THE CINCINNATI INSURANCE COMPANIES ®

CINCINNATI FINANCIAL CORPORATION

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December 1, 2003

TO OUR SHAREHOLDERS, ASSOCIATES AND FRIENDS:

You will find mostly good news in this report on Cincinnati Financial Corporation's third-quarter and nine-month periods. Your company is on track for record full-year 2003 revenue and operating income and the best property casualty profitability in more than 10 years. We have full confidence in the future, and every reason to believe that in 2004 we can continue to build stronger returns for you.

In September, members of the investment community attended our meeting in Cincinnati to receive detailed information about our operations and outlook. You are welcome to visit *www.cinfin.com* to listen to an audio webcast of the meeting. The timing was right for such an event, as your company's focus on its traditional strengths is yielding favorable results. Insurance underwriting profits are back. Our technology initiatives are deploying, and in the third quarter of 2003 we recovered $23 million of a 2000 technology write-off. A state court ruling on uninsured motorist coverage was effectively reversed in 2003, after severely challenging the commercial auto and umbrella lines of business. And on the investment side, our largest holding, Fifth Third Bancorp, is positioned to resume growth in 2004.

But the news is rarely all good. I continue to be very concerned about issues that stand in the way of a healthier insurance industry and healthier public perception of financial services companies. Now more than ever, people need assurance that the companies they invest in are honest and trustworthy, that what you see really is what you get, with no hidden surprises. Industry observers are looking closely at reserving practices, asbestos and pricing, searching for signs that firm prices will last a while longer or will fade. Analysts and ratings agencies are working diligently, watching for any misstep and raising red flags about any uncertainty. Their view of our industry is guarded.

While few insurers have seen upgrades recently, downgrades are on the rise. Standard & Poor's and A.M. Best Co. have recently reviewed your company's ratings. We retained our S&P ratings—AA- Very Strong for insurer financial strength and A+ for Cincinnati Financial counterparty credit—although S&P's outlook was predictably negative with concerns about the relatively slow recovery of our homeowner line and our historical approach to equity investing. We expect to hear shortly from A.M. Best, the firm that specializes in rating insurance organizations and currently awards its highest rating, the A++, to our property casualty group.

While we cannot directly control our industry's actions and perceptions, your company is doing all we can to be stable, predictable and long term in our approach. We have the discipline and experience to do what is necessary in the current environment: target an insurance underwriting profit, partially offset equity investment risk by selecting stocks with increasing dividend payouts, reinforce relationships with independent agents by improving claims service, and manage costs strategically.

Best regards,

/s/ John J. Schiff, Jr.

John J. Schiff, Jr., CPCU
Chairman and Chief Executive Officer

NEWS RELEASE

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Cincinnati Financial Corporation Reports Third-Quarter Results

- *Third-quarter net income reached $104 million, or 64 cents per share, compared with $72 million, or 44 cents*
- *Third-quarter 2003 results included $23 million pretax recovery from negotiated settlement*
- *Catastrophe losses totaled 17 cents in this year's third quarter versus 2 cents last year*
- *Results remain on track for record full-year earnings*

Cincinnati, October 28, 2003—Cincinnati Financial Corporation (Nasdaq: CINF) today reported third-quarter 2003 net income of $104 million, or 64 cents per diluted share, compared with $72 million, or 44 cents per share, in the third quarter of 2002. Net income per share included net realized investment gains of 6 cents in third quarter 2003 versus net realized investment losses of 7 cents in the comparable 2002 period. As the result of a settlement negotiated with a vendor, third-quarter 2003 pretax results included the recovery of $23 million of the $39 million one-time, pretax charge incurred in the third quarter of 2000 to write off previously capitalized software development costs.

Revenues from pretax investment income, the primary source of profits, rose 3.3 percent to $117 million. Total third-quarter revenues advanced $105 million, or 14.4 percent, to $836 million.

