THE CINCINNATI INSURANCE COMPANIES

Cincinnati Financial Corporation
2007 Fourth-quarter and Full-year Letter to Shareholders

February 13, 2008

To Our Shareholders, Friends and Associates:

Exceptionally strong underwriting and investment income in the fourth quarter helped your company close 2007 with $610 million of operating income, setting a new record. Our independent agents and associates continue to focus on underwriting fundamentals, including the risk selection and pricing that are key to success in a competitive environment. In addition, nature gave your company a break, hitting us with no significant catastrophe losses in the fourth quarter and only $26 million for the entire year. What a change this was from last year, when we reported $44 million of catastrophe losses for the fourth quarter and $175 million for the full year.

How did we move from record high catastrophe losses one year to record low catastrophe losses the next? To some extent, we can accept credit for managing our catastrophe losses by controlling our coastal exposures, addressing our geographic concentrations, managing policy deductibles and taking other underwriting actions. To a greater extent, the contrast between 2007 and 2006 simply shows that weather is not very predictable. We were lucky in 2007, but cannot predict which way our luck will run in the future. Already in 2008, severe weather across our operating territories has led to catastrophe losses for our policyholders. Our field associates and agents are working hard to assess the damage and develop initial estimates.

That's okay. We are in the business of managing risk. We believe your company is in good shape and has proven strategies to offset the inherent low predictability of weather and the potential it brings for volatile results. We pay attention to the basics, including these three "Rs" of insurance.

First, reinsurance: We transfer some of the risk by buying reinsurance. We negotiate prices and contract terms with our high quality reinsurers during the fourth quarter each year. You'll find details of our program in the attached February 6 news release. This program has tremendous benefits in addition to increasing predictability by limiting our potential catastrophe losses. It supports our flexibility in serving our agents and their communities, allowing us to write policies covering higher limits on a case-by-case basis.

Second, reserves: We set aside adequate amounts to pay claims, including those already reported as well as those not yet reported. Our reserves for prior years have developed favorably in each of the past 16 years, adding modestly to underwriting profits. You'll read inside that this contribution was higher in 2007 than in the past, and we expect it to return to a more typical level in 2008. Sound reserving policies help assure the accuracy of the prices we charge for our products and the amounts we allocate to pay claims, minimizing the need for reserve charges that would add volatility to our financial results in future years.

The third "R" is readiness. We believe catastrophes bring opportunities as we respond effectively. Teams of our own field claims representatives are organized, trained and equipped to move quickly when a storm hits. They are authorized to evaluate and pay claims on the spot, and even our agencies can write checks for smaller claims. They work together to give service with a human touch. Afterwards, policyholders spread the word about their claims satisfaction, increasing sales.

These three "Rs" are part of a fourth you've heard from us before – relationships. Your company aims to conduct business in a way that creates long-term relationships, bringing a measure of stability to shareholders, policyholders, agents and associates. As we consider the challenging market conditions and the severe weather already occurring in early 2008, we think relationships and stability are the right way to weather all storms.

Respectfully,

/S/ John J. Schiff, Jr.

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

/S/ James E. Benoski

James E. Benoski
Vice Chairman, President, Chief Operating Officer, and Chief Insurance Officer

In 2008, we are offering shareholders the same types of information about our company as in prior years, but on a different schedule. As each item is published, it appears online in an integrated annual report format. Many items will be available to you earlier than you received them in the past, because you no longer have to wait until all sections of our annual report are printed. Items available now are titled in color, and those coming soon are titled in gray.

About the Company

Cincinnati Financial meets the needs of agencies and policyholders through our insurance group and three complementary subsidiaries:

The Cincinnati Insurance Company leads our A++ A.M. Best-rated standard market property casualty insurance group, which includes **The Cincinnati Casualty Company** and **The Cincinnati Indemnity Company.** This group markets a broad range of business, homeowner and auto policies through our select group of local independent insurance agencies in 34 states. These companies support each agency's ability to provide exceptional value and service to the people and businesses in its community. Our local field representatives work out of their homes, customizing products to meet policyholder needs, responding personally and promptly to claims and strengthening relationships.

Two other subsidiaries of The Cincinnati Insurance Company also market insurance products. **The Cincinnati Life Insurance Company,** rated A+ by A.M. Best, markets life insurance policies, disability income policies and annuities. **The Cincinnati Specialty Underwriters Insurance Company,** rated A by A.M. Best, began offering excess and surplus lines insurance products in 2008.

