will be payable and where, subject to the terms of the junior indenture as described below under **Denominations, Registration and Transfer**, the junior debt securities may be presented for registration of transfer or exchange and the place or places where notices and demands to or upon us in respect of the junior debt securities and the junior indenture may be made, referred to in this prospectus as the **place of payment**;

our obligation or right, if any, to redeem, purchase or repay the junior debt securities and the period or periods within which, the price or prices at which, the currency or currencies (including currency unit or units) in which and the other terms and conditions upon which the junior debt securities shall be redeemed, repaid or purchased, in whole or in part, pursuant to such obligation;

the denominations in which any junior debt securities shall be issuable if other than denominations of \$25 and any integral multiple thereof;

if other than in U.S. dollars, the currency or currencies (including currency unit or units) in which the principal of (and premium, if any) and interest, if any, on the junior debt securities shall be payable, or which the junior debt securities shall be denominated;

any additions, modifications or deletions in our events of default or covenants specified in the junior indenture with respect to the junior debt securities;

if other than the principal amount thereof, the portion of the principal amount of junior debt securities that shall be payable upon declaration of acceleration of the maturity thereof;

any additions or changes to the junior indenture with respect to a series of junior debt securities as shall be necessary to permit or facilitate the issuance of such series in bearer form, registrable or not registrable as to principal, and with or without interest coupons;

any index or indices used to determine the amount of payments of principal of and premium, if any, on the junior debt securities and the manner in which such amounts will be determined;

the terms and conditions relating to the issuance of a temporary global security representing all of the junior debt securities of such series and the exchange of such temporary global security for definitive junior debt securities of such series;

subject to the terms described under **Global Junior Debt Securities**, whether the junior debt securities of the series shall be issued in whole or in part in the form of one or more global securities and, in such case, the depository for such global securities, which depository shall be a clearing agency registered under the Securities Exchange Act of 1934;

the appointment of any paying agent or paying agents;

the terms and conditions of any obligation or right of ours or a holder to convert or exchange the junior debt securities into other securities;

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the form of the trust agreement and guarantee agreement, if applicable;

the relative degree, if any, to which such junior debt securities of the series shall be senior to or be subordinated to our other series of such junior debt securities or our other indebtedness in right of payment, whether such other series of junior debt securities or other indebtedness are outstanding or not; and

any other terms of the junior debt securities not inconsistent with the provisions of the junior indenture.

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If the purchase price of any of the junior debt securities is payable in a foreign currency or currencies or foreign currency unit or units or if the principal, premium, if any, and interest on any junior debt securities are payable in a foreign currency or currencies or currency unit or units, the restrictions, elections, general tax considerations, specific terms and other information with respect to such issue of junior debt securities and such foreign currency or currency units will be set forth in the applicable prospectus supplement.

## **Denominations, Registration and Transfer**

Unless otherwise specified in the applicable prospectus supplement, the junior debt securities will be issuable only in registered form without coupons in denominations of \$25 and any integral multiple thereof. Junior debt securities of any series will be exchangeable for other junior debt securities of the same issue and series, of any authorized denominations, of a like aggregate principal amount, and bearing the same terms.

Junior debt securities may be presented for exchange as provided above, and may be presented for registration of transfer (with the form of transfer endorsed thereon, or a satisfactory written instrument of transfer, duly executed), at the office of the appropriate securities registrar or at the office of any transfer agent we designate for such purpose with respect to any series of junior debt securities and referred to in the applicable prospectus supplement, without service charge and upon payment of any taxes and other governmental charges as described in the junior indenture. We will appoint the junior indenture trustee as securities registrar under the junior indenture. If the applicable prospectus supplement refers to any transfer agents (in addition to the securities registrar) we initially designate with respect to any series of junior debt securities, we may at any time rescind the designation of any such transfer agent or approve a change in the location through which any such transfer agent acts, provided that we maintain a transfer agent in each place of payment for such series. We may at any time designate additional transfer agents with respect to any series of junior debt securities.