Financial Highlights

(Dollars in millions, except share data)	Third Quarter Ended September 30,		Nine Months Ended September 30,	
	2003	**2002**	**2003**	**2002**
Income Statement Data				
Net income	$ 104	$ 72	$ 245	$ 182
Negotiated settlement – software cost recovery	15	-	15	-
Net income before recovery*	$ 89	$ 72	$ 230	$ 182
Net realized investment gains and losses	10	(11)	(29)	(22)
Operating income before recovery*	$ 79	$ 83	$ 259	$ 204
Per Share Data (diluted)				
Net income	$ 0.64	$ 0.44	$ 1.51	$ 1.11
Negotiated settlement – software cost recovery	0.09	-	0.09	-
Net income before recovery*	$ 0.55	$ 0.44	$ 1.42	$ 1.11
Net realized investment gains and losses	0.06	(0.07)	(0.18)	(0.14)
Operating income before recovery*	$ 0.49	$ 0.51	$ 1.60	$ 1.25
Cash dividend declared	0.2500	0.2225	0.7500	0.6675
Book value	-	-	35.94	34.14
Average shares outstanding	161,888,855	163,222,154	161,726,204	163,491,420

* Measures used in this release that are not based on Generally Accepted Accounting Principles (non-GAAP) are defined and reconciled to the most directly comparable GAAP measures and operating measures in "Definitions of Non-GAAP Information and Reconciliation to Comparable GAAP Measures," a document posted on the Operations tab of the Investors page of *www.cinfin.com.* Net income before the recovery is calculated by excluding the recovery in the third quarter of 2003 of $23 million pretax ($15 million or 9 cents per share after tax) from net income. Operating income is calculated by excluding net realized investment gains and losses from net income. Management uses operating income to evaluate underlying performance for a number of reasons. First, quarterly fluctuations in net realized investment gains and losses are unrelated to trends in the company's insurance business. Second, net realized investment gains and losses can include gains related to the sale of investments made at management's discretion. Third, operating income is a measure commonly used by investors to evaluate insurance companies. This measure also is described as net income before realized investment gains and losses.

Chairman and Chief Executive Officer John J. Schiff, Jr., CPCU, commented, "We are on track for record full-year 2003 revenue and income and the best property casualty profitability we have recorded in more than 10 years. Third-quarter operating income before the recovery reached 49 cents compared with 51 cents a year earlier, with near-record catastrophe losses reducing after-tax earnings by 17 cents versus 2 cents a year ago and with higher property casualty agency profit-based commissions. Overall, our property casualty operations are solid, and that is what we seek to achieve."

Third-quarter catastrophe losses, net of reinsurance, were $41 million, slightly above the company's preliminary estimate, contributing 6.1 percentage points to the combined ratio. For the third quarter of 2002, catastrophe losses were $5 million, contributing just 0.8 percentage points to the combined ratio.

"Catastrophe losses for the quarter included $15 million related to Hurricane Isabel, which affected policyholders in Maryland, New York, North Carolina, Pennsylvania, Virginia and West Virginia in September, and $15 million related to storms in July. The remainder primarily was related to newly reported claims from earlier events, including $12 million from the April 2003 hail storm in Ohio and Kentucky," Schiff said. "Although catastrophe losses reduce short-term profitability, our claims response reinforces the long-term value the Cincinnati name delivers to policyholders. Our goal is always to respond to claims promptly, fairly and personally."

Nine-month Results

For the nine months ended September 30, 2003, net income rose 34.3 percent to $245 million, or $1.51 per share. Operating income before the recovery rose 26.6 percent to $259 million, or $1.60 per share.

Total revenues advanced $221 million to $2.342 billion, up 10.4 percent over the first nine months of last year. Revenues from pretax investment income reached $347 million, up 4.8 percent from $331 million in last year's first nine months.

Year-to-date catastrophe losses, net of reinsurance, were $90 million, contributing 4.6 percentage points to the combined ratio and reducing after-tax earnings by 36 cents per share. In the first nine months of 2002, catastrophe losses were $66 million, contributing 3.8 percentage points to the combined ratio and reducing after-tax earnings by 26 cents.

