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. Management uses these measures when analyzing both GAAP and non-GAAP measures may improve its understanding of trends in the underlying business and help 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 that are unrelated to business performance and 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 is calculated by excluding net realized investment gains and losses (defined as realized investment gains and losses after applicable federal and state income taxes) 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. Also, under applicable GAAP accounting requirements, gains and 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 fully indicate 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 this metric in their analyses. The company presents operating income so that 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, insurers also must calculate certain data 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 various organizations use it to calculate aggregate industry data, study industry trends and compare insurance companies.
- Written premium: Under statutory accounting rules, property casualty 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 property casualty written premiums to policy effective dates, which added \$117 million to 2002 written premiums. To better assess ongoing business trends, management may exclude this adjustment when analyzing trends in written premiums and statutory ratios that make use of written premiums.

Cincinnati Financial Corporation Quarterly Net Income Reconciliation

(Dollars in millions except per share data)					Three month	hs ended				Six mor	ths ended	Nine mor	ths ended	Twelve mor	nths ended
	12	/31/08	9/30/08	6/30/08	3/31/08	12/31/07	9/30/07	6/30/07	3/31/07	6/30/08	6/30/07	9/30/08	9/30/07	12/31/08	12/31/07
Net income (loss)	\$	161 \$	247 \$	63 \$	(42) \$	187 \$	5 124 \$	351	194	\$ 21	\$ 545	\$ 268	\$ 669	\$ 429 \$	855
Net realized investment gains and losses		69	173	(6)	(151)	8	10	187	41	(157) 228	16	238	85	245
Operating income		92	74	69	109	179	114	164	153	178	317	252	431	344	610
Less catastrophe losses		10	(41)	(74)	(28)	1	(9)	(7)	(2)	(101) (9	(142)	(18)	(132)	(17)
Operating income before catastrophe losses	\$	82 \$	115 \$	143 \$	137	178	\$ 123	171	\$ 155	\$ 279	\$ 326	\$ 394	\$ 449	\$ 476	627
Diluted per share data															
Net income (loss)	\$	0.99 \$	1.50	0.38 \$	(0.26)	1.11	\$ 0.72 \$	2.02	\$ 1.11	\$ 0.13	\$ 3.13	\$ 1.64	\$ 3.86	\$ 2.62 \$	4.97
Net realized investment gains and losses		0.42	1.05	(0.04)	(0.92)	0.04	0.06	1.08	0.23	(0.95) 1.31	0.10	1.37	0.52	1.43
Operating income		0.57	0.45	0.42	0.66	1.07	0.66	0.94	0.88	1.08	1.82	1.54	2.49	2.10	3.54
Less catastrophe losses		0.06	(0.25)	(0.45)	(0.17)	0.01	(0.05)	(0.04)	(0.01)	(0.62) (0.05	(0.87)	(0.10)	(0.81)	(0.10)
Operating income before catastrophe losses	\$	0.51 \$	0.70 \$	0.87 \$	0.83	1.06	\$ 0.71 \$	0.98	\$ 0.89	\$ 1.70	\$ 1.87	\$ 2.41	\$ 2.59	\$ 2.91	3.64

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.

Consolidated Cincinnati Insurance Companies Quarterly Property Casualty Data - All Lines