Three subsidiaries of Cincinnati Financial support our insurance operations. **CSU Producer Resources Inc.,** offers insurance brokerage services to our independent agencies to support their access to Cincinnati Specialty Underwriters. **CFC Investment Company** offers commercial leasing and financing services to our agents and their clients. **CinFin Capital Management Company** provides asset management services to institutions, corporations and individuals.

2007 Fourth-quarter and Full-year *Letter to Shareholders* – mid-February 2008

This message from our chairman and our president includes recent news releases about financial results announced February 6 and actions taken by the board of directors at its February 1 meeting. *The Cincinnati Experience,* a profile of our operating philosophy, accompanies this letter.

The Cincinnati Experience – mid-February 2008

The Cincinnati Insurance Company, Cincinnati Financial Corporation's lead subsidiary, ranks among the top 25 U.S. property casualty insurer groups based on net written premiums. In *The Cincinnati Experience,* you'll read about how our relationship-based approach creates value and loyalty, supporting premium growth.

2007 *Annual Report on Form 10-K* – late-February 2008

The *Annual Report on Form 10-K* is a detailed document published by every publicly traded company as required by the U.S. Securities and Exchange Commission. In our report, we describe your company's operations, its results and trends, along with supporting data, discussions, audited financial statements and accompanying notes.

2008 Shareholder Meeting Notice and Proxy Statement – mid-March 2008

This statement informs you of items requiring shareholder action at the 2008 Annual Meeting of Shareholders on May 3, 2008. It identifies board members, detailing director and executive officer compensation and board activities. Notice cards, mailed in March, tell how to easily obtain the *Proxy Statement* and vote.

Chairman and President's Letter – late-March 2008

Accompanying the Proxy Statement are the 2007 condensed balance sheets and income statements, six years of financial data and an annual message from our chairman and our president. Their letter presents management's perspectives on your company's 2007 performance and trends that may affect performance in 2008 and beyond.

First-quarter 2008 *Letter to Shareholders* – mid-May 2008

This message from our chairman and our president includes recent news releases about financial results announced April 30, results of shareholder votes at the 2008 Annual Meeting of Shareholders and actions of the board at its May meeting. For additional details, see our *Quarterly Report on Form 10-Q,* filed with the SEC by May 12, 2008.

Second-quarter 2008 *Letter to Shareholders* – mid-August 2008

This message from our chairman and our president includes our August 6 news release with financial results. For additional details, see our *Quarterly Report on Form 10-Q,* filed with the SEC by August 11, 2008.

Third-quarter 2008 *Letter to Shareholders* – mid-November 2008

This message from our chairman and our president includes our October 29 news release with financial results. For additional details, see our *Quarterly Report on Form 10-Q,* filed with the SEC by November 10, 2008.

Recent News Releases

Cincinnati Financial Reports Fourth-quarter and Full-year 2007 Results

Cincinnati, February 6, 2008 – Cincinnati Financial Corporation (Nasdaq: CINF) today reported:

- Fourth-quarter net income of $187 million, or $1.11 per share, compared with $130 million, or 75 cents, in the 2006 fourth quarter. Operating income* of $179 million, or $1.07 per share, compared with $122 million, or 70 cents.
- Full-year 2007 net income of $855 million, or $4.97 per share, compared with $930 million, or $5.30, in 2006. Operating income a record $610 million, or $3.54 per share, compared with $496 million, or $2.82.
- Full-year 2007 property casualty underwriting profits of $304 million compared with $181 million in 2006.