"Property casualty underwriting profits before the recovery reached $42 million for the first nine months versus a loss of $25 million last year. Premium growth and improved non-catastrophe underwriting profitability served to more than offset the higher catastrophe losses," Schiff said. "The selective, case-by-case approach we are taking as we compete for new business and work with our agents to renew existing accounts has led to steady results all year. Despite a higher catastrophe loss ratio, the GAAP combined ratio before the recovery improved to 97.9 percent for the first nine months of 2003 compared with 101.4 percent for the year-earlier period."

Property Casualty Insurance Operations

(Dollars in millions - GAAP)	Third Quarter Ended September 30,		Nine Months Ended September 30,	
	2003	**2002**	**2003**	**2002**
Income Statement Data				
Earned premiums	$ 678	$ 610	$ 1,963	$ 1,751
Loss and loss expenses excluding catastrophe losses	443	422	1,293	1,235
Catastrophe losses	41	5	90	66
Expenses	171	167	515	475
Underwriting profit (loss)	$ 23	$ 16	$ 65	$ (25)
Underwriting profit (loss) before recovery*	$ -	$ 16	$ 42	$ (25)
Ratio Data				
Loss and loss expenses excluding catastrophe losses	65.3%	69.2%	65.8%	70.5%
Catastrophe losses	6.1	0.8	4.6	3.8
Expenses	25.2	27.4	26.3	27.1
Combined ratio	96.6%	97.4%	96.7%	101.4%
Combined ratio before recovery*	100.0%	97.4%	97.9%	101.4%

* Values that exclude the recovery are described in the note on Page 1 and discussed in "Definitions of Non-GAAP Information and Reconciliation to Comparable GAAP Measures," a document posted on the Operations tab of the Investors page of *www.cinfin.com*.

For the quarter, statutory net written premiums of the property casualty insurance affiliates—The Cincinnati Insurance Company, The Cincinnati Indemnity Company and The Cincinnati Casualty Company—rose 13.4 percent to $723 million compared with $637 million last year. Total new business written directly by the company's agents was $88 million, up 1 percent over last year's third quarter, as growth in new commercial lines business offset a decline in new personal lines business.

On a GAAP basis, the third-quarter combined ratio before the recovery was 100.0 percent, or 93.9 percent excluding catastrophe losses, compared with the 2002 third-quarter combined ratio of 97.4 percent, or 96.6 percent excluding catastrophes.

Schiff noted, “These strong results included quarterly contingent commission expense almost equal to the level of the first six months of this year following our normal nine-month review of agency profitability. We rely on our agents as frontline underwriters who know the businesses and individuals in their communities; many agencies can look forward to benefiting from the hard work they have put into this effort over the past several years. Total contingent commissions for 2003 now are expected to be approximately twice last year’s level because of recent strong results.”

Commercial Lines

(Dollars in millions - GAAP)	Third Quarter Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
Income Statement Data				
Earned premiums	$ 488	$ 440	$ 1,410	$ 1,255
Loss and loss expenses excluding catastrophe losses	310	290	895	855
Catastrophe losses	10	6	28	34
Expenses	129	122	377	341
Underwriting profit (loss)	$ 39	$ 22	$ 110	$ 25
Underwriting profit (loss) before recovery*	$ 24	$ 22	$ 95	$ 25
Ratio Data				
Loss and loss expenses excluding catastrophe losses	63.4%	65.8%	63.4%	68.2%
Catastrophe losses	2.0	1.3	2.0	2.7
Expenses	26.7	27.8	26.8	27.1
Combined ratio	92.1%	94.9%	92.2%	98.0%
Combined ratio before recovery*	95.0%	94.9%	93.2%	98.0%

* Values that exclude the recovery are described in the note on Page 1 and discussed in “Definitions of Non-GAAP Information and Reconciliation to Comparable GAAP Measures,” a document posted on the Operations tab of the Investors page of *www.cinfin.com*.

Net written premiums for commercial lines of insurance rose 14.9 percent to $507 million, accounting for 70.1 percent of the company’s total third-quarter property casualty premiums. New commercial business increased 6.2 percent over last year’s record level to $72 million for the quarter. The GAAP combined ratio before the recovery was 95.0 percent compared with 94.9 percent in last year’s third quarter. Excluding catastrophe losses, the ratio before the recovery was 93.0 percent compared with 93.6 percent in last year’s third quarter.