(Dollars in millions)							Т	hree mont	hs ended							Six m	onths	ended		Nine mo	onths er	nded	Т	welve mo	onths	ended
	1:	2/31/08		9/30/08		6/30/08		3/31/08	12/31	07	9/30/07	,	6/30/07		3/31/07	6/30/08		6/30/07		9/30/08	9	/30/07	12	/31/08	1	12/31/07
Premiums																										
Agency renewal written premiums	\$	669	\$	687	\$	739	\$	733	\$ 7	5 \$	732	\$	761	\$	762	\$ 1,471	\$	1,523	\$	2,159	\$	2,255	\$	2,828	\$	2,960
Agency new business written premiums		100		92		100		76		31	82		81		81	176		162		267		244		368		325
Ceded written premiums		(41)		(49)		(37)		(38)	(-	11)	(41)	(39)		(38)	(75)		(77)		(124)		(118)		(165)		(159)
Other written premiums		2		4		1		2		4	6		5		6	3		11		7		17		9		22
Written premium adjustment – statutory		(13)		(8)		(12)		3		25)	(43		2		35	(9)		37		(17)		(6)		(30)		(31)
Reported written premiums – statutory*	\$	717	\$	727	\$	790	\$	776	\$ 7	24 \$	736	\$	810	\$	846	\$ 1,566	\$	1,656	\$	2,292	\$	2,392	\$	3,010	\$	3,117
Unearned premium change		30		24		(29)		(25)		53	41		(23)		(61)	(54)		(85)		(29)		(44)		-		8
Earned premiums	\$	747	\$	751	\$	761	\$	751	\$ 7	77 \$	777	\$	787	\$	785	\$ 1,512	\$	1,571	\$	2,263	\$	2,348	\$	3,010	\$	3,125
Year over year change %																										
Agency renewal written premiums		(5.1)	%	(6.1)	%	(3.0)	6	(3.7) %	5 (3	.5) %	1.6	%	3.3	%	1.9 %	(3.4)	%	2.6 %		(4.3) %	6	2.3 %		(4.5) %	D	0.8 %
Agency new business written premiums		23.6		12.1		22.8		(6.3)	(8	.3)	(15.9)	(13.3)		4.8	8.3		(5.2)		9.6		(9.1)		13.1		(8.9)
Ceded written premiums		0.3		20.3		(4.6)		(1.1)	7	.3	12.6		29.3		17.5	(2.9)		23.2		5.1		19.4		3.8		16.0
Other written premiums		(50.6)		(39.1)		(74.6)		(71.8)	(9	.5)	31.6		61.3		60.6	(73.1)		60.9		(61.6)		49.6		(59.3)		32.0
Written premium adjustment – statutory		(48.0)		(81.6)		(900.0)		(91.5)	(18	.0)	521.4		(85.7)		7.3	(124.3)		(15.1)		161.5		(117.8)		(4.8)		(616.4)
Reported written premiums – statutory*		(1.0)		(1.3)		(2.5)		(8.3)	(4	.1)	(5.6	i)	(0.5)		2.1	(5.4)		8.0	-	(4.2)		(1.3)		(3.4)		(1.9)
Statutory combined ratio																										
Statutory combined ratio		100.2	%	102.8	%	101.5	6	97.2 %	87	.9 %	98.7	%	87.7	%	87.7 %	99.4	%	87.7 %		100.5 %	6	91.3 %		100.4 %	D	90.3 %
Contribution from catastrophe losses		(2.1)		8.4		14.9		5.7	(0	.2)	1.7		1.4		0.4	10.3		0.9		9.7		1.2		6.8		8.0
losses		102.3	%	94.4	%	86.6	6	91.5 %	88	.1 %	97.0	%	86.3	%	87.3 %	89.1	%	86.8 %		90.8 %	6	90.1 %		93.6 %	,	89.5 %
Commission expense ratio		20.8	%	17.7	%	17.4	6	17.7 %	23	.1 %	18.1	%	18.1	%	18.0 %	17.5	%	18.0 %		17.6 %	6	18.0 %		18.4 %	<u>.</u>	19.2 %
Other expense ratio		15.9		15.4		10.7		12.9	13	.9	13.2		11.7		11.4	11.8		11.6		12.8		12.1		13.7		12.4
Statutory expense ratio		36.7	%	33.1	%	28.1	%	30.6 %	37	.0 %	31.3	%	29.8	%	29.4 %	29.3	%	29.6 %		30.4 %	6	30.1 %		32.1 %	<u>.</u>	31.6 %
GAAP combined ratio																										
GAAP combined ratio		98.9	%	101.2	%	103.5	6	98.6 %	85	.6 %	97.3	%	88.6	%	89.6 %	101.1	%	89.1 %		101.1 %	6	91.8 %		100.6 %	D	90.3 %
Contribution from catastrophe losses		(2.1)		8.4		14.9		5.7	(0	.2)	1.7		1.4		0.4	10.3		0.9		9.7		1.2		6.8		0.8
GAAP combined ratio excluding catastrophe losses		101.0	%	92.8	%	88.6	6	92.9 %	85	.8 %	95.6	%	87.2	%	89.2 %	90.8	%	88.2 %		91.4 %	6	90.6 %		93.8 %		89.5 %

