CINCINNATI FINANCIAL CORPORATION

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May 1, 2004

TO OUR SHAREHOLDERS, ASSOCIATES AND FRIENDS:

One of the highlights of the first quarter came in March, when two independent ratings authorities affirmed your company's ratings with stable outlooks:

- A.M. Best Co. affirmed its A++ (Superior) financial strength rating for The Cincinnati Insurance Companies property casualty group and for each of the three companies in the group, and its A+ (Superior) rating for The Cincinnati Life Insurance Company. Fewer than 2 percent of insurers receive the A++ rating, their highest.
- Fitch Ratings affirmed its AA (Very Strong) insurer financial strength rating of all four insurance subsidiaries.
- Fitch also affirmed your company's A+ (Strong) senior debt rating of CFC's senior debentures. Best lowered its debt rating to "aa-" from "aa," reflecting the typical differential they target between corporate debt ratings and insurer financial strength ratings.

These independent ratings organizations found a lot to like about our superior risk-based capitalization, strong operating results, total return investment approach and longstanding independent agency distribution strategy.

Just as important as financial strength and the record earnings we reported for the first quarter, your company continues to have unprecedented people strength. Since January 12, key executives, field representatives and underwriters have hosted agents at sales meetings in 24 cities. From Little Rock to Lansing and all points between, I was impressed to note the seasoned quality of the people who sell, underwrite and service our policies.

The work they have done during the hard market of the past few years has heightened their technical and negotiating skills, their attention to every detail of the insurance process and their professionalism. The good habits they have learned will serve your company well in the ever changing insurance marketplace.

As of the end of the first quarter, 3,770 associates and 966 agencies are working on your behalf. Our field and headquarters staffs are primed to give the hands-on, case-by-case attention and service that distinguishes your company, promoting its growth and protecting its profitability. With our financial strength and people strength at all-time highs, we are ready and eager to see what the rest of 2004 brings.

Respectfully,

/s/ John J. Schiff, Jr.

John J. Schiff, Jr., CPCU

6200 S. Gilmore Road, Fairfield, Ohio 45014-5141

NEWS RELEASE

Investor Contact: Heather J. Wietzel
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Cincinnati Financial Corporation Holds Shareholders' and Directors' Meetings

- *Directors elected and independent audit firm selection ratified*
- *Board committees assigned*

Cincinnati, Monday, April 26, 2004 -- Cincinnati Financial Corporation (Nasdaq: CINF) today announced that at the company's annual shareholders' meeting on April 24, 2004, three directors were re-elected and two new directors were elected to the board. Also, shareholders ratified the selection of Deloitte & Touche LLP as independent audit firm.

Chairman and Chief Executive Officer John J. Schiff, Jr., CPCU, commented: "In an evolving process, we are complying with new regulations while preserving the values that build our company. Our shareholders are well served by a stable board, with strong agent representation complemented by individuals who mirror the values and spirit of independent agents."

The board continues to have 15 members, as two long-serving directors did not stand for re-election. Re-elected for three-year terms on the board were Michael Brown, president, Cincinnati Bengals, Inc.; Robert C. Schiff, chairman, Schiff, Kreidler-Shell, Inc.; and John M. Shepherd, chairman and chief executive officer, The Shepherd Chemical Company. Newly elected were:

- Dirk J. Debbink, president, MSI General Corporation, Oconomowoc, Wisconsin; Rear Admiral, U.S. Naval Reserve; and chairman, First Bank Financial Centre, Oconomowoc, Wisconsin. MSI General is a leader in the commercial, industrial, retail, educational, religious and municipal design/build construction industry.
- Douglas S. Skidmore, president, chief executive officer and director of Skidmore Sales & Distributing Company, Inc., West Chester, Ohio. Skidmore Sales & Distributing is a family-owned, full-service distributor and broker of quality industrial food ingredients.