Schiff noted, “Competition in the commercial lines marketplace, particularly for the better accounts, is mounting. In this market, we are experiencing our best results—both in terms of growth and profitability—for commercial package programs. Premiums in these areas continue to grow at double-digit rates, we are winning our share of new business and profitability remains strong. We are benefiting from substantially higher average premium per policy as we move through the third year of our commercial lines re-underwriting program and continue to be highly selective about the risks we write.”

Schiff said, “As one would anticipate, the higher accrual for profit-based commissions had the most significant impact on commercial lines, where our results have been particularly strong. Our agents know they can rely on us to be a stable market for their best business, which in turn is allowing us to generate excellent profitability for commercial lines and reward agents for their role in that success.”

Personal Lines

(Dollars in millions - GAAP)	Third Quarter Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
Income Statement Data				
Earned premiums	$ 190	$ 170	$ 553	$ 496
Loss and loss expenses excluding catastrophe losses	133	132	398	380
Catastrophe losses	31	(1)	62	32
Expenses	42	45	138	134
Underwriting profit (loss)	$ (16)	$ (6)	$ (45)	$ (50)
Underwriting profit (loss) before recovery*	$ (24)	$ (6)	$ (53)	$ (50)
Ratio Data				
Loss and loss expenses excluding catastrophe losses	70.0%	78.1%	71.9%	76.5%
Catastrophe losses	16.6	(0.6)	11.2	6.6
Expenses	21.8	26.5	25.1	27.0
Combined ratio	108.4%	104.0%	108.2%	110.1%
Combined ratio before recovery*	112.7%	104.0%	109.7%	110.1%

* Values that exclude the recovery are described in the note on Page 1 and discussed in "Definitions of Non-GAAP Information and Reconciliation to Comparable GAAP Measures," a document posted on the Operations tab of the Investors page of *www.cinfin.com*.

Net written premiums for the personal lines segment increased 10.2 percent to $216 million. New personal lines business declined 16.6 percent to $16 million for the third quarter. On a GAAP basis, the third-quarter combined ratio before the recovery was 112.7 percent versus 104.0 percent in 2002. Excluding catastrophes, the ratio before the recovery was 96.1 percent compared with 104.6 percent in last year's third quarter.

Schiff commented, "Across the board in personal lines, our premium growth is being driven by higher rates and coverage pricing. As we work with our agents to ensure quality underwriting and careful risk selection, we are not surprised to see lower levels of new business.

"The personal auto line had an excellent third quarter, bringing the year-to-date loss and loss expense ratio to 69.0 percent compared with 73.1 percent for the first nine months of last year. The improvement resulted from the re-underwriting program that was initiated in this coverage area several years ago, combined with the benefit of rate increases in the 5 percent to 8 percent range this year.

"For the first nine months of this year, the homeowner loss and loss expense ratio rose to 110.4 percent, including 31.6 percentage points from catastrophe losses, from 103.0 percent, including 18.7 percentage points, in the same period last year. Average renewal rate increases for our three-year policies are in the range of 25 percent with additional double-digit rate increases approved in our larger states for the coming months. Changes in terms and conditions continue to take effect as policies renew over the three-year homeowner policy period. While it will take time for all of these efforts to work through our homeowner business, we are solidly on track to restore homeowner profitability," Schiff said.

Life Insurance Operations

(In millions)	Third Quarter Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
Earned premiums	$ 23	$ 22	$ 68	$ 63
Investment income	22	22	67	63
Other income	1	0	2	0
Total revenues excluding realized investment gains and losses	$ 46	$ 44	$ 137	$ 126
Policyholder benefits	22	21	66	60
Expenses	13	14	36	39
Total benefits and expenses	$ 35	$ 35	$ 102	$ 99
Income before income tax and realized investment gains and losses	$ 11	$ 9	$ 35	$ 27
Federal tax	3	4	12	9
Income before realized investment gains and losses	$ 8	$ 5	$ 23	$ 18

The Cincinnati Life Insurance Company's third-quarter income before realized investment gains and losses increased 67.3 percent to $8 million, compared with $5 million in the comparable 2002 period. Including realized net capital gains and losses, net income was $8 million in 2003 versus $2 million in 2002. Net earned premiums rose 8.5 percent to $23 million compared with $22 million last year.