In the event of any redemption, neither we nor the junior indenture trustee shall be required to (i) issue, register the transfer of or exchange junior debt securities of any series during a period beginning at the opening of business 15 days before the day of selection for redemption of junior debt securities of that series and ending at the close of business on the day of mailing of the relevant notice of redemption or (ii) transfer or exchange any junior debt securities so selected for redemption, except, in the case of any junior debt securities being redeemed in part, any portion thereof not to be redeemed.

## **Payment and Paying Agents**

Unless otherwise indicated in the applicable prospectus supplement, payment of principal of (and premium, if any) and any interest on junior debt securities will be made at the office of the junior indenture trustee in The City of New York or at the office of such paying agent or paying agents as we may designate from time to time in the applicable prospectus supplement, except that at our option payment of any interest may be made (i) except in the case of global junior debt securities, by check mailed to the address of the person entitled thereto as such address shall appear in the securities register or (ii) by transfer to an account maintained by the person entitled thereto as specified in the securities register, provided that proper transfer instructions have been received by the regular record date. Unless otherwise indicated in the applicable prospectus supplement, payment of any interest on junior debt securities will be made to the person in whose name such junior debt security is registered at the close of business on the Regular Record Date for such interest, except in the case of defaulted interest. We may at any time designate additional paying agents or rescind the designation of any paying agent; however we will at all times be required to maintain a paying agent in each place of payment for each series of junior debt securities.

All monies we pay to the junior indenture trustee or any paying agent, or then held by us in trust, for the payment of the principal, premium, if any, or interest on any junior debt security that remains unclaimed for two years after such principal, premium, if any, or interest has become due

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and payable, at our request, will be repaid to us. After this repayment, the holder of such junior debt security will look only to us for payment thereof.

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### **Global Junior Debt Securities**

The junior debt securities of a series may be issued in whole or in part in the form of one or more global junior debt securities that will be deposited with, or on behalf of, a depository identified in the prospectus supplement relating to such series. Global junior debt securities may be issued only in fully registered form and in either temporary or permanent form. Unless and until it is exchanged in whole or in part for the individual junior debt securities represented thereby, a global junior debt security may not be transferred except as a whole by the depository for such global junior debt security to a nominee of such depository or by a nominee of such depository to such depository or another nominee of such depository or by the depository or any nominee to a successor depository or any nominee of such successor.

The specific terms of the depository arrangement with respect to a series of junior debt securities will be described in the prospectus supplement relating to such series. We anticipate that the provisions described above under the heading **Description of Debt Securities – Global Securities** will generally apply to depository arrangements with respect to the junior debt securities, as if the junior debt securities were **debt securities** as discussed in that section.

### **Option to Extend Interest Payment Date**

If provided in the applicable prospectus supplement, we shall have the right at any time and from time to time during the term of any series of junior debt securities to defer payment of interest for such number of consecutive interest payment periods as may be specified in the applicable prospectus supplement, each such period referred to in this prospectus as an **extension period**, subject to the terms, conditions and covenants, if any, specified in such prospectus supplement; provided that such extension period may not extend beyond the stated maturity of such series of junior debt securities.

### **Redemption**

Unless otherwise indicated in the applicable prospectus supplement, junior debt securities will not be subject to any sinking fund.

Unless otherwise indicated in the applicable prospectus supplement, we may, at our option, redeem the junior debt securities of any series in whole at any time or in part from time to time. Except as otherwise specified in the applicable prospectus supplement, the redemption price for any junior debt security so redeemed shall equal any accrued and unpaid interest thereon to the redemption date, plus the principal amount thereof.

Except as otherwise specified in the applicable prospectus supplement, if a tax event (as defined below) or an investment company event (as defined below) in respect of a series of junior debt securities shall occur and be continuing, we may, at our option, redeem such series of junior debt securities in whole (but not in part) at any time within 90 days of the occurrence of such tax event, or investment company event, at a redemption price equal to 100% of the principal amount of such junior debt securities then outstanding plus accrued and unpaid interest to the date fixed for redemption.