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^{*} 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.

Consolidated Cincinnati Insurance Companies Quarterly Property Casualty Data - Commercial Lines

(Dollars in millions)								Three mo	nths e	ended								Six mor	nths e	ended		Nine m	onths	ended		Twelve mon	nths e	ended
	1	2/31/08		9/30/08		6/30/08		3/31/08	1	2/31/07	(9/30/07		6/30/07		3/31/07		6/30/08		6/30/07		9/30/08		9/30/07		12/31/08		12/31/07
Premiums																												
Agency renewal written premiums	\$	514	\$	502	\$	552	\$	588	\$	546	\$	544	\$	569	\$	612	\$	1,140	\$	1,181	\$	1,642	\$	1,725	\$	2,156	\$	2,271
Agency new business written premiums		83		77		87		66		71		72		71		72		153		143		229		216		312		287
Ceded written premiums		(23)		(46)		(31)		(32)		(34)		(32)		(32)		(31)		(63)		(62)		(109)		(94)		(131)		(128)
Other written premiums		(9)		13		1		-		3		4		3		4		1		7		14		11		4		14
Written premium adjustment – statutory		(13)		(8)		(12)		3		(24)		(44)		2		36		(9)		37		(17)		(7)		(30)		(31)
Reported written premiums – statutory*	\$	552	\$	538	\$	597	\$	625	\$	562	\$	544	\$	613	\$	693	\$	1,222	\$	1,306	\$	1,759	\$	1,851	\$	2,311	\$	2,413
Unearned premium change		21		44		(11)		(51)		39		56		(7)		(89)		(61)		(96)		(16)		(41)		5		(2)
Earned premiums	\$	573	\$	582	\$	586	\$	574	\$	601	\$	600	\$	606	\$	604	\$	1,161	\$	1,210	\$	1,743	\$	1,810	\$	2,316	\$	2,411
Year over year change %																												
Agency renewal written premiums		(5.9)	%	(7.7) %	6	(2.9) 9	%	(4.0) %	ò	(3.4) %	,	3.5 %	6	7.4 %	,	3.9 %		(3.5) %	ò	5.6 %	,	(4.8) %	5	4.9 %	5	(5.1) %	5	2.8 %
Agency new business written premiums		16.4		6.0		21.2		(8.3)		(10.5)		(18.3)		(16.9)		2.7		6.4		(8.1)		6.3		(11.8)		8.8		(11.5)