Cincinnati Life President David H. Popplewell, FALU, LLIF, commented, "Net written life premiums were $75 million in the first nine months of 2003 compared with $104 million last year when we wrote a single-pay bank-owned life insurance policy that contributed $33 million to life premiums. Through September 30, 2003, submitted ordinary life applications rose 6.2 percent compared with last year. This increase reflects a positive response to our products and services, and we continue to work on maintaining a competitive advantage for our agents. In 2004, we will expand our portfolio with a new long-term guaranteed universal life insurance product and an improvement to our existing term life insurance product."

Investment Operations

(In millions, pretax)	Third Quarter Ended September 30,		Nine Months Ended September 30,	
	2003	**2002**	**2003**	**2002**
Investment income, net of expenses	$ 117	$ 113	$ 347	$ 331
Realized investment gains and losses:				
Valuation of embedded derivatives (SFAS No. 133)	$ 9	$ (10)	$ 9	$ (8)
Other-than-temporary impairment charges	(8)	(8)	(77)	(38)
Realized investment gains and losses on security sales	14	2	24	12
Total realized investment gains and losses	$ 15	$ (16)	$ (44)	$ (34)

Consolidated pretax investment income rose 3.3 percent for the third quarter and 4.8 percent for the nine months, benefiting from dividend increases announced over the last year by companies in the equity portfolio. As of September 30, 2003, 22 of the 48 equity holdings in the portfolio have announced dividend increases that total $13 million on an annualized basis.

Vice President Kenneth S. Miller, CLU, ChFC, commented, "Total realized investment gains were $15 million in the third quarter, as the market sustained its overall recovery and fewer securities were impaired. Offsetting the $8 million in impairments were $9 million in gains that arose from fluctuations in the market values of options embedded in convertible securities and $14 million in net gains from the sale of securities."

Miller added, "Strong cash flow has led to substantial new investment this year. The $127 million used for new investments in the third quarter brought the net year-to-date total to $442 million. We are continuing to increase the quality of the bond portfolio, as rated by Standard & Poor's and Moody's, with year-to-date purchases of U.S. Agency paper and high-quality municipal bonds of $425 million. Another $138 million, including $71 million in the third quarter, has been invested in common stock in 2003, in line with our historical allocation."

Balance Sheet

(Dollars in millions)	Third Quarter Ended September 30,		Nine Months Ended September 30,	
	2003	**2002**	**2003**	**2002**
Balance Sheet Data				
Total assets	-	-	$ 14,958	$ 13,684
Invested assets	-	-	11,774	11,041
Shareholders' equity	-	-	5,766	5,517
Ratio Data				
Return on equity, annualized	7.1%	4.9%	5.7%	4.2%
Return on equity, annualized, based on comprehensive income	(4.2)	(40.6)	7.8	(8.1)

At September 30, 2003, total assets rose to a record $14.958 billion, up $836 million from year-end. Shareholders' equity reached $5.766 billion, up $168 million from year-end 2002. Accumulated other comprehensive income totaled $3.731 billion, up $88 million from year-end 2002. Book value was $35.94, up $1.29 from year-end 2002.

During the third quarter, the company repurchased 91,600 shares of Cincinnati Financial common stock at a total cost of $4 million or $39.13 per share. Approximately 5.4 million shares remain authorized by the board of directors for repurchase.

Anticipating Strong Full-Year Performance

Schiff noted that the overall strong performance of the third quarter builds on trends already established.

“Since the beginning of 2002, we have been seeing the hard work of our agents and associates pay off,” he said. “Our results confirm our conviction in the value of carefully assessing and pricing risks, of knowing the communities we serve and of standing by those communities in their times of need.