Financial Highlights

(Dollars in millions except share data)	Three months ended December 31, 2007	2006	Change %	Twelve months ended December 31, 2007	2006	Change %
Revenue Highlights						
Earned premiums	**$ 809**	$ 830	(2.5)	**$ 3,250**	$ 3,270	(0.6)
Investment income	**157**	145	8.5	**608**	570	6.6
Total revenues	**983**	992	(0.9)	**4,259**	4,542	(6.2)
Income Statement Data						
Net income	**$ 187**	$ 130	43.2	**$ 855**	$ 930	(8.0)
Net realized investment gains and losses	**8**	8	(4.7)	**245**	434	(43.5)
Operating income*	**$ 179**	$ 122	46.4	**$ 610**	$ 496	23.1
Per Share Data (diluted)						
Net income	**$ 1.11**	$ 0.75	48.0	**$ 4.97**	$ 5.30	(6.2)
Net realized investment gains and losses	**0.04**	0.05	(20.0)	**1.43**	2.48	(42.3)
Operating income*	**$ 1.07**	$ 0.70	52.9	**$ 3.54**	$ 2.82	25.5
Book value				**$ 35.70**	$ 39.38	(9.3)
Cash dividend declared	**$ 0.355**	$ 0.335	6.0	**$ 1.42**	$ 1.34	6.0
Weighted average shares outstanding	**168,163,752**	174,988,162	(3.9)	**172,167,452**	175,451,341	(1.9)

Insurance Operations Highlights

- 85.6 percent fourth-quarter 2007 property casualty combined ratio with 4.1 percent decrease in net written premiums; 90.3 percent full-year 2007 property casualty combined ratio with 1.9 percent decrease in net written premiums.
- Profitability improved from prior year periods because of lowest catastrophe loss ratio in over 15 years and $244 million in full-year savings from favorable development on prior period reserves compared with $116 million in 2006.
- Continuing new business activity and policyholder retention levels illustrate value of the company's relationships with independent insurance agents in a competitive market.
- 23 cent per share contribution from life insurance operating income to full-year results, up from 19 cents in 2006.

Investment and Balance Sheet Highlights

- 8.5 percent growth in fourth-quarter 2007 pretax investment income with 6.6 percent full-year increase. Investment income benefited from strong dividend increases in the equity portfolio.
- Book value of $35.70 per share compared with $39.38 at year-end 2006. Invested assets and book value declined primarily on lower market values of financial sector equity holdings.
- $245 million in full-year 2007 net realized investment gains and losses compared with $434 million in full-year 2006. 2006 gains included the sale of the company's second largest common stock holding.
- 3.3 million reduction in weighted-average shares outstanding in 2007. Repurchases of the company's common stock totaled 7.5 million shares at a cost of $306 million, including fourth-quarter accelerated share repurchase.

Full-year 2008 Outlook**

- Property casualty insurance operations – Management anticipates lower net written premiums due to competitive pricing, with upward pressure on the combined ratio for 2008.
- Investment operations – Management anticipates slower growth in investment income as financial sector holdings evaluate dividend levels. Portfolio strategies to balance near-term income generation and long-term book value growth continue to be our focus.

* The Definitions of Non-GAAP Information and Reconciliation to Comparable GAAP Measures on www.cinfin.com defines and reconciles measures presented in this release that are not based on Generally Accepted Accounting Principles or Statutory Accounting Principles.

** Forward-looking statements and related assumptions are subject to the risks outlined in the company's safe-harbor statement (see Page 13).

Challenging Property Casualty Insurance Environment

Chairman and Chief Executive Officer John J. Schiff, Jr., CPCU, commented, "We continue to see the benefits of our agency-centered approach, with local market decision making that creates agent and policyholder loyalty through all stages of the insurance pricing cycle. We credit those relationships with contributing to 2007's strong results. Further, our policyholders' catastrophe losses were at the lowest level since 1997 and our savings from favorable development on prior period reserves was above our guidance. We expect these measures to return to more normal levels in the future."

Schiff added, "Our commercial lines premiums continue to reflect reduced pricing due to increased competition. As well, we are seeing economic pressure in some regions and on some types of business, which affects our policyholders' revenues or payrolls and is a factor in the premiums calculated for certain business policies. We have performed well under these types of tough commercial lines market conditions in the past. Our approach – supporting our agents' strong local advantages through our team of field representatives and headquarters associates – gives us unique strengths to succeed. The local knowledge of our agents and field associates helps us carefully underwrite accounts, selecting only the commercial business that appears to be appropriately priced relative to the risk we would assume."

Schiff noted, "Likewise, the marketplace is competitive for personal lines in many regions. Lower new and renewal premiums per policy have reduced our personal lines net written premiums. We are addressing our competitive position so we can resume growing in personal lines. We continue to refine our rates, building on the changes we made in mid-2006 to the structure of our premium credits. Those changes better positioned our agencies to sell the value of our homeowner and personal auto policies. As a result, policy retention rates remain above 90 percent and new personal lines business continues to grow. Another way in which we hope to grow is by making our personal lines products available over the next two years in states where agents currently market only our commercial lines products."

