CINCINNATI FINANCIAL CORPORATION

Mailing Address: P.O. BOX 145496
CINCINNATI, OHIO 45250-5496
(513) 870-2000

Investor Contact: Heather J. Wietzel
(513) 603-5236
Media Contact: Joan O. Shevchik
(513) 603-5323

Cincinnati Financial Corporation Reports Record First-Quarter 2004 Results

- *First-quarter net income reached $146 million, or 90 cents per share, compared with $57 million, or 35 cents*
- *Operating income* up to record 87 cents per share, including 13 cents from UM/UIM reserve release*
- *Property casualty underwriting profit rose to record $93 million*
- *Property casualty combined ratio at 87.1%, benefiting 4.4 percentage points from UM/UIM reserve release*
- *Total assets reached record $15.738 billion*

Cincinnati, April 22, 2004—Cincinnati Financial Corporation (Nasdaq: CINF) today reported first-quarter 2004 net income of $146 million, or 90 cents per diluted share, up 158.0 percent from $57 million, or 35 cents per share, in 2003. Net income per share included net realized investment gains of 3 cents in 2004 versus losses of 25 cents in 2003. Reflecting the Ohio Supreme Court's November 2003 decision to limit its earlier Scott-Pontzer ruling, results included the first-quarter 2004 release of $32 million pretax in uninsured motorist/underinsured motorist (UM/UIM) reserves.

Revenues from pretax investment income, the primary source of profits, rose 3.9 percent to $120 million for the first quarter. Total revenues advanced $164 million, or 23.1 percent, to $870 million.

Financial Highlights*

(Dollars in millions, except share data)	Three Months Ended March 31,	
	2004	**2003**
Income Statement Data		
Net income	$ 146	$ 57
Net realized investment gains and losses	4	(40)
Operating income*	$ 142	$ 97
Per Share Data (diluted)		
Net income	$ 0.90	$ 0.35
Net realized investment gains and losses	0.03	(0.25)
Operating income*	$ 0.87	$ 0.60
Cash dividend declared	0.275	0.250
Book value	38.70	32.10
Average shares outstanding	162,059,579	161,978,876

* The Definitions of Non-GAAP Information and Reconciliation to Comparable GAAP Measures on Page 10 of this news release defines and reconciles measures presented in this release that are not based on Generally Accepted Accounting Principles (non-GAAP).

Chairman and Chief Executive Officer John J. Schiff, Jr., CPCU, commented, "We're off to a great start to 2004, and we continue to expect record results for the full year. Our commercial lines results clearly demonstrate that our agents are bringing us their best business and working closely with us to ensure that underwriting remains a priority. With healthy pretax underwriting profits adding to the contribution from pretax investment income, we saw operating income per share rise to a record 87 cents. This included 13 cents from the UM/UIM reserve release, now essentially completed. The strong earnings offset a decline in unrealized gains in the investment portfolio during the quarter; as a result, book value per share moved a penny ahead of the record year-end level.

"First-quarter underwriting profitability is typically the strongest of the year for our property casualty operations, primarily due to seasonal variations in catastrophe losses. This year appears to continue that pattern, with first-quarter catastrophe losses contributing less than 0.1 percentage points to the combined ratio and having no material effect on earnings per share," Schiff said. "We continue to expect catastrophe losses to add 3.0 to 3.5 percentage points to the full-year combined ratio."

Over the past two quarters, the company has released $70 million pretax in previously established UM/UIM reserves following the Ohio Supreme Court's November 2003 limiting of its 1999 *Scott-Pontzer v. Liberty Mutual* decision. That action added $21 million, or 13 cents per share, to first-quarter 2004 net income and $25 million, or 15 cents per share, to fourth-quarter 2003 net income. Based on the review of outstanding claims, the company believes that UM/UIM-related reserve changes will be immaterial in coming quarters.

Property Casualty Insurance Operations

(Dollars in millions - GAAP)	Three Months Ended March 31,	
	2004	**2003**
Income Statement Data		
Earned premiums	$ 716	$ 629
Loss and loss expenses excluding catastrophe losses	411	417
Catastrophe losses	1	3
Commissions	154	123
Underwriting expenses	58	56
Underwriting profit	$ 92	$ 30
Ratio Data		
Loss and loss expenses excluding catastrophe losses	57.5%	66.3%
Catastrophe losses	0.1	0.4
Commissions	21.5	19.6
Underwriting expenses	8.0	8.8
Combined ratio	87.1%	95.1%

Net written premiums of the property casualty insurance affiliates rose 15.1 percent to $790 million for the first quarter compared with $687 million in last year's first quarter. First-quarter new business written directly by agencies was $80 million, up 17.8 percent over last year's first quarter, as growth in commercial lines new business offset a decline in personal lines new business. Including a 4.4 percentage-point benefit from the release of the UM/UIM reserves, the first-quarter 2004 GAAP combined ratio improved 8.0 percentage points to 87.1 percent. The commission expense ratio rose 1.9 percentage points, primarily due to a higher contingent commission accrual due to the strong underwriting profits.