“Just as important, we have full confidence in our future,” Schiff added. “We continue to believe our target for a full-year 2003 GAAP combined ratio of 96.8 percent before the recovery remains within reach, assuming catastrophe losses contribute less than 1 percentage point to the fourth-quarter combined ratio, and that our strategies will lead to further improvement.

“Financial strength, investment strength and agency strength have combined to create a legacy of consistency for Cincinnati Financial, consistency that was seen again in our third-quarter and nine-month results,” Schiff concluded. “We expect to continue that legacy over the long term.”

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 high net worth individuals.

Cincinnati Financial Corporation
Consolidated Balance Sheets

(Dollars in millions except share data)	**September 30, 2003**	December 31, 2002
	(unaudited)	
Assets		
Investments		
Fixed maturities, at fair value (amortized cost: 2003—$3,521; 2002—$3,220)	**$ 3,762**	$ 3,305
Equity securities, at fair value (cost: 2003—$2,445; 2002—$2,375)	**7,941**	7,884
Other invested assets	**71**	68
Cash	**220**	112
Investment income receivable	**92**	98
Finance receivable	**37**	33
Premiums receivable	**1,081**	956
Reinsurance receivable	**612**	590
Prepaid reinsurance premiums	**16**	47
Deferred policy acquisition costs	**386**	343
Property and equipment, net, for company use (accumulated depreciation: 2003—$172; 2002—$155)	**121**	128
Other assets	**153**	131
Separate accounts	**466**	427
Total assets	**$ 14,958**	$ 14,122
Liabilities		
Insurance reserves		
Losses and loss expense	**$ 3,416**	$ 3,176
Life policy reserves	**1,005**	917
Unearned premiums	**1,459**	1,319
Other liabilities	**470**	345
Deferred income tax	**1,773**	1,737
Notes payable	**183**	183
6.9% senior debenture due 2028	**420**	420
Separate accounts	**466**	427
Total liabilities	**9,192**	8,524
Shareholders' equity		
Common stock, par value—$2 per share; authorized 200 million shares; issued: 2003—176 million shares, 2002—176 million shares	**352**	352
Paid-in capital	**304**	300
Retained earnings	**1,897**	1,772
Accumulated other comprehensive income—unrealized gains on investments and derivatives	**3,731**	3,643
Treasury stock at cost (2003—16 million shares, 2002—14 million shares)	**(518)**	(469)
Total shareholders' equity	**5,766**	5,598
Total liabilities and shareholders' equity	**$ 14,958**	$ 14,122

Cincinnati Financial Corporation
Consolidated Statements of Income

(unaudited)

(In millions except per share data)	Nine Months Ending September 30, 2003	2002
Revenues		
Earned premiums		
Property casualty	**$ 1,963**	$ 1,749
Life	**68**	63
Investment income, net of expenses	**347**	331
Realized investment gains and losses	**(44)**	(34)
Other income	**8**	12
Total revenues	**2,342**	2,121
Benefits and expenses		
Insurance losses and policyholder benefits	**1,447**	1,360
Commissions	**402**	345
Other operating expenses	**142**	150
Taxes, licenses and fees	**48**	51
Increase in deferred policy acquisition costs	**(42)**	(32)
Interest expense	**25**	26
Other expenses	**10**	6
Total benefits and expenses	**2,032**	1,906
Income before income taxes	**310**	215
Provision (benefit) for income taxes		
Current	**75**	44
Deferred	**(10)**	(11)
Total provision (benefit) for income taxes	**65**	33
Net income	**$ 245**	$ 182
Per common share		
Net income – basic	**$ 1.52**	$ 1.12
Net income – diluted	**$ 1.51**	$ 1.11

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. During the third quarter of 2003, net income would have been reduced by less than 2 cents per share if option expense, calculated using the Black-Scholes and modified prospective transition methodologies, was included as an expense.

Inside Cincinnati

PUBLIC RESPONSIBILITY

In November, the Ohio Supreme Court issued the Galatis decision, effectively overruling its 1999 Scott-Pontzer decision and related cases. Uninsured/underinsured motorist coverage under Ohio commercial auto and umbrella policies now will once again generally be limited to employees on the job or in company vehicles. Unless agreed upon in the policy contract, coverage for resident family members of employees will no longer be available.