At the regular meeting of the board of directors, also held on April 24, the board adopted a code of conduct for the company's directors, officers and associates (to be available at *www.cinfin.com* by May 4, 2004). The board also announced committee membership for the coming year, in line with the independence requirements of applicable law and the listing standards of Nasdaq:

- Audit – William F. Bahl, CFA: Dirk J. Debbink: Kenneth C. Lichtendahl (chair); Gretchen W. Price; Douglas S. Skidmore; and E. Anthony Woods.
- Executive – James E. Benoski; Michael Brown; John J. Schiff, Jr., CPCU (chair); Frank J. Schultheis; John M. Shepherd; and Larry R. Webb, CPCU.
- Compensation – William F. Bahl; Kenneth C. Lichtendahl; W. Rodney McMullen (chair); and Gretchen W. Price. Director Emeritus Lawrence H. Rogers II continues to serve as committee adviser.
- Investment – William F. Bahl; James E. Benoski; W. Rodney McMullen; John J. Schiff, Jr. (chair); Thomas R. Schiff; and E. Anthony Woods. Richard M. Burridge, CFA, continues to serve as committee advisor.
- Nominating – William F. Bahl (chair), Kenneth C. Lichtendahl and John M. Shepherd.

Schiff noted, "Our eight independent directors hail from organizations with strong entrepreneurial cultures, high service standards, long-term growth and profitability plans, and operational structures that leverage a local presence. We have the greatest appreciation for them and for all of our board members, whose dedication benefits our shareholders and their long-term interests."

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.

NEWS RELEASE

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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 "Reconciliation of non-GAAP financial information" on the Financials & Analysis tab of the Investors page of *www.cinfin.com* 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

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."

(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%

Schiff continued, "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.

"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.”

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.

Cincinnati Financial Corporation
Consolidated Balance Sheets

(Dollars in millions except share data)	**March 31, 2004**	December 31, 2003
	(unaudited)	
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.

Inside Cincinnati

Personnel and Professional Development

On February 2, 2004, the board of Cincinnati Financial Corporation announced the appointment of James E. Benoski as the corporation's vice chairman and chief insurance officer, posts he has held in the company's insurance subsidiaries since 1999. Further, the board appointed Kenneth S. Miller, CLU, ChFC, as chief investment officer and senior vice president of the corporation. Ken has served as vice president of the corporation since 1997 and senior vice president of the company's insurance subsidiaries since 2000, heading the investment department for the past year.

Unfortunately, Ken was in a serious automobile accident on March 1. His condition has steadily improved. He is actively participating in physical therapy and each day there is progress. Our thoughts and prayers are with him and his family.

Under Ken Stecher's interim direction, our investment department officers are managing the day-to-day activities of the department, with strategic direction from the investment committee of the board of directors.

We extend sincere thanks for their service to two directors of the corporation and its subsidiaries who did not stand for re-election at the company's shareholders' meeting on April 24, 2004. Alan R. Weiler, CPCU, served as a member of the Cincinnati Financial board since 1992. Alan is chairman of Archer-Meek-Weiler Agency, Inc., an independent insurance agency in Columbus, Ohio. On our board, he has been a strong and independent voice for professional insurance agents and their policyholders.

John E. Field, CPCU, joined the Cincinnati Financial board in 1995. John is chairman of Wallace & Turner, Inc., in Springfield, Ohio, one of the company's first independent insurance agencies. During his tenure on our board, he kept us sharply focused on the importance of long-term relationships within local communities.

Dirk J. Debbink, chairman, president and chief executive officer of MSI General Corporation, and Douglas S. Skidmore, president, chief executive officer and director of Skidmore Sales & Distributing Company, Inc., were elected at the April 24 Meeting of Shareholders, as detailed in our April 26 news release included in this report.