Schiff said, "Since 2000, the number of commercial lines underwriting associates has increased by 60 percent, with five new underwriting classes in each year. We also are able to take advantage of the experience of our commercial lines team leaders, who all have at least seven years of underwriting experience. As our field marketing representatives focus on new business opportunities, our underwriting staff is seeing that we continue to obtain adequate premium at renewal for the risks we are covering.

"Our local-market based field marketing representatives play an important role in sustaining our relationships with agencies, which is key to the strong property casualty results. The recent completion of our three-year program to review the commercial lines book of business is giving our agents and field marketing representatives more time to focus on business development. Further, the involvement of our field claims staff in risk reviews has become a deep-rooted habit. Also, our technology initiatives around commercial and personal lines business processing and claims management continue to move forward, helping to lift the administrative burden from our associates, improving service," Schiff said.

"We are continuing to subdivide territories to ensure that our field marketing representatives can stay fully engaged in agency activities. During the first quarter, new territories were created in upstate New York, St. Louis and Cleveland, bringing the total to 90, with two to three additional planned for the remainder of 2004."

Commercial Lines

(Dollars in millions - GAAP)	Three Months Ended March 31,	
	2004	**2003**
Income Statement Data		
Earned premiums	$ 519	$ 450
Loss and loss expenses excluding catastrophe losses	276	286
Catastrophe losses	1	5
Commissions	113	90
Underwriting expenses	38	38
Underwriting profit	$ 91	$ 31
Ratio Data		
Loss and loss expenses excluding catastrophe losses	53.3%	63.8%
Catastrophe losses	0.2	1.0
Commissions	21.8	20.1
Underwriting expenses	7.3	8.3
Combined ratio	82.6%	93.2%

Net written premiums for commercial lines of insurance rose 15.9 percent to $610 million for the first quarter, compared with $526 million in last year's first quarter. First-quarter commercial lines new business written directly by agencies increased 25.7 percent to $67 million. The first-quarter 2004 commercial lines GAAP combined ratio was 82.6 percent, including a 6.0 percentage-point benefit from the release of UM/UIM reserves.

Schiff commented, "First-quarter commercial lines premium and new business growth supports our view that disciplined underwriting remains the norm in most of the markets that we serve. We do hear of exceptions in some markets, but there seems to be little inclination to aggressively price average accounts. While there is more competition for the high-quality accounts, we continue to be able to obtain renewal price increases that average in the single digits. As a result, we remain very comfortable with our expectation that full-year commercial lines written premiums could grow in the 10 percent range.

"Current marketplace conditions play to our strength as a regional carrier," Schiff said. "We continue to be presented with opportunities to help agencies serve their customers – the policyholders – even though there are markets where competition is heightening. Our personal service, track record of stability and willingness to evaluate each account individually give us a decided advantage. In addition to subdividing territories to enhance service, we continue to offer package programs to help our agents serve their policyholders, provide high-quality claims service to distinguish our company in the marketplace and maintain industry-leading financial strength to reassure policyholders."

Schiff commented. "The underlying trends in the commercial business lines appear to be on track, although the commercial lines loss ratio was well below the norm due to the extraordinarily low level of catastrophe losses and the UM/UIM reserve release. Further, our emphasis on package business leads us to evaluate overall commercial lines performance rather than the inevitable fluctuations in results for individual lines of business within an account."

Personal Lines

(Dollars in millions - GAAP)	Three Months Ended March 31,	
	2004	**2003**
Income Statement Data		
Earned premiums	$ 197	$ 179
Loss and loss expenses excluding catastrophe losses	135	131
Catastrophe losses	0	(2)
Commissions	41	33
Underwriting expenses	19	18
Underwriting profit (loss)	$ 2	$ (1)
Ratio Data		
Loss and loss expenses excluding catastrophe losses	68.5%	72.8%
Catastrophe losses	(0.2)	(1.3)
Commissions	20.7	18.5
Underwriting expenses	9.8	9.9
Combined ratio	98.8%	99.9%

Net written premiums for personal lines of insurance rose 12.3 percent to $180 million for the first quarter, compared with $161 million in last year's first quarter. First-quarter personal lines new business written directly by agencies was $13 million, compared with $15 million in last year's first quarter. Excluding catastrophes, the first-quarter 2004 loss and loss expense ratio was 68.5 percent, including a 0.3 percentage-point benefit from the release of UM/UIM reserves, compared with 72.8 percent in last year's first quarter.

