

Corporate Governance Guidelines



Introduction

The following Corporate Governance Guidelines have been adopted by the Board of Directors to assist the Board in the exercise of its responsibilities. These Guidelines reflect the Board's commitment to monitor the effectiveness of policy and decision making, both at the Board and management levels, with a view to enhancing shareholder value over the long term.

These Guidelines set forth certain goals and expectations of the Board but are not intended to bind the Board in any particular circumstance or to affect the Board's obligations or authority under the Company's charter or by-laws, the rules of the New York Stock Exchange (the "Exchange") or applicable laws or regulations.

Composition of the Board

Because the Company is a “controlled company” for purposes of the listing standards of the Exchange, it is exempt from the Exchange’s requirements relating to maintenance of a majority of independent directors and independent nominating/corporate governance and compensation committees. The Company shall disclose its reliance upon this exemption and the basis for its identification as a controlled company in its annual proxy statement.

The Board shall from time to time review the manner in which the Board and its leadership are configured, with a view toward maintaining a structure that will best serve the Company and its shareholders.

It is the policy of the Board that the officers of the Company shall be chosen by the Board. The Board continues to reserve the right to amend this policy, if in the Board’s determination it is in the interests of the Company and its shareholders to do so.

Director Qualification Standards

The Board is responsible for selecting candidates for Board membership. Candidates are selected for their character, judgment, business experience and areas of expertise, among other relevant considerations, such as the requirements of stock exchange rules and applicable laws and regulations. The Board recognizes that the needs of the Board, in terms of the relative experience and other qualifications of its members, may change over time. The Board may appoint one or more of the officers of the Company to screen candidates for membership, establish criteria for nominees and recommend to the Board one or more nominees for election to the Board at the annual meeting of shareholders. Final approval of any candidate shall be determined by the Board.

Each director is expected to provide advance written notice to the Chief Executive Officer of his or her acceptance of an invitation to serve on the board of directors or the audit committee or compensation committee of any other public company. Directors are also expected to report changes in their business or professional affiliations or responsibilities to the Chief Executive Officer.

The Board does not believe it is advisable to establish a term limit for directors because such a limit may deprive the Company and its shareholders of the contribution of directors who have been able to develop valuable insights into the Company and its operations over time.

Director Responsibilities

Standard of care for directors. Directors should exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its shareholders in a manner consistent with their fiduciary duties. In considering the best long-term and short-term interests of the Company, directors may consider the needs of employees, suppliers and customers of the Company and its subsidiaries, communities in which the Company and its subsidiaries conduct business and other pertinent factors in addition to the objective of maximizing shareholder value.

Directors shall be provided with information to advise them about the Company’s business, performance and prospects, as well as any matters submitted for Board action. Such information will be made available to the directors periodically and, in any event, within a reasonable period of time before meetings where the subject matter of such information is on the meeting agenda. Information should be relevant, concise and timely. Requests for action by the Board should include the recommendation of management and be accompanied by data sufficient for the directors to make a meaningful determination as to the advisability of the matter.

Directors should regularly attend meetings of the Board and all committees upon which they serve. To prepare for meetings, directors should review the materials that are sent to them in advance of those meetings and otherwise spend the necessary time and effort to discharge their responsibilities appropriately.

Meetings of the Board. The Board expects that it will meet approximately four times a year. Additional meetings (or actions to be taken by unanimous consent) may be scheduled as necessary or appropriate in light of circumstances. The Company’s Secretary shall prepare an annual schedule of meetings for the Board and the Audit, Compensation and Finance Committees. To the extent practicable, the schedule shall be designed to accommodate discussion of agenda subjects that are generally of a recurring nature and are expected to be discussed during the ensuing year. Certain matters should be addressed by the Board at least annually, including a review of the Company’s strategic plan or objectives, business and financial performance for the prior year and compliance with applicable law and Exchange listing standards.

Meetings of the Board shall be chaired by the Chairman of the Board. The Company's Chief Financial Officer, General Counsel and Secretary should also attend all meetings of the Board, subject to the Board's discretion to excuse one or more of these officers from all or portions of any meeting.

The Secretary of the Company shall prepare the agenda of each meeting of the Board for review by the Chairman of the Board and the other directors. Any director may suggest agenda items and may raise at meetings other matters that they consider worthy of discussion. Directors must disclose to the other directors any potential conflicts of interest they may have with respect to any matter under discussion and, if appropriate, refrain from participating in such discussion and from voting on a matter in which they may have a conflict. Directors shall preserve the confidentiality of material of a confidential or otherwise sensitive nature given or presented to the Board.