Ceded written premiums		(33.0)		43.6		(1.6)		2.8		11.6		9.5		24.1		10.9		0.6		17.3		15.1		14.5		2.4		13.7
Other written premiums		(391.7)		250.5		(73.4)		(99.4)		(27.0)		(3.6)		12.3		37.2		(89.2)		26.2		25.0		14.3		(66.5)		1.7
Written premium adjustment – statutory		(45.8)		(81.6)		(900.0)		(91.5)		(18.1)		530.2		(84.7)		5.8		(124.3)		(14.7)		161.7		(117.8)		(1.6)		(526.2)
Reported written premiums – statutory*		(1.9)		(1.2)		(2.7)		(9.8)		(4.6)		(6.4)		1.7		3.8	<u> </u>	(6.5)		2.8		(4.9)		(0.1)	-	(4.2)		(1.2)
Statutory combined ratio																									-			
Statutory combined ratio		99.0	%	97.3 %	6	97.5 9	%	93.3 %	Ď	89.7 %	,	97.2 9	6	84.4 %	,	86.5 %		95.5 %	Ď	85.4 %	,	95.9 %		89.2 %	5	96.6 %	, D	89.2 %
Contribution from catastrophe losses		(1.5)		4.0		11.3		3.9		-		0.1		0.8		1.8		7.7		1.3		6.4		0.9		4.5		0.7
losses		100.5 %	%	93.3 %	6	86.2 %	%	89.4 %	, 0	89.7 %	,	97.1 9	6	83.6 %		84.7 %		87.8 %	, 0	84.1 %	,	89.5 %	·	88.3 %	5	92.1 %	, D	88.5 %
Commission expense ratio		20.8 %	%	18.1 %	6	16.9 %	%	16.5 %	, D	23.1 %	,	18.2 9	6	17.7 %		16.7 %		16.7 %	5	17.2 %	,	17.1 %		17.5 %	5	18.0 %	, D	18.8 %
Other expense ratio		15.7		15.4		10.9		13.2		15.1		13.1		11.4		11.2		12.1		11.3		13.1		11.8		13.7		12.6
Statutory expense ratio		36.5	%	33.5 %	6	27.8 9	%	29.7 %		38.2 %)	31.3 %	6	29.1 %	1	27.9 %		28.8 %		28.5 %		30.2 %		29.3 %	5	31.7 %	•	31.4 %
GAAP combined ratio																												
GAAP combined ratio		98.1 9	%	94.9 %	6	99.9	%	95.0 %	ò	87.3 %	,	95.4 %	6	85.2 %	,	88.9 %		97.4 %	ò	87.0 %		96.6 %	5	89.8 %	5	97.0 %	5	89.2 %
Contribution from catastrophe losses		(1.5)		4.0		11.3		3.9		-		0.1		0.8		1.8		7.7		1.3		6.4		0.9		4.5		0.7
GAAP combined ratio excluding catastrophe losses		99.6	/ 6	90.9 %	'n	88.6 9	%	91.1 %	'n	87.3 %		95.3 %	6	84.4 %		87.1 %		89.7 %		85.7 %		90.2 %		88.9 %		92.5 %		88.5 %