Schiff commented, "Across the board in personal lines, our premium growth continues to be driven by higher rates. With very low catastrophe losses for the second consecutive quarter, the personal lines combined ratio was again favorable. However, we have not reached an overall performance level that we consider satisfactory.

"We continue to address homeowner results, where profitability is lagging the industry, with a number of actions, including re-underwriting programs with specific agencies, rate increases, deductible changes and modifications in policy terms and conditions. In 2004, 20 homeowner rate increases already have taken effect or have regulatory approval, and we are continuing to receive approval for low single-digit personal auto rate increases in selected states that will build on the slightly higher increases of 2003. We continue to listen to agent feedback on our pricing levels."

Schiff said, "Importantly, agencies in Michigan and Indiana began to receive training in our new personal lines policy processing system in late March, with Ohio agencies scheduled for training beginning in late June. These are three of our largest personal lines states. Agencies are beginning to directly experience the advantages and efficiencies of the Diamond system that have been reported by our Kansas agencies since they began using it in 2002. We expect Diamond will make it easier to increase the level of new business."

Life Insurance Operations

(In millions - GAAP)	Three Months Ended March 31,	
	2004	2003
Earned premiums	$ 24	$ 21
Investment income, net of expenses	22	23
Other income	1	0
Total revenues excluding realized investment gains and losses	$ 47	$ 44
Policyholder benefits	22	21
Expenses	13	11
Total benefits and expenses	$ 35	$ 32
Income before income tax and realized investment gains and losses	$ 12	$ 12
Income tax	4	4
Income before realized investment gains and losses	$ 8	$ 8

The Cincinnati Life Insurance Company's first-quarter 2004 net earned premiums increased 16.1 percent to $24 million. Income before realized investment gains and losses increased 1.6 percent over the strong first quarter of 2003. First-quarter 2004 results were affected by costs related to incentive programs that reward agents for increased business and by a decline in investment income because one of the larger holdings in the life company's portfolio skipped a regular quarterly dividend. For the first quarter, net income including net realized capital gains and losses - a performance indicator for The Cincinnati Life Insurance Company - rose to $8 million from a loss of $1 million for the comparable 2003 period.

Cincinnati Life President David H. Popplewell, FALU, LLIF, commented, "The 4.3 percent increase in policy face amounts in force to $40.142 billion reflects a positive response to recently introduced enhancements to our term life insurance product portfolio and to our new secondary death benefit guarantee universal life insurance product. Late in 2004, Cincinnati Life will add a disability income product to our worksite marketing portfolio and make electronic enrollment available for worksite marketing programs. Other 2004 technology initiatives include placing our life insurance sales system on CinciLink, our agency extranet. This will bring our agents the convenience of online form completion and submission and eliminate the expense of frequent software update mailings."

Investment Operations

(In millions, pre-tax)	Three Months Ended March 31,	
	2004	2003
Investment income:		
Interest	$ 61	$ 59
Dividends	59	56
Other	1	2
Investment expenses	(1)	(1)
Investment income, net of expenses	$ 120	$ 116
Net realized investment gains and losses:		
Other-than-temporary impairment charges	$ (3)	$ (53)
Realized investment gains and losses	10	1
Change in valuation of embedded derivatives	0	(10)
Net realized investment gains and losses	$ 7	$ (62)

Consolidated pretax investment income rose 3.9 percent for the first quarter, largely due to dividend increases announced over the last 12 months by companies in the equity portfolio. Dividend increases announced during the first quarter of 2004 by Fifth Third Bancorp and seven other equity holdings will add $9 million to investment income on an annualized basis. Last year, 29 of the 51 equity holdings in the portfolio announced dividend increases that totaled $16 million on an annualized basis. Net realized investment gains were $7 million in this year's first quarter, including $3 million in other-than-temporary impairment charges, compared with net realized investment losses of $62 million in last year's first quarter, including $53 million in economy-related other-than-temporary impairment charges.

During the first quarter, continued strong cash flow led to substantial new investments. Net purchases of U.S. agency paper and high-quality municipal bonds totaling $215 million were offset by $80 million in net sales and calls of investment-grade and high-yield bonds, enhancing the quality of the bond portfolio as rated by Standard & Poor's and Moody's. A net $31 million was invested in common stocks and equity-linked securities, in line with the company's historical allocation. Further, the company repurchased 250,000 shares of Cincinnati Financial common stock at a total cost of $11 million, or $43.11 per share, during the first quarter. Approximately 5 million shares remain authorized by the board of directors for repurchase.

Balance Sheet

(Dollars in millions)	March 31,	
	2004	**2003**
Balance Sheet Data		
Total assets	$ 15,738	$ 13,553
Invested assets	12,509	10,655
Shareholders' equity	6,199	5,159
Ratio Data		
Return on equity, annualized	9.4%	4.2%
Return on equity, annualized, based on comprehensive income	3.0	(27.4)

During the first quarter, the company announced that both A.M. Best Co. and Fitch Ratings affirmed the insurance subsidiaries' financial strength ratings. "Our primary customer is the independent insurance agent for whom a key selling point is our financial strength and the ratings that support it, including our property casualty group's A++ (Superior) financial rating from A.M. Best. Our financial strength supports the consistent, predictable performance that our stakeholders have always expected and received, and it must be able to withstand worst-case developments," Schiff commented.