In February, boards of subsidiary companies made the following promotions and new appointments of officers and counsel:

Property Casualty Insurance Subsidiaries

Kenneth S. Miller, CLU, ChFC, Chief Investment Officer and Senior Vice President—Investments
Donald J. Doyle, Jr., CPCU, AIM, Senior Vice President—Strategic Planning
Joel W. Davenport, CPCU, AAI, Vice President—Commercial Lines
Timothy D. Huntington, CPCU, AU, Vice President—Commercial Lines
Steven W. Leibel, CPCU, AIM, Vice President—Personal Lines
Martin J. Mullen, CPCU, Vice President—Headquarters Claims
Philip J. Van Houten, CFE, FCLS, Vice President—Special Investigations
Michael R. Abrams, Assistant Vice President—Investments
W. Dane Donham, AIM, Assistant Vice President—Commercial Lines
John C. DuBois, Assistant Vice President—Personal Lines
Carl C. Gaede, CPCU, AFSB, Assistant Vice President—Bond & Executive Risk
Janet K. McVay, Assistant Vice President—Personal Lines
Robyn C. Muhlberg, Assistant Vice President—Information Technology
Carol A. Oler, AIM, Assistant Vice President—Information Technology
Dennis G. Stetz, SCLA, Assistant Vice President—Headquarters Claims
Charles P. Stoneburner II, CPCU, Assistant Vice President—Headquarters Claims
Robert W. Wallace, CPCU, Assistant Vice President—Headquarters Claims
Roger A. Chamberlain, Secretary—Administrative Services
M. Cathleen Cloud, CPCU, AIM, Secretary Commercial Lines
Douglas W. Stang, FCAS, Secretary—Staff Underwriting
James E. Streicher, CPCU, AIM, ARe, Secretary—Personal Lines
William H. Thomas, AIM, Secretary—Commercial Lines

Hollis A. Jones, AIM, Assistant Treasurer—Investments
Beth A. Scalf, Assistant Treasurer—Corporate Accounting
Kimberly A. Beckman, PMP, Assistant Secretary—Information Technology
Pamela J. Cooper, CPCU, AIM, Assistant Secretary—Commercial Lines
Jack D. Kelley, CPCU, AIC, Assistant Secretary—Field Claims
Glenn W. Koch, CPCU, AIM, Assistant Secretary—Commercial Lines
Philip D. Motz, Assistant Secretary—Information Technology
David V. Neville, CPCU, AIM, Assistant Secretary—Personal Lines
David A. Rice, SCLA, Assistant Secretary—Field Claims
Henry C. Schmidt, AIM, Assistant Secretary—Personal Lines
Brian R. McHenry, Associate Counsel
Matthew R. Skinner, Associate Counsel

The Cincinnati Life Insurance Company:

Donald J. Doyle, Jr.*
Michael R. Abrams*
Robyn C. Muhlberg*
Carol A. Oler*
Hollis A. Jones*
Kimberly A. Beckman*
Ann S. Binzer, CLU, ChFC, FALU, FLMI, Assistant Secretary—Life & Health Claims
Philip D. Motz*
Brian R. McHenry*
Matthew R. Skinner*

CinFin Capital Management Company:

Michael K. O'Connor, CFA, AFSB, Vice President—Investments

The CFC Investment Company:

Jerry L. Litton, Treasurer—Corporate Accounting

* Title as listed above.

Since the December 2003 *Letter to Shareholders*, the following staff members of The Cincinnati Insurance Companies merited promotions:

Carrie Albanese, Underwriting Specialist
Lisa Austin, Project Analyst
Jennifer Baker, CPCU, AIM, ARM, Underwriting Manager
Jill Baran, AIC, Senior Claims Specialist
Marsha Barsman, ACS, AIAA, FLMI, Systems Analyst
Kurt Becker, Life Marketing Director
Yuri Bell, Systems Analyst
Regina Bobie, Senior Underwriter
Bruce Bollman, Associate Claims Superintendent
Jamie Brenner, Underwriting Superintendent
Matthew Broerman, CPCU, AU, Chief Technical Specialist
Jim Brown, Senior Chief Regulatory Specialist
Michelle Bucheit, Underwriting Superintendent
Paul Burnett, Claims Specialist
Paul Bush, CPCU, AIM, AIC, Field Claims Manager
Jennifer Byrne, Senior Underwriter
Rick Chambers, CPCU, AU, Senior Underwriting Manager
Robert Chasteen, Senior Programmer Analyst
Joseph Clabaugh, IT Field Specialist
Karen Collier, Associate Claims Superintendent
Mark Cossman, Senior Programmer Analyst
Julianna Crane, API, Senior Underwriter
Gary Crigler, Chief Underwriting Specialist
Lori Crittenden, Senior Claims Specialist
Joe Cunningham, FCLS, Associate Superintendent
Mary Del Day, Associate Manager
Jerry DiClaudio, Claims Specialist
Terri Dodrill, AIC, Claims Specialist
Stephanie Dooley, Senior Underwriter
Scott Egbers, Underwriting Superintendent
William Foltz, AIC, Claims Specialist
Wayne Gammon, Claims Specialist
Kathleen Gillivan, Senior Claims Examiner
Glenn Greer, AIC, Claims Specialist
LeAnn Gregory, CPCU, State Agent
Maureen Grogan, AU, Underwriting Specialist
Jeff Harrison, Underwriting Specialist
Mona Helton, Senior Image Archive Analyst
Tom Heming, State Agent
Deanna Hering, Supervising Claims Examiner
Brian Hetterich, Assistant Manager—Commissions
Dan Hilvert, Chief Underwriting Specialist
Scott Hintze, CPCU, CIC, AIM, AU, Field Director
Gary Holleman, Associate Manager
Sonia Jackson, Underwriting Superintendent
Allen Jones, CIC, Underwriting Superintendent
Connie Ketts, Claims Specialist
Jeff Kirk, CPCU, Underwriting Specialist
Lucy Klaber, Senior Underwriter
Ron Klimkowski, CIC, AIC, Senior Regional Director

Deborah Lanter, Systems Analyst
Kathryn Legge, Senior Underwriter
Wes Lewis, Senior Underwriter
Darlene Lothschutz, Underwriting Specialist
Nancy Lowry, AIT, Project Controller
Pattie Mangone, CPCU, Claims Specialist
Dylan Mason, Programmer/Analyst
Dave Mathews, CPCU, CIC, Field Director
Michelle McKirahan, Underwriting Superintendent
Connie Merrill, Underwriting Specialist
Dan Mersch, Chief Underwriting Specialist
Steve Miehe, AIC, Claims Superintendent
Laura Mize, Systems Analyst
Mike Morgan, AIC, Machinery & Equipment Specialist
Tom Murray, ChFC, CLU, LUTCF, Life Field Director
Deborah Naegele, FALU, FLMI, Senior Analyst
Tracey Nagle, Systems Analyst
Rosemary Neeley, API, AIM, Senior Underwriter
Marcia Neumann, Senior Programmer Analyst
Kevin O'Donnell, Claims Specialist
Charles Oliver, Jr., Senior Support Technician
Toni Rehbaum, Customer Support Specialist
Ryan Rooks, Senior Customer Support Technician
Karl Runkle, AIM, Chief Underwriting Specialist
Tom Saineghi, AIC, Claims Specialist
Allen Schmitt, Underwriting Superintendent
Tom Schreiber, Chief Underwriting Specialist
Barry Schulte, Senior Customer Support Technician
Patricia Scott, Senior Underwriter
Laura Siebert, API, Senior Underwriter
Sean Sweeney, Program Manager
Lynn Taylor, Senior Manager
Wayne Turpin, AIC, Senior Claims Specialist
Evangeline Villaver, AIT, Senior Programmer
Scott Wabnitz, Web Site Developer
Timothy Wright, CPCU, AIM, Underwriting Manager

A committee of peers recently granted the *2003 Above and Beyond the Call* (ABC) *Award of the Year* to Jason Estes, Sales & Marketing and quarterly *ABC Awards* to associates Jennifer Byrne, Commercial Territory 7; Rhonda Cossman, Commercial Territory 6; Peggy Eubanks, Actuarial; Bob Kilcoyne, Commercial Product Management; Washita Powell, IT Diamond; Lynn Schmidt, Headquarters Claims; and Karen Tucker, AIC, Headquarters Claims. The *ABC Award* recognizes exemplary productivity, service and quality.