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Tax event means, with respect to a CNA Capital Trust, our and that CNA Capital Trust's receipt of an opinion of counsel experienced in such matters to the effect that, as a result of any amendment to, or change (including any announced prospective change) in, the laws (or any regulations thereunder) of the United States or any political subdivision or taxing authority thereof or therein, or as a result of any official administrative pronouncement, such determination or judicial decision interpreting or applying such laws or regulations, which amendment or change is effective or which pronouncement, determination or decision is announced on or after the date of original issuance of the applicable series of junior debt securities under the junior indenture, there is more than an insubstantial risk that (i) that such CNA Capital Trust is, or will be within 90 days of the date of the opinion of counsel, subject to United States federal income tax with respect to income received or accrued on the

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applicable junior debt securities, (ii) interest payable by us on such series of junior debt securities is not, or within 90 days of the date of such opinion will not be, deductible by us, in whole or in part, for United States federal income tax purposes, or (iii) such CNA Capital Trust is, or will be within 90 days of the date of such opinion, subject to more than the minimal amount of the taxes, duties or other government charges.

Investment company event means our and a CNA Capital Trust's receipt of an opinion of counsel, experienced in such matters to the effect that, as a result of the occurrence of a change in law or regulation or a change in interpretation or application of law or regulation by any legislative body, court, governmental agency or regulatory authority, that such CNA Capital Trust is or will be considered an investment company that is required to be registered under the Investment Company Act of 1940, which change becomes effective on or after the date of original issuance of the applicable series of junior debt securities.

Notice of any redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each holder of junior debt securities to be redeemed at its registered address. Unless we default in payment of the redemption price, on and after the redemption date interest ceases to accrue on such junior debt securities or portions thereof called for redemption.

## **Modification of Junior Indenture**

From time to time we and the junior indenture trustee may, without the consent of the holders of any series of junior debt securities, amend, waive or supplement the junior indenture for specified purposes, including, among other things, curing ambiguities, defects or inconsistencies (provided that any such action does not materially adversely affect the interest of the holders of any series of junior debt securities or, in the case of junior debt securities issued to a CNA Capital Trust, referred to in this prospectus as corresponding junior debt securities, the holders of the preferred securities issued by such CNA Trust, referred to in this prospectus as related preferred securities, so long as they remain outstanding) and qualifying, or maintaining the qualification of, the junior indenture under the Trust Indenture Act of 1939. The junior indenture contains provisions permitting us and the junior indenture trustee, with the consent of the holders of a majority in principal amount of each outstanding series of junior debt securities affected, to modify the junior indenture in a manner affecting the rights of the holders of such series of the junior debt securities; provided, that no such modification may, without the consent of the holder of each outstanding junior debt security so affected, (i) change the stated maturity of any series of junior debt securities, or reduce the principal amount thereof, or reduce the rate (or change the manner of calculation of the rate) or extend the time of payment of interest thereon (except such extension as is contemplated hereby), (ii) change any of the redemption, conversion or exchange terms, (iii) reduce the percentage of principal amount of junior debt securities of any series, the holders of which are required to consent to any such modification of the junior indenture, (iv) modify the provisions relating to modifications, waivers of covenants or waivers of past default except under certain limited circumstances or (v) change any of the subordination provisions provided that, in the case of corresponding junior debt securities, so long as any of the related preferred securities remain outstanding, no such modification may be made without the prior consent of a majority in liquidation amount of such related preferred securities, or, in the case of the preceding provision, each holder of the related preferred securities, and no termination of the junior indenture may occur, and no waiver of any junior debt related event of default or compliance with any covenant under the junior indenture may be effective, without the prior consent of the holders of a majority of the aggregate liquidation amount of such related preferred securities unless and until the principal of the corresponding junior debt securities and all accrued and unpaid interest thereon have been paid in full and certain other conditions are satisfied.

In addition, we and the junior indenture trustee may execute, without the consent of any holder of junior debt securities, any supplemental junior indenture for the purpose of creating any new series of junior debt securities.