Non-management directors. Non-management directors shall meet at regularly scheduled executive sessions without management participation. The non-management directors shall either select a non-management director to preside at each executive session or shall establish a procedure by which the presiding director for each executive session shall be selected. Non-management directors who do not meet the independence requirements of Exchange rules and applicable laws and regulations may participate in these sessions, but those directors who do meet the referenced independence requirements must meet in separate executive session without the participation of other directors at least once a year.

Communications with Non-Management Directors

Interested parties may communicate directly and confidentially with the Board's non-management directors by contacting such directors in writing at the following address:

Presiding Director, Non-Management Directors of CNA Financial Corporation
c/o Senior Vice President, Internal Audit
CNA Financial Corporation
333 South Wabash Avenue
Chicago, Illinois 60604

Committees of the Board

The Board will maintain a standing Audit Committee, Compensation Committee, Finance Committee and Executive Committee, as well as such other standing or ad hoc committees as the Board deems appropriate. Each committee shall have the authority and responsibilities delineated in the resolutions creating the committee and any applicable committee charter, subject to the Company's charter and by-laws, stock exchange rules and applicable laws and regulations. The Board shall have the authority to disband any ad hoc or standing committee when it deems it appropriate to do so.

Members of the Audit, Compensation, Finance and Executive Committees and their chairpersons shall be appointed by the Board each year at the annual meeting of the Board. It is the Board's policy that only non-management directors shall serve on the Audit Committee and that members of that Committee meet the independence and other requirements of Exchange rules and applicable laws and regulations.

The Audit Committee shall have a written charter approved by the Board. The Audit Committee charter shall be reviewed by the Committee at least annually in light of its activities, changes in Exchange rules, applicable laws or regulations and other relevant considerations. Suggested revisions to such charters shall be presented to the Board for approval.

The chairpersons of the various committees, in consultation with their committee members, shall determine the frequency and length of committee meetings. The chairperson of each committee, in consultation with appropriate Company officers, will establish the agenda for each committee meeting. Committee members and other directors may suggest additional agenda items for committee meetings upon reasonable notice to the committee chairperson. To the extent practicable, information regarding matters to be considered at committee meetings shall be distributed to committee members a reasonable period of time before the meeting. Following a meeting, the committee chairperson shall report to the Board on the committee's activities, and minutes of committee meetings shall be distributed to all directors for their information.

Director Access To Management And Independent Advisors

The Company shall provide each director with complete access to management and management information, subject to reasonable advance notice and reasonable efforts to avoid disruption to the business. The Board and, to the extent set forth in any applicable committee charter or resolution establishing such committee, Board committees have the right to consult and retain independent legal and other advisors at the expense of the Company. Management shall be responsive to requests for information from Board members. The Board encourages the Chairman of the Board and the Chief Executive Officer to invite members of management to make presentations at Board meetings in order to provide insights into the Company's business or to provide individuals with exposure to the Board for purposes of management development. Directors may suggest possible guests to the Chairman or the Chief Executive Officer.

Director Compensation

From time to time, the Board will review the form and amount of compensation, including cash, equity-based awards and other compensation, paid to directors and committee members. In this regard, the Board may request that management report to it periodically on the status of the Board's compensation in relation to other similarly situated companies. The Board continues to believe that an alignment of director interests with those of shareholders is important.

Director Orientation And Continuing Education

The Board, in consultation with management, will establish or direct management to establish an appropriate orientation program for newly elected directors either prior to or within a reasonable period of time after their nomination or election as a director. The orientation program may be of a formal or informal nature. The orientation program shall address the Company's strategic plans, significant risk exposures and compliance programs (including its Code of Business Conduct and Ethics) and may include presentations by management, the internal auditors and the independent accountants.

Management Succession

The Board will, from time to time as it considers appropriate, conduct a review of the performance and compensation of the Chief Executive Officer.

The Board will establish and review such formal or informal policies and procedures, consulting with the Chief Executive Officer and others as it determines to be appropriate, regarding succession planning for the office of Chief Executive Officer.

Communications with Public and Others

The Board believes that management speaks for the Company. Directors are expected to refrain from communicating with institutional investors, other stockholders, governmental or community officials, analysts or the press regarding the business of the Company.

Reliance on Management and Outside Advice

In performing its functions, the Board and each Board committee is entitled to rely on the advice, reports and opinions of management, counsel, accountants, auditors and other expert advisors. The Board shall have the authority to retain and approve the fees and retention terms of its outside advisors.

Annual Performance Evaluation of the Board

The Board will conduct a self-evaluation annually to determine whether it and its committees are functioning effectively. The Board will discuss the evaluation to determine what, if any, action could improve Board and committee performance. The Board, with the assistance of Company management, shall review these Guidelines on an annual basis to determinate whether any changes are appropriate.