The Galatis ruling could eliminate or greatly reduce the company's exposure to additional losses related to past uninsured/underinsured motorist claims. It is not known if this ruling will withstand motions to reconsider or if plaintiffs will voluntarily dismiss their cases. At this time, management believes it would be premature to estimate any potential future benefit from release of related case reserves for claims reported but not yet paid and from release of any portion of the related reserve for claims incurred but not reported. The latter reserve stands at $17 million as of September 30, representing the balance of $110 million that your company set aside in 2000 to pay claims going back 15 years related to Scott-Pontzer and other Ohio cases involving uninsured motorist coverage.

We concur with an industry association's comments on the Galatis decision, "The court has corrected a grievous error. It has also given insurers new faith in Ohio's legal system and reassured the business community that the changes in the court's makeup over the past year have been positive."

Ohio legislators have an asbestos liability bill on the fast track. Approximately 20 percent of asbestos claims nationwide come from Ohio, and this effort would establish medical criteria, putting those who are sick ahead of those who are not. While federal legislators continue to debate specifics of proposed trust fund legislation, it appears the Ohio solution is more likely to succeed this year.

On the consumer side, your company is working to help agents understand and comply with new do-not-call telemarketing rules as they conduct their legitimate sales and marketing activities. We also anticipate passage of the Fair Credit Reporting Act, which creates consumer protections including free, e-mailed credit reports and truncated account numbers on receipts to help protect against identity theft. Provisions of the act also will improve accuracy of credit reporting procedures and give consumers the right to see their credit scores.

Debate continues surrounding proposed optional federal chartering of insurers. We continue to believe that state regulators are in the best position to respond to local market conditions and efforts should be directed toward making the state regulatory system more efficient.

PERSONNEL AND PROFESSIONAL DEVELOPMENT

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

Kent Alder, Claims Specialist
Brian Ante, Programmer Analyst
Jeffrey Ball, Supervising Underwriter
Rick Belford III, CNA, Network Integrator
John Bradburn, CPCU, Senior Chief Technical Analyst
Tom Buschelmann, Property Casualty Senior Accountant
Bob Cammack, AIC, Senior Claims Specialist
Scott Campbell, Claims Specialist
Timothy Campbell, Chief Underwriting Specialist
DeDee Chandler, AIC, Senior Claims Specialist
Connie Cockerham, Claims Specialist
Mike Compton, AIM, Senior Underwriting Manager
Jenifer Corey, AIC, Claims Specialist
Jill Dicke, AIC, AIM, Associate Superintendent—Casualty Claims
Heather Dingledine, Senior Underwriter
Bill Erwin, Machinery & Equipment Specialist
Scot Feldmeyer, AIM, Senior Underwriter
Lisa Fieger, Systems Analyst
Matt Frank, Senior Machinery & Equipment Representative
Kyle Fredrick, Claims Specialist
Dennis Geier, AIS, Senior Filings Analyst
Paul Goossens, Senior Claims Specialist
Roger Gordon, Senior Underwriter
William Graue, AIM, Chief Underwriting Specialist
Bob Grdina, Machinery & Equipment Specialist
Pat Hale, Network Administrator
Tony Hampton, SCLA, Superintendent— Claims Recovery
Richard Hawley, Claims Specialist
Lori Hayward, Underwriting Specialist
Ed Hehn, AFSB, Underwriting Superintendent
Andrea Hendrix, FLMI, Manager—Life Forms & Filings
Mike Hennigan, Associate Manager—Executive Risk & Bond Claims
Ryan Henry, Senior Underwriter
Tom Hensley, Senior Systems Analyst
Gretchen Herzig, Claims Specialist
Richard Hill, Claims Specialist
Edith Hudson, Senior Systems Analyst
Brian Huwel, Underwriting Specialist