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### **Junior Debt Related Events of Default**

The junior indenture provides that any one or more of the following described events with respect to a series of junior debt securities that has occurred and is continuing constitutes a junior debt related event of default with respect to such series of junior debt securities:

failure for 30 days to pay any interest on such series of the junior debt securities, when due (subject to the deferral of any due date in the case of an extension period); or

failure to pay any principal or premium on such series of junior debt securities when due whether at maturity, upon redemption by declaration or otherwise; or

failure to observe or perform in any material respect certain other covenants contained in the junior indenture for 90 days after written notice to us from the junior indenture trustee or the holders of at least 25% in aggregate outstanding principal amount of such series of outstanding junior debt securities; or

certain events with respect to our bankruptcy, insolvency or reorganization.

The holders of a majority in aggregate outstanding principal amount of such series of junior debt securities have the right to direct the time, method and place of conducting any proceeding for any remedy available to the junior indenture trustee. The junior indenture trustee or the holders of not less than 25% in aggregate outstanding principal amount of such series of junior debt securities may declare the principal due and payable immediately upon a junior debt related event of default. In the case of corresponding junior debt securities, should the junior indenture trustee fail to make such declaration, the holders of at least 25% in aggregate liquidation amount of the related preferred securities shall have such right. The holders of a majority in aggregate outstanding principal amount of such series of junior debt securities may annul such declaration and waive the default if the default (other than the non-payment of the principal of such series of junior debt securities which has become due solely by such acceleration) has been cured and a sum sufficient to pay all matured installments of interest and principal due otherwise than by acceleration has been deposited with the junior indenture trustee. In the case of corresponding junior debt securities, the holders of a majority in aggregate liquidation amount of the related preferred securities shall have such right.

The holders of a majority in aggregate outstanding principal amount of the junior debt securities affected thereby may, on behalf of the holders of all the junior debt securities, waive any past default, except a default in the payment of principal, premium, if any, or interest (unless such default has been cured and a sum sufficient to pay all matured installments of interest and principal due otherwise than by acceleration has been deposited with the junior indenture trustee) or a default in respect of a covenant or provision which under the junior indenture cannot be modified or amended without the consent of the holder of each outstanding junior subordinated debt security. In the case of corresponding junior debt securities, the holders of a majority in aggregate liquidation amount of the related preferred securities shall have such right. We are required to file annually with the junior indenture trustee a certificate as to whether or not we are in compliance with all the conditions and covenants applicable to us under the junior indenture.

In case a junior debt related event of default shall occur and be continuing as to a series of corresponding junior debt securities, the property trustee will have the right to declare the principal of and the interest on such corresponding junior debt securities, and any other amounts payable under the junior indenture, to be immediately due and payable and to enforce its other rights as a creditor with respect to such corresponding junior debt securities.

**Enforcement of Certain Rights by Holders of Preferred Securities**

If a junior debt related event of default has occurred and is continuing and such event is attributable to our failure to pay interest or principal on the related junior debt securities on the date such interest or principal is otherwise payable, a holder of related preferred securities may institute a legal proceeding directly against us for enforcement of payment to such holder of the principal and premium, if any, of or interest on such related junior

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debt securities having a principal amount equal to the aggregate liquidation amount of the related preferred securities of such holder. Any such legal proceeding is referred to in this prospectus as a direct action. We may not amend the junior indenture to remove this right to bring a direct action without the consent of all holders of the related preferred securities. If such right is removed, the applicable Issue may become subject to the reporting obligations under the Securities Exchange Act of 1934. We shall have the right under the junior indenture to set-off any payment we make to such holder of preferred securities in connection with a direct action.

The holders of the preferred securities would not be able to exercise directly any remedies other than those described in the preceding paragraph available to the holders of the junior debt securities unless there shall have been an event of default under the trust agreement.