"The most important way we make sure we are consistent and predictable is to align our agents' interest with ours, giving outstanding service and compensation to earn their best business. We also maintain exceptionally strong surplus, a solid reinsurance program, sound reserving practices, low debt, low interest rate risk and strong capital at the parent-company level. Recently, our board and management have established parameters around our strong surplus position, leading to some near-term actions to modestly adjust the equity exposure of the property casualty company portfolio and to manage our catastrophe exposure to the one-in-250-year level. Sales of equity positions in the next quarter or two to achieve the planned adjustment are expected to result in high realized gains.

"These parameters will allow us to remain consistent with our long-term underwriting and equity investing strategies while responding to risk factors that are studied carefully by the ratings agencies. We remain fully committed to our equity investing strategy, and, over the longer term, we anticipate continuing to allocate approximately 25 percent to 35 percent of new money to equities on a consolidated basis," Schiff noted.

At March 31, 2004, statutory policyholder surplus for the property casualty insurance group was $2.791 billion, up about $10 million from year-end 2003. The ratio of common stock to statutory surplus for the property casualty insurance group portfolio was 114.3 percent at March 31, 2004, compared with 114.6 percent at year-end 2003.

Outlook Positive for 2004

Schiff commented, "The predictability of our approach to the market is one of our greatest strengths. While we appreciate quarters such as this one when results are exceptional, and we don't panic when the opposite is the case, our true objectives are to achieve steady growth and to be an industry profitability leader over the long term. We believe we are positioned to generate that type of result year in and year out. We look to the remainder of 2004 with optimism.

"We continue to target full-year 2004 written premium growth in the high single digits as we take a conservative stance regarding potential trends in the commercial marketplace and our progress in personal lines. We believe we can achieve a full-year 2004 GAAP combined ratio in the range of 94 percent when the approximately 1 percentage point full-year benefit of the UM/UIM reserve release is included. We believe we can achieve this target by remaining focused on underwriting and pricing. This also assumes catastrophe losses will affect the ratio by approximately 3.0 to 3.5 percentage points over the full year. We also remain confident in our ability to achieve investment income growth of 3.5 percent to 4.5 percent."

Schiff concluded, “Independent insurance agents know that Cincinnati will be tomorrow what it has been for over 50 years – a stable market for their best business.”

For additional information or to register for this afternoon’s conference call, please visit *www.cinfin.com*.

Cincinnati Financial Corporation offers property and casualty insurance, its main business, through The Cincinnati Insurance Company, The Cincinnati Indemnity Company and The Cincinnati Casualty Company. The Cincinnati Life Insurance Company markets life and disability income insurance and annuities. CFC Investment Company supports the insurance subsidiaries and their independent agent representatives through commercial leasing and financing activities. CinFin Capital Management Company provides asset management services to institutions, corporations and individuals. For additional information, please visit the company’s Web site at www.cinfin.com.

This is a “Safe Harbor” statement under the Private Securities Litigation Reform Act of 1995. Certain forward-looking statements contained herein involve potential risks and uncertainties. The company’s future results could differ materially from those discussed. Factors that could cause or contribute to such differences include, but are not limited to:

- unusually high levels of catastrophe losses due to changes in weather patterns or other causes
- increased frequency and/or severity of claims
- circumstances that cause agencies to bring the company fewer new policyholder accounts
- environmental events or changes
- insurance regulatory actions, legislation or court decisions that increase expenses or place the company at a disadvantage in the marketplace
- adverse outcomes from litigation or administrative proceedings
- recession or other economic conditions or regulatory, accounting or tax changes resulting in lower demand for insurance products
- sustained decline in overall stock market values negatively affecting the company’s equity portfolio, in particular a sustained decline in the market value of Fifth Third Bancorp shares, a significant equity holding
- events that lead to a significant decline in the market value of a particular security and impairment of the asset
- prolonged low interest rate environment or other factors that limit the company’s ability to generate growth in investment income
- delays in the development, implementation and benefits of technology enhancements

Further, the company’s insurance businesses are subject to the effects of changing social, economic and regulatory environments. Public and regulatory initiatives have included efforts to adversely influence and restrict premium rates, restrict the ability to cancel policies, impose underwriting standards and expand overall regulation. The company also is subject to public and regulatory initiatives that can affect the market value for its common stock, such as recent measures impacting corporate financial reporting and governance. The ultimate changes and eventual effects, if any, of these initiatives are uncertain.