We encourage and reward associates who continue their professional insurance education, earning credentials by meeting high academic, length-of-experience and ethical standards. Several associates recently qualified for prestigious designations. Congratulations to Linda Gail Adams, Bob Bernard, Steve Cantor, Tom Lupinetti, Ken Mikkelson, Paul Miller, Eric Morgan, Jeff Orzechowski and Brooke Schubert, who completed requirements for the Charter Property Casualty Underwriter (CPCU) designation; to K.C. Clark, Allen Jones and Ron Klimkowski, who qualified for the Certified Insurance Counselor (CIC) designation.

PUBLIC RESPONSIBILITY

Our public policy goals remain focused on state-based insurance regulatory reform, federal natural disaster legislation, preserving judicial reform in Ohio and Alabama, advocating passage of asbestos liability reform in Ohio and at the federal level and tort reform in Ohio.

On the federal level, a bill encouraging the states to modernize state-based insurance regulation is expected to be introduced in Congress before this summer. The proponents of this legislation will propose a "federal tools" approach to state-based regulatory reform. Under this, the states will be given incentives to create a uniform system of state insurance regulation that protects consumers and provides them with as many competitive and meaningful insurance choices as possible; ensures that all types of insurance are widely available throughout the country; improves the efficiency and effectiveness of the state-based system of regulation; and fosters expanded insurance capacity and coverage availability.

We are hopeful that the proposed legislation will improve and modernize the state oversight system while staying consistent with the way in which we operate our business: by responding to individual local voices and individual needs.

BY THE NUMBERS

Fortune (April 5): Cincinnati Financial Corporation ranks No. 504 among the top 1,000 U.S. industrial and service corporations based on revenues, improved from No. 513 last year. Of the 35 U.S. stock property casualty insurers that

qualified for the Fortune 1000, Cincinnati Financial ranks No. 23 based on revenues and No. 10 based on profits as a percentage of revenues.

Forbes (April 2004): Cincinnati Financial Corporation ranked No. 694 in *Forbes'* ranking of the world's 2,000 leading companies. The rank is based upon a composite score for sales, profits, assets and market value.

BusinessWeek (Spring 2004): In new rankings of S&P 500 Index companies, Cincinnati Financial Corporation is No. 10 among insurance organizations and No. 125 overall. The rankings weigh performance in eight areas: one- and three-year return, one-year sales growth, three-year average annual sales growth, one-year profit growth, three-year average annual profit growth, net profit margins and return on equity, with additional weight given to a company's sales and debt-to-capital ratio.

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.

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Cincinnati Financial Corporation Dividend Direct Deposit

We encourage our shareholders to enroll for Dividend Direct Deposit of your quarterly cash dividends. Dividend Direct Deposit allows you to have your dividend payments from Cincinnati Financial Corporation delivered directly to your account at the financial institution of your choice. It saves you the time it takes to deposit the payments, provides immediate availability and minimizes the risk of payments being lost or stolen.

How it benefits you!

On payment day, your dividend is deposited automatically into your personal checking or savings account. In lieu of a check, Cincinnati Financial Corporation sends you a notice of the amount deposited. In addition, the deposit appears on your account statement from your financial institution. Because this is part of an automatic payment system, your dividend checks cannot be lost or stolen, and you gain immediate access to your funds.

Sign up today

To participate, please complete the authorization form below and return it (**with your pre-encoded deposit ticket or blank, voided check**) to Shareholder Services. If you require additional information, please call Shareholder Services (513) 870-2639.