## **Consolidation, Merger, Sale of Assets and Other Transactions**

The junior indenture provides that we shall not consolidate with or merge into any other person or convey, transfer or lease our properties and assets as an entirety or substantially as an entirety to any person, and no person shall consolidate with or merge into us or convey, transfer or lease its properties and assets as an entirety or substantially as an entirety to us, unless (i) in case we consolidate with or merge into another person or convey, transfer or lease our properties and assets as an entirety or substantially as an entirety to any person, the successor person is organized under the laws of the United States or any state or the District of Columbia, and such successor person expressly assumes our obligations on the junior debt securities issued under the junior indenture; (ii) immediately after giving effect thereto, no junior debt related event of default, and no event which, after notice or lapse of time or both, would become a junior debt related event of default, shall have happened and be continuing; (iii) in the case of corresponding junior debt securities, such transaction is permitted under the related trust agreement and guarantee and does not give rise to any breach or violation of the related trust agreement or guarantee; and (iv) delivery of appropriate officers certificates and opinions of counsel go to the satisfaction of the above listed conditions.

Other than the covenants described above, or as set forth in any accompanying prospectus supplement, the junior indenture and the junior debt securities do not contain any covenants or other provisions designed to afford holders of the junior debt securities protection in the event of a takeover, recapitalization or highly leveraged transaction in which we are involved.

## **Satisfaction and Discharge**

The junior indenture provides that when, among other things, all junior debt securities not previously delivered to the junior indenture trustee for cancellation (i) have become due and payable, (ii) will become due and payable at their stated maturity within one year or (iii) are to be called for redemption within one year, and we deposit or cause to be deposited with the junior indenture trustee trust funds, in trust, for the purpose and in an amount in the currency or currencies in which the junior debt securities are payable sufficient to pay and discharge the entire indebtedness on the junior debt securities not previously delivered to the junior indenture trustee for cancellation, for the principal, premium, if any, and interest, if any, to the date of the deposit or to the stated maturity, as the case may be, then the junior indenture will cease to be of further effect (except as to our obligations to pay all other sums due pursuant to the junior indenture and to provide the officers certificates and opinions of counsel described therein), and we will be deemed to have satisfied and discharged the junior indenture.

## **Conversion or Exchange**

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If and to the extent indicated in the applicable prospectus supplement, the junior debt securities of any series may be convertible or exchangeable into preferred securities or other securities. The specific terms on which junior debt securities of any series may be so converted or exchanged will be set forth in the applicable prospectus supplement. Such terms may include provisions for conversion or exchange, either mandatory, at the option of the holder, or at our option, in which case the number of shares of preferred securities or other

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securities to be received by the holders of junior debt securities would be calculated as of a time and in the manner stated in the applicable prospectus supplement.

## **Subordination**

In the junior indenture, we have agreed that any junior debt securities issued thereunder will be subordinate and junior in right of payment to all senior debt (as defined below) to the extent provided in the junior indenture. Upon any payment or distribution of assets to creditors upon any liquidation, dissolution, winding up, reorganization, assignment for the benefit of creditors, marshaling of assets or any bankruptcy, insolvency, debt restructuring or similar proceedings in connection with any proceedings with respect to our insolvency or bankruptcy, the holders of senior debt will be entitled to receive payment in full of principal of, and premium, if any, and interest, if any, on such senior debt before the holders of junior debt securities or, in the case of corresponding junior debt securities, the property trustee on behalf of the holders, will be entitled to receive or retain any payment in respect of the principal of, and premium, if any, or interest, if any, on the junior debt securities.

In the event of the acceleration of the maturity of any junior debt securities, the holders of all senior debt outstanding at the time of such acceleration will be entitled to receive payment in full of all amounts due thereon (including any amounts due upon acceleration) before the holders of junior debt securities will be entitled to receive or retain any payment in respect of the principal of, or premium, if any, or interest, if any, on the junior debt securities.

No payments on account of principal, or premium, if any, or interest, if any, in respect of the junior debt securities may be made if there shall have occurred and be continuing a default in any payment with respect to senior debt, or an event of default with respect to any senior debt resulting in the acceleration of the maturity thereof, or if any judicial proceeding shall be pending with respect to any such default.