***

Cincinnati Financial Corporation
Consolidated Balance Sheets

(Dollars in millions except share data)	**March 31, 2004** (unaudited)	December 31, 2003
Assets		
Investments		
Fixed maturities, at fair value (amortized cost: 2004—$3,804; 2003—$3,669)	**$ 4,109**	$ 3,925
Equity securities, at fair value (cost: 2004—$2,527; 2003—$2,487)	**8,365**	8,524
Other invested assets	**35**	36
Cash	**162**	91
Investment income receivable	**95**	99
Finance receivable	**87**	81
Premiums receivable	**1,132**	1,060
Reinsurance receivable	**639**	617
Prepaid reinsurance premiums	**14**	13
Deferred policy acquisition costs	**379**	372
Property and equipment, net, for company use (accumulated depreciation: 2004—$188; 2003—$172)	**132**	136
Other assets	**101**	92
Separate accounts	**488**	463
Total assets	**$ 15,738**	$ 15,509
Liabilities		
Insurance reserves		
Losses and loss expense	**$ 3,459**	$ 3,415
Life policy reserves	**1,048**	1,025
Unearned premiums	**1,529**	1,446
Other liabilities	**506**	404
Deferred income tax	**1,903**	1,949
Notes payable	**186**	183
6.9% senior debenture due 2028	**420**	420
Separate accounts	**488**	463
Total liabilities	**9,539**	9,305
Shareholders' equity		
Common stock, par value—$2 per share; authorized 200 million shares; issued: 2004—176 million shares, 2003—176 million shares	**352**	352
Paid-in capital	**307**	306
Retained earnings	**2,088**	1,986
Accumulated other comprehensive income—unrealized gains on investments and derivatives	**3,985**	4,084
Treasury stock at cost (2004—16 million shares, 2003—16 million shares)	**(533)**	(524)
Total shareholders' equity	**6,199**	6,204
Total liabilities and shareholders' equity	**$ 15,738**	$ 15,509

Cincinnati Financial Corporation
Consolidated Statements of Income

(In millions except per share data)	Three Months Ended March 31, 2004			2003
	(unaudited)			
Revenues				
Earned premiums				
Property casualty	**$**	**716**	$	629
Life		**24**		21
Investment income, net of expenses		**120**		116
Realized investment gains and losses		**7**		(62)
Other income		**3**		3
Total revenues		**870**		707
Benefits and expenses				
Insurance losses and policyholder benefits		**434**		440
Commissions		**161**		132
Other operating expenses		**62**		53
Taxes, licenses and fees		**19**		18
Increase in deferred policy acquisition costs		**(18)**		(14)
Interest expense		**8**		8
Other expenses		**3**		5
Total benefits and expenses		**669**		642
Income before income taxes		**201**		65
Provision (benefit) for income taxes				
Current		**48**		17
Deferred		**7**		(9)
Total provision (benefit) for income taxes		**55**		8
Net income	**$**	**146**	$	57
Per common share				
Net income – basic	**$**	**0.91**	$	0.35
Net income – diluted	**$**	**0.90**	$	0.35

Since 1996, Cincinnati Financial has disclosed the estimated impact of stock options on net income and earnings per share in a Note to the Financial Statements. In the first quarters of 2004 and 2003, net income would have been reduced by less than 2 cents per share, if option expense, calculated using the binomial option-pricing model, was included as an expense.

Definitions of Non-GAAP Information and Reconciliation to Comparable GAAP Measures

Cincinnati Financial Corporation prepares its public financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Statutory data is prepared in accordance with statutory accounting rules as defined by the National Association of Insurance Commissioners' (NAIC) Accounting Practices and Procedures Manual and therefore is not reconciled to GAAP data.

Management uses certain non-GAAP and non-statutory financial measures to evaluate its primary business areas - property casualty insurance, life insurance and investments - where analyzing both GAAP and certain non-GAAP measures may improve understanding of trends in the underlying business, helping avoid incorrect or misleading assumptions and conclusions about the success or failure of company strategies. Management adjustments to GAAP measures generally: apply to non-recurring events unrelated to business performance that distort short-term results; involve values that fluctuate based on events outside of management's control; or relate to accounting refinements that affect comparability between periods, creating a need to analyze data on the same basis.

Operating income: Operating income (also described as net income before realized investment gains and losses) is calculated by excluding net realized investment gains and losses from net income. Management evaluates operating income to measure the success of pricing, rate and underwriting strategies. While realized investment gains (or losses) are integral to the company's insurance operations over the long term, the determination to realize investment gains or losses in any period may be subject to management's discretion and is independent of the insurance underwriting process. Moreover, under applicable GAAP accounting requirements, losses can be recognized from certain changes in market values of securities without actual realization. Management believes that the level of realized investment gains or losses for any particular period, while it may be material, may not be indicative of the performance of ongoing underlying business operations in that period.