Tim Hyde, AIM, Senior Underwriting Manager
Laurie Johnston, AU, Senior Underwriter
Pamela Jones, Claims Specialist
Rick Kincer, Senior Network Analyst
Jennifer King-Cheatum, AIC, Senior Claims Specialist
Marilyn Kreke, Senior Underwriter
Scott Krueckeberg, CPCU, AIC Underwriting Specialist
Michelle Kyle, Division Manager
Mike Lambers, Business Analyst
Daniel Langner, CPCU, AIM, Underwriting Superintendent
Andy Lay, SCLA, Field Claims Superintendent
Cindy Licata, Chief Underwriting Specialist
Rhonda Manley, AIT, Programmer
Bob Marrs, Group Manager
Teresa McAllister, CCLA, SCLA, Senior Claims Specialist
Scott McDonald, Division Manager
Mark McPheron, FLMI, AALU, Underwriting Superintendent
Kenneth Mikkelson, ALCM, Loss Control Field Supervisor
Mike Miller, Senior Machinery & Equipment Representative
Wayne Moyer, Claims Specialist
Steve Niehaus, Underwriting Specialist
John Norris, Regional Manager—Special Investigations Field
Ed O'Neil, Claims Specialist
Andrew Oligny, AIC, Senior Claims Specialist
Scott Olson, AIC, Senior Claims Specialist
Ryan Osborn, Group Manager
Jon Perkins, AIC, Senior Claims Specialist
Betsy Pittman, Accounting Superintendent—Support
Rich Plum, Senior Regional Director
Greg Popelka, Underwriting Superintendent
Keith Quevreaux, AIC, Claims Specialist
Lori Rant, Claims Specialist
Mark Redick, AIC, Field Claims Coordinator
Mike Richardson, AIC, Claims Specialist
Janice Rieman, Group Manager
Lisa Routh, AIM, Division Manager
Lydda Rowland, Investor Relations Specialist
Mark Shrout, AIC, Senior Claims Specialist
Wynona Smith, Senior Underwriter
Hank Stein III, Underwriting Superintendent
John Stephenson, Senior Claims Representative
Sandy Theisen, Claims Specialist
Gary Thiergartner, API, Senior Chief Technical Analyst
Ryan Thomas, Senior Network Analyst
David Thompson, AIT, Underwriting Superintendent
Eric Trass, Loss Control Consultant
Colleen Trout, ACS, AIAA, Senior Life Field Services Representative
Nancy Vaillancourt, Senior Claims Specialist
Georgie VanWinkle, Business Analyst
Kelly Webb, AIC, Claims Specialist
Renee Wilson, Underwriting Specialist
Michelle Zwick, Senior Network Analyst

A committee of peers recently granted quarterly *Above and Beyond the Call* (ABC) *Awards* to associate Beth Devitt, IT Support Services; Lorie Eisenhower, Headquarters Claims; Jason Estes, Sales & Marketing; and Mike Lambers, IT Business Development. The *ABC Award* recognizes exemplary productivity, service and quality.

We encourage and reward associates to 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 Christopher Barger, Matt Broerman, Dawn Chapel, Pam Cooper, Martha Firnhaber, David Groff, Jeff Grove, Scott Krueckeberg, John Luebke, Matt Miller, Deb Robinson, Tim Schmittou, Tammy Siler, Todd Smittle, and James Stringer who completed requirements for the Charter Property Casualty Underwriter (CPCU) designation; to Brian Hodgeman, who earned the Charter Life Underwriter (CLU) designation; and to Paul Quarry who qualified for the Certified Insurance Counselor (CIC) designation.

InformationWeek (September 22, 2003) ranked your company No. 50 in the 15th annual list of information technology business innovators. This annual study identifies best practices in technology budgets, deployment, infrastructure and customer knowledge. Currently, we are training your company's field claims representatives on a new claims management system that promises to give them more time to spend serving agents, policyholders and claimants.

* * *

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; 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 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 market value of Fifth Third Bancorp shares; events that lead to a significant decline in the market value of a particular security and impairment of the asset; delays in the development, implementation and benefits of technology enhancements; and decreased ability to generate growth in investment income.

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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