Dividend reinvestment

For interested stockholders, Cincinnati Financial Corporation also has a Shareholder Investment Plan, with an option for dividend reinvestment that allows you to invest your cash dividend immediately in Cincinnati Financial stock. If you would prefer dividend reinvestment over Dividend Direct Deposit, do not complete the form below. Instead, send your request to Shareholder Services at the address below, call Shareholder Services at (513) 870-2639 or e-mail *shareholder_inquiries@cinfin.com.*

Dividend Direct Deposit Authorization Form

This form may be photocopied. Please send a separate form for each shareholder account to Cincinnati Financial Corporation, Shareholder Services, P.O. Box 145496, Cincinnati, Ohio 45250-5496.

Please indicate the account number and the financial institution to which you would like your dividends deposited. **Please enclose a pre-encoded deposit ticket or blank, voided check to help us identify the account.**

- ❑ Checking account number: _____
  Financial institution: _____
- ❑ Savings account number: _____
  Financial institution: _____
- ❑ Other: _____
  Financial institution: _____

Please print name(s) as shown on shareholder records:

_____
First Middle Initial Last

_____
First Middle Initial Last

Address: _____

City _____ State _____ Zip _____

Telephone Numbers: _____ _____
Home Work

Signature(s)*:

_____

_____

Shareholder account number
(this number appears on the dividend check stub):

_____

*All persons shown on shareholder records are required to sign for Dividend Direct Deposit.

www.cinfin.com

Cincinnati Financial Corporation
5 Percent Stock Dividend

At its January 31 meeting, your company's board of directors declared a 5 percent stock dividend to be paid June 15 on shares outstanding and of record on April 30.

On Wednesday, April 28—the Nasdaq-specified ex-dividend date—our common stock price and all historic stock price data were adjusted by 5 percent to reflect the upcoming stock dividend. If you purchase shares between now and June 15, you will pay the lower split-adjusted price, but you will not receive the dividend shares.

For our shareholders, the change in the stock price on the ex-dividend date may require some clarification. Until the June 15 payable date for the stock dividend, all stock ownership records will show the share price adjusted 5 percent but will not yet report the additional shares to be issued June 15. **Please keep this in mind if you review reports on your holdings between now and June 15. There may be a temporary understatement of your investment's value.**

	Shares*	**Price****	**Value**	
Before ex-dividend date	100	$40.00	$4,000	
Between ex-dividend date and payable date	100 *5*	$38.10 *38.10*	$3,810 *190*	Between the ex-dividend and pay dates, a shareholder owns 5 percent more shares but the new shares are not yet represented by stock certificates or an entry in your broker account.
After pay date	105	$38.10	$4,000	

* *Presumes shares held prior to April 30 are not sold prior to June 15.*

** *$40 stock price chosen for illustration only and is not intended to represent the actual or anticipated price of CINF shares on any specific date.*

How the June 15 Stock Dividend Distribution May Affect You

On June 15, 2004, Cincinnati Financial Corporation will distribute a 5 percent stock dividend based on the number of shares held on the record date of April 30. All shareholders, whether you hold shares in your name or in a brokerage account, will receive additional shares equal to 5 percent of your holdings. To calculate the number of shares you will hold after the dividend, multiply by 1.05 the number of shares you purchased before April 28 (ex-dividend date).

Here is how you will receive your stock dividend distribution:

- If you hold certificates for your CFC shares, you will receive a new certificate for your stock dividend shares and a check for the cash value of any fractional shares, based on the pre-dividend closing price of $43.57 on April 27.
- If a broker holds your CFC shares, your broker account will be credited with whole and fractional shares.
- If you hold CFC shares within your 401(k) retirement savings plan, the stock units you purchased before April 28 will increase by 5 percent. Your account will accommodate any fractional shares due to you. The dividend does not affect your regular plan contribution.
- If you hold CFC shares within a dividend reinvestment plan, the stock units you hold in your account will increase by 5 percent, and your account will accommodate holdings of fractional shares.

April 30, 2004