For these reasons, many investors and shareholders consider operating income to be one of the more meaningful measures for evaluating insurance company performance. Equity analysts who report on the insurance industry and the company generally focus on operating income in their analyses. The company presents operating income so all investors have what management believes to be a useful supplement to GAAP information.

Statutory accounting rules: For public reporting, insurance companies prepare financial statements in accordance with GAAP. However, certain data also must be calculated according to statutory accounting rules as defined in the NAIC's Accounting Practices and Procedures Manual, which may be, and has been, modified by various state insurance departments. Statutory data is publicly available and used by various organizations to calculate aggregate industry data, study industry trends and make comparisons between various insurance companies.

Written premium: Under statutory accounting rules, written premium is the amount recorded for policies issued and recognized on an annualized basis at the effective date of the policy. Management analyzes trends in written premium to assess business efforts. Earned premium, used in both statutory and GAAP accounting, is calculated ratably over the policy term. The difference between written and earned premium is unearned premium.

Written premium adjustment – statutory basis only: In 2002, the company refined its estimation process for matching written premiums to policy effective dates, which added $117 million to 2002 written premiums. To better assess ongoing business trends, management excludes this adjustment when evaluating trends in written premiums and statutory ratios that make use of written premiums.

One-time charges or adjustments: Management analyzes results excluding the impact of one-time items.

- In 2003, as the result of a settlement negotiated with a vendor, pretax results included the recovery of $23 million of the $39 million one-time, pretax charge incurred in 2000.
- In 2000, the company recorded a one-time charge of $39 million, pre-tax, to write down previously capitalized costs related to the development of software to process property casualty policies.
- In 2000, the company earned $5 million in interest in the first quarter from a $303 million single-premium bank-owned life insurance (BOLI) policy booked at the end of 1999 that was segregated as a Separate Account effective April 1, 2000. Investment income and realized investment gains and losses from separate accounts generally accrue directly to the contract holder and, therefore, are not included in the company's consolidated financials.

Codification: Adoption of Codification of Statutory Accounting Principles was required for Ohio-based insurance companies effective January 1, 2001. The adoption of Codification changed the manner in which the company recognized property casualty written premiums. As a result, 2001 statutory written premiums included $402 million to account for unbooked premiums related to policies with effective dates prior to January 1, 2001. To better assess ongoing business trends, management excludes this $402 million when evaluating written premiums and statutory ratios that make use of written premiums.

Life insurance gross written premiums: In analyzing life insurance company gross written premiums, management excludes three larger, single-pay life insurance policies (BOLIs) to focus on the trend in premiums written through the agency distribution channel.

Cincinnati Financial Corporation and Subsidiaries
Quarterly Net Income Reconciliation

(In millions except per share data)	Three-months ended								Six months ended		Nine months ended		Twelve months ended	
	12/31/2004	9/30/2004	6/30/2004	**3/31/2004**	12/31/2003	9/30/2003	6/30/2003	3/31/2003	6/30/2004	6/30/2003	9/30/2004	9/30/2003	12/31/2004	12/31/2003
Net income				**$ 146**	$ 130	$ 104	$ 84	$ 57		$ 141		$ 245		$ 374
One-time item				**0**	0	15	0	0		0		15		15
Net income before one-time item				**$ 146**	$ 130	$ 89	$ 84	$ 57		$ 141		$ 230		$ 359
Net realized investment gains and losses				**0**	2	10	1	(40)		(39)		(29)		(27)
Operating income before one-time item				**$ 146**	$ 128	$ 79	$ 83	$ 97		$ 180		$ 259		$ 386
Less catastrophe losses				**0**	4	27	30	2		32		59		63
Operating income before catastrophe losses and one-time item				**$ 146**	$ 132	$ 106	$ 113	$ 99		$ 212		$ 318		$ 449
Diluted per share data														
Net income				**$ 0.90**	$ 0.80	$ 0.64	$ 0.52	$ 0.35		$ 0.87		$ 1.51		$ 2.31
One-time item				**0.00**	0.00	0.09	0.00	0.00		0.00		0.09		$ 0.09
Net income before one-time item				**$ 0.90**	$ 0.80	$ 0.55	$ 0.52	$ 0.35		$ 0.87		$ 1.42		$ 2.22
Net realized investment gains and losses				**0.03**	0.01	0.06	0.01	(0.25)		(0.24)		(0.18)		(0.17)
Operating income before one-time item				**$ 0.87**	$ 0.79	$ 0.49	$ 0.51	$ 0.60		$ 1.11		$ 1.60		$ 2.39
Less catastrophe losses				**0.00**	(0.03)	(0.17)	(0.19)	(0.01)		(0.20)		(0.36)		(0.39)
Operating income before catastrophe losses and one-time item				**$ 0.87**	$ 0.82	$ 0.66	$ 0.70	$ 0.61		$ 1.31		$ 1.96		$ 2.78

Dollar amounts shown are rounded to millions; certain amounts may not add due to rounding. Ratios are calculated based on whole dollar amounts. The sum of quarterly amounts may not equal the full year as each is computed independently.