^{*}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.
**rom - 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.

Consolidated Cincinnati Insurance Companies Quarterly Property Casualty Data - Personal Lines

(Dollars in millions)							Т	Three mon	ths en	ded						Six mont	hs ei	nded	Nine mor	nths e	ended		Twelve mo	onths (ended
	1	2/31/08		9/30/08		6/30/08		3/31/08	1	2/31/07	g	9/30/07	6/30/07		3/31/07	6/30/08		6/30/07	9/30/08		9/30/07		12/31/08	1	12/31/07
Premiums																									
Agency renewal written premiums	\$	156	\$	185	\$	186	\$	146	\$	159	\$	188	\$ 192	\$	150	\$ 332	\$	343	\$ 517	\$	531	\$	672	\$	690
Agency new business written premiums		11		11		10		8		10		10	10		9	19		18	30		28		42		38
Ceded written premiums		(8)		(13)		(6)		(6)		(7)		(8)	(7)		(8)	(12)		(15)	(26)		(23)		(33)		(30)
Other written premiums		-		1		1		2		1		2	2		2	2		4	4		6		4		7
Written premium adjustment – statutory		-		-		-		-		(1)		-	-		-	-		-	-		-		-		(1)
Reported written premiums – statutory*	\$	158	\$	184	\$	191	\$	150	\$	162	\$	192	\$ 197	\$	153	\$ 341	\$	350	\$ 525	\$	542	\$	685	\$	704
Unearned premium change		13		(17)		(17)		27		14		(15)	(17)		28	10		11	(7)		(4)		4		10
Earned premiums	\$	171	\$	167	\$	174	\$	177	\$	176	\$	177	\$ 180	\$	181	\$ 351	\$	361	\$ 518	\$	538	\$	689	\$	714
Year over year change %																									
Agency renewal written premiums		(2.3) %	6	(1.6) 9	%	(3.3) %	6	(2.8) %	6	(3.9) 9	6	(3.4) %	(7.1) %	,	(5.6) %	(3.1) %		(6.5) %	(2.5) %	Ď	(5.4) %	,	(2.5) %	•	(5.1) %
Agency new business written premiums		17.9		11.8		7.7		(0.5)		12.1		7.0	26.5		25.4	3.9		26.0	6.7		18.6		9.5		16.9
Ceded written premiums		7.0		61.4		(17.3)		(17.2)		(9.1)		26.5	56.4		56.4	(17.3)		56.4	11.0		44.1		10.1		26.6
Other written premiums		(64.9)		(37.3)		(76.2)		(0.4)		117.4		276.1	265.9		187.1	(43.3)		227.0	(41.3)		242.4		(45.4)		211.2
Written premium adjustment – statutory		(100.0)		(100.0)		-		(100.0)		(17.0)		(92.9)	(100.0)		(100.9)	(100.0)		(98.4)	(100.0)		(102.0)		(100.0)		(5.1)
Reported written premiums – statutory*		(1.4)		(4.0)		(3.0)		(2.0)		(2.3)		(3.1)	(6.8)		(5.1)	(2.6)		(6.1)	(3.1)		(5.1)		(2.7)		(4.4)
Statutory combined ratio																									
Statutory combined ratio		102.1 %	6	120.6 %	%	114.3 %	6	110.8 %	6	81.4 %	6	103.6 %	98.6 %	,	93.5 %	112.2 %		95.8 %	114.9 %	, o	98.3 %	,	111.6 %	5	94.1 %
Contribution from catastrophe losses		(4.1)		23.8		27.0		11.6		(1.0)		7.0	3.5		(4.1)	19.3		(0.3)	20.7		2.1		14.5		1.3
losses		106.2 %	6	96.8 %	%	87.3 %	6	99.2 %	6	82.4 %	6	96.6 %	95.1 %)	97.6 %	92.9 %		96.1 %	94.2 %	Ď	96.2 %)	97.1 %	,	92.8 %
Commission expense ratio		21.2 %	6	16.4 %	%	18.6 %	6	22.3 %	6	22.8 %	6	17.6 %	19.3 %	,	23.8 %	20.2 %		21.2 %	18.9 %	Ď	20.6 %	,	19.5 %	,	19.9 %
Other expense ratio		15.0		14.0		10.3		11.8		10.0		13.5	12.6		12.4	11.0		12.6	12.0		12.2		12.7		12.9
Statutory expense ratio		36.2 %	6	30.4 %	%	28.9 %	6	34.1 %	6	32.8 %	6	31.1 %	31.9 %	,	36.2 %	31.2 %		33.8 %	30.9 %	Ď	32.8 %	,	32.2 %	,	32.8 %
GAAP combined ratio																									
GAAP combined ratio		100.0 %	6	122.5 %	%	115.3 %	6	110.1 %	6	79.7 %	6	103.8 %	99.9 %	,	92.0 %	112.7 %		96.0 %	115.9 %	Ď	98.6 %	,	111.9 %	,	93.9 %
Contribution from catastrophe losses		(4.1)		23.8		27.0		11.6		(1.0)		7.0	3.5		(4.1)	19.3		(0.3)	20.7		2.1		14.5		1.3
GAAP combined ratio excluding catastrophe losses		104.1 %	6	98.7 %	%	88.3 %	<u>′</u>	98.5 %	6	80.7 %	6	96.8 %	96.4 %		96.1 %	93.4 %		96.3 %	95.2 %		96.5 %		97.4 %		92.6 %

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*nm - Not meaningful

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