Debt means with respect to any person, whether recourse is to all or a portion of the assets of such person and whether or not contingent:

every obligation of such person for money borrowed;

every obligation of such person evidenced by bonds, debentures, notes or other similar instruments, including obligations incurred in connection with the acquisition of property, assets or businesses;

every reimbursement obligation of such person with respect to letters of credit, bankers' acceptances or similar facilities issued for the account of such person;

every obligation of such person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or accrued liabilities arising in the ordinary course of business);

every capital lease obligation of such person;

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all our indebtedness, whether incurred on or prior to the date of the junior indenture or thereafter incurred, for claims in respect of derivative products, including interest rate, foreign exchange rate and commodity forward contracts, futures contracts, options and swaps and similar arrangements; and

every obligation of the type referred to in the preceding bullet points of another person and all dividends of another person the payment of which, in either case, such person has guaranteed or is responsible or liable, directly or indirectly, as obligor or otherwise.

Senior debt means the principal of (and premium, if any) and interest, if any, including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to us, whether or not such claim for post-petition interest is allowed in such proceeding, on debt, whether incurred on or prior to the date of the junior indenture or thereafter incurred (including, without limitation, debt incurred pursuant to the senior indenture and the subordinated indenture), unless, in the instrument creating or evidencing the same or pursuant

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to which the same is outstanding, it is provided that such obligations are not superior in right of payment to the junior debt securities or to other debt which is *pari passu* with, or subordinated to, the junior debt securities; provided, however, that senior debt shall not be deemed to include:

any of our debt which, when incurred and without respect to any election under Section 1111(b) of the Bankruptcy Code, was without recourse to us;

any of our debt to any of our subsidiaries;

debt to any of our employees;

any liability for taxes;

indebtedness or monetary obligations to trade creditors or assumed by us or any of our subsidiaries in the ordinary course of business in connection with the obtaining of goods, materials or services; and

any other junior debt securities.

The junior indenture provides that the foregoing subordination provisions, insofar as they relate to any particular issue of junior debt securities, may be changed prior to such issuance. Any such change would be described in the applicable prospectus supplement.

## **Information Concerning the Junior Indenture Trustee**

The junior indenture trustee, other than during the continuance of a junior debt related event of default, undertakes to perform only such duties as are specifically set forth in the junior indenture, and in the event an event of default has occurred and is continuing, exercise the same degree of care and skill in the exercise of its rights and powers as a prudent person would exercise or use under the circumstances in the conduct of his own affairs. The junior indenture trustee is under no obligation to exercise any of the powers vested in it by the junior indenture at the request of any holder of junior debt securities, unless offered reasonable indemnity by such holder against the costs, expenses and liabilities which might be incurred thereby. The junior indenture trustee is not required to expend or risk its own funds or otherwise incur personal financial liability in the performance of its duties if the junior indenture trustee reasonably believes that repayment or adequate indemnity is not reasonably assured to it. The junior indenture trustee in its individual or any other capacity may become the owner or pledgee of junior debt securities or related preferred securities and may otherwise deal with us or our affiliates with the same rights it would have if it were not the junior indenture trustee provided it complies with the terms of the junior indenture. The CNA Companies and the junior indenture trustee may engage in normal and customary banking transactions from time to time.

## **Corresponding Junior Debt Securities**

The corresponding junior debt securities may be issued in one or more series of junior debt securities under the junior indenture with terms corresponding to the terms of a series of related preferred securities. In that event, concurrently with the issuance of the applicable CNA Capital Trust's preferred securities, such CNA Capital Trust will invest the proceeds thereof and the consideration paid by us for the common securities

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in a series of corresponding junior debt securities we issue to such CNA Capital Trust. Each series of corresponding junior debt securities will be in the principal amount equal to the aggregate liquidation amount of the related preferred securities and the common securities of such CNA Capital Trust and will rank pari passu with all other series of junior debt securities. Holders of the related preferred securities for a series of corresponding junior debt securities will have the rights in connection with modifications to the junior indenture or upon occurrence of junior debt security events of default described under Modification of Junior Indenture and Junior Debt Security Events of Default, unless provided otherwise in the prospectus supplement for such related preferred securities.

We will covenant in the junior indenture as to each series of corresponding junior debt securities, that if and so long as (i) the CNA Capital Trust of the related series of trust securities is the holder of all such corresponding



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