Cincinnati Insurance Group
Quarterly Property Casualty Data - Consolidated

(Dollars in millions)	Three-months ended								Six months ended		Nine months ended		Twelve months ended	
	12/31/2004	9/30/2004	6/30/2004	**3/31/2004**	12/31/2003	9/30/2003	6/30/2003	3/31/2003	6/30/2004	6/30/2003	9/30/2004	9/30/2003	12/31/2004	12/31/2003
Premiums														
Adjusted written premiums (statutory)				**$ 790**	$ 698	$ 714	$ 709	$ 667		$ 1,376		$ 2,090		$ 2,789
Written premium adjustment – statutory only				**0**	(19)	9	19	18		37		46		26
Reported written premiums (statutory)*				**$ 790**	$ 679	$ 723	$ 728	$ 684		$ 1,413		$ 2,136		$ 2,815
Unearned premiums				**(74)**	11	(45)	(72)	(56)		(127)		(173)		(162)
Earned premiums				**$ 716**	$ 690	$ 678	$ 656	$ 629		$ 1,286		$ 1,963		$ 2,653
Statutory combined ratio														
Reported statutory combined ratio*				**85.1%**	89.8%	96.3%	98.4%	92.8%		95.7%		96.0%		94.2%
Written premium adjustment – statutory only				**NM**	NM	NM	NM	NM		NM		NM		NM
One-time item				**0.0**	0.0	3.1	0.0	0.0				1.0		0.8
Adjusted statutory combined ratio				**85.1%**	89.8%	99.4%	98.4%	92.8%		95.7%		97.0%		95.0%
Less catastrophe losses				**0.1**	1.0	6.1	7.1	0.4		3.8		4.6		3.6
Adjusted statutory combined ratio excluding catastrophe losses				**85.0%**	88.8%	93.3%	91.3%	92.4%		91.9%		92.4%		91.4%
Reported commission expense ratio*				**18.3%**	18.8%	18.5%	17.0%	16.4%		16.7%		17.3%		17.6%
Written premium adjustment – statutory only				**NM**	NM	NM	NM	NM		NM		NM		NM
One-time item				**0.0**	0.0	0.0	0.0	0.0		0.0		0.0		0.0
Adjusted commission expense ratio				**18.3%**	18.8%	18.5%	17.0%	16.4%		16.7%		17.3%		17.6%
Reported other expense ratio*				**9.3%**	10.9%	6.5%	8.2%	10.0%		9.0%		8.1%		8.9%
Written premium adjustment – statutory only				**NM**	NM	NM	NM	NM		NM		NM		NM
One-time item				**0.0**	0.0	3.1	0.0	0.0		0.0		1.0		0.8
Adjusted other expense ratio				**9.3%**	10.9%	9.6%	8.2%	10.0%		9.0%		9.1%		9.7%
Reported statutory expense ratio*				**27.6%**	29.7%	25.0%	25.2%	26.4%		25.7%		25.5%		26.5%
Written premium adjustment – statutory only				**NM**	NM	NM	NM	NM		NM		NM		NM
One-time item				**0.0**	0.0	3.1	0.0	0.0		0.0		1.0		0.8
Adjusted statutory expense ratio				**27.6%**	29.7%	28.1%	25.2%	26.4%		25.7%		26.5%		27.3%
GAAP combined ratio														
GAAP combined ratio				**87.1%**	89.1%	96.6%	98.4%	95.1%		96.8%		96.7%		94.7%
One-time item				**0.0**	0.0	3.4	0.0	0.0		0.0		1.2		0.8
GAAP combined ratio before one-time item				**87.1%**	89.1%	100.0%	98.4%	95.1%		96.8%		97.9%		95.5%

Dollar amounts shown are rounded to millions; certain amounts may not add due to rounding. Ratios are calculated based on whole dollar amounts. The sum of quarterly amounts may not equal the full year as each is computed independently.

NM - Not meaningful

** Statutory data prepared in accordance with statutory accounting rules as defined by the National Association of Insurance Commissioners and filed with the appropriate regulatory bodies.*

Cincinnati Insurance Group
Quarterly Property Casualty Data - Commercial Lines

(Dollars in millions)	Three-months ended								Six months ended		Nine months ended		Twelve months ended	
	12/31/2004	9/30/2004	6/30/2004	**3/31/2004**	12/31/2003	9/30/2003	6/30/2003	3/31/2003	6/30/2004	6/30/2003	9/30/2004	9/30/2003	12/31/2004	12/31/2003
Premiums														
Adjusted written premiums (statutory)				**$ 610**	$ 507	$ 499	$ 498	$ 504		$ 1,003		$ 1,502		$ 2,009
Written premium adjustment – statutory only				**0**	(16)	8	12	18		30		38		22
Reported written premiums (statutory)*				**$ 610**	$ 491	$ 507	$ 509	$ 524		$ 1,033		$ 1,540		$ 2,031
Unearned premiums				**(91)**	7	(19)	(37)	(74)		(111)		(130)		(123)
Earned premiums				**$ 519**	$ 498	$ 488	$ 472	$ 450		$ 922		$ 1,410		$ 1,908
Statutory combined ratio														
Reported statutory combined ratio*				**80.3%**	89.7%	91.9%	91.9%	90.3%		91.1%		91.4%		90.9%
Written premium adjustment – statutory only				**NM**	NM	NM	NM	NM		NM		NM		NM
One-time item				**0.0**	0.0	2.9	0.0	0.0		0.0		0.9		0.7
Adjusted statutory combined ratio				**80.3%**	89.7%	94.7%	91.9%	90.3%		91.1%		92.3%		91.6%
Less catastrophe losses				**0.2**	2.9	2.0	2.9	1.0		2.0		2.0		2.2
Adjusted statutory combined ratio excluding catastrophe losses				**80.1%**	86.8%	92.7%	89.0%	89.3%		89.1%		90.3%		89.4%
GAAP combined ratio														
GAAP combined ratio				**82.6%**	88.5%	92.1%	91.4%	93.2%		92.3%		92.2%		91.2%
One-time item				**0.0**	0.0	2.9	0.0	0.0		0.0		1.0		0.8
GAAP combined ratio before one-time item				**82.6%**	88.5%	95.0%	91.4%	93.2%		92.3%		93.2%		92.0%

Dollar amounts shown are rounded to millions; certain amounts may not add due to rounding. Ratios are calculated based on whole dollar amounts. The sum of quarterly amounts may not equal the full year as each is computed independently.

NM - Not meaningful

** Statutory data prepared in accordance with statutory accounting rules as defined by the National Association of Insurance Commissioners and filed with the appropriate regulatory bodies.*

Cincinnati Insurance Group
Quarterly Property Casualty Data - Personal Lines

(Dollars in millions)				Three-months ended					Six months ended		Nine months ended		Twelve months ended	
	12/31/2004	9/30/2004	6/30/2004	**3/31/2004**	12/31/2003	9/30/2003	6/30/2003	3/31/2003	6/30/2004	6/30/2003	9/30/2004	9/30/2003	12/31/2004	12/31/2003
Premiums														
Adjusted written premiums (statutory)				**$ 180**	$ 191	$ 215	$ 212	$ 161		$ 373		$ 588		$ 780
Written premium adjustment -- statutory only				**0**	(3)	1	7	0		7		8		4
Reported written premiums (statutory)*				**$ 180**	$ 188	$ 216	$ 219	$ 161		$ 380		$ 596		$ 784
Unearned premiums				**17**	4	(26)	(35)	18		(16)		(43)		(39)
Earned premiums				**$ 197**	$ 192	$ 190	$ 184	$ 179		$ 364		$ 553		$ 745
Statutory combined ratio														
Reported statutory combined ratio*				**98.7%**	90.0%	108.1%	115.2%	99.5%		107.2%		107.5%		102.9%
Written premium adjustment -- statutory only				**NM**	NM	NM	NM	NM		NM		NM		NM
One-time item				**0.0**	0.0	3.8	0.0	0.0		0.0		1.3		1.0
Adjusted statutory combined ratio				**98.7%**	90.0%	111.9%	115.2%	99.5%		107.2%		108.8%		103.9%
Less catastrophe losses				**(0.2)**	(3.9)	16.6	17.8	(1.3)		8.4		11.2		7.3
Adjusted statutory combined ratio excluding catastrophe losses				**98.9%**	93.9%	95.3%	97.4%	100.8%		98.8%		97.6%		96.6%
GAAP combined ratio														
GAAP combined ratio				**98.8%**	90.7%	108.4%	116.1%	99.9%		108.1%		108.2%		103.6%
One-time item				**0.0**	0.0	4.3	0.0	0.0		0.0		1.5		1.1
item				**98.8%**	90.7%	112.7%	116.1%	99.9%		108.1%		109.7%		104.7%

Dollar amounts shown are rounded to millions; certain amounts may not add due to rounding. Ratios are calculated based on whole dollar amounts. The sum of quarterly amounts may not equal the full year as each is computed independently.

NM - Not meaningful

** Statutory data prepared in accordance with statutory accounting rules as defined by the National Association of Insurance Commissioners and filed with the appropriate regulatory bodies.*