Long-term Investment in Property Casualty Business

James E. Benoski, vice chairman, chief insurance officer and president, said, "2007 marked our first agency appointments and first commercial lines policies in Washington and New Mexico, the 33rd and 34th states where we actively market property casualty insurance."

Benoski added, "Across our established states, Cincinnati has earned a generous share of each agency's business over the years by offering the products and services agents need to protect their local businesses and families. Our agents have indicated their desire to have Cincinnati available as a market for commercial accounts that require the flexibility of excess and surplus lines coverage. Preparations that began in early 2007 for our excess and surplus lines operations concluded on schedule in December. Our new subsidiary, The Cincinnati Specialty Underwriters Insurance Company, received an A (Excellent) rating from A.M. Best Co., an independent provider of insurer ratings. They began 2008 by successfully issuing the first surplus lines policies from the new policy administration system.

"In addition to growing with our current agencies, we also continue to build new relationships, making agency appointments within our current marketing territories and recently opened states. In total, we completed 66 agency appointments in 2007, including 50 that were new relationships. With many more in the pipeline, we are targeting another 65 appointments in 2008. New appointments, net of other changes in our agency relationships, brought total reporting agency locations to 1,327 at year-end 2007, compared with 1,289 at year-end 2006."

2007 Property Casualty Combined Ratio

Kenneth W. Stecher, chief financial officer and executive vice president, said, "Cincinnati's overall profitability for the fourth quarter and full year was excellent and improved from last year's levels. Results for both the quarter and year benefited from very low catastrophe losses and savings from favorable development on prior period reserves above our guidance. In contrast, the industry's full-year 2007 combined ratio is expected to rise to approximately 95.6 percent, including 1.7 percentage points from catastrophe losses, from 92.4 percent, including 2.1 percentage points from catastrophe losses, in 2006.

Stecher noted, "We did experience a rise in the current accident year loss ratio excluding catastrophe losses. We believe two factors were largely responsible. First, current market conditions and softer pricing are hampering profitability. Second, there are instances when losses from weather events can be significant for some carriers, but not rise to the level where Property Claims Services tracks industrywide losses and designates the events as insurance catastrophes. We believe that was the case for us in 2007, with non-catastrophe weather-related losses adding about 1 percentage point more to our loss ratio than in 2006."

2008 Property Casualty Outlook Update

Stecher commented, "If current commercial lines pricing trends continue into 2008, our net written premiums could decline as much as 5 percent. We believe our GAAP combined ratio could be between 96 percent and 98 percent, as we meet the needs of our agencies while managing for long-term profitability. Industry full-year 2008 net written premiums are expected to decline 0.6 percent with the combined ratio rising to 98.6 percent."

Stecher observed that the combined ratio target relies on three assumptions:

- Current accident year loss ratio excluding catastrophe losses – The company believes the market trends that contributed to an increase in this ratio in 2007 are continuing and may put the ratio under further pressure in 2008.
- Catastrophe loss ratio – The company assumes catastrophe losses would contribute approximately 4.5 percentage points to the full-year 2008 combined ratio. Stecher noted the unpredictability of catastrophic events in any given year. Catastrophe losses have made an average contribution of 3.7 percentage points to the company's combined ratio in the past 10 years, ranging from 2007's low of 0.8 points to 1998's high of 6.1 points.

- Savings from favorable development on prior period reserves – The company assumes savings from favorable development would reduce the full-year 2008 combined ratio by approximately 4 percentage points. Stecher indicated that management will continue to rely on sound actuarial analysis in the determination of loss and loss expense reserves, even as market conditions soften.

Stecher added, "We believe the level of performance we have targeted will allow us to sustain our industry leading position in the commercial lines insurance marketplace. We plan to take steps in our personal lines insurance operations to enhance our response to the changing marketplace. And finally, we look for our life insurance business to continue to make a solid and growing contribution to our earnings.

"Our strong position gives us opportunities to be a market for our agents' best business, giving them market stability and contributing to their success. Further, we believe we can expect a positive contribution from our new excess and surplus lines operations, although our 2008 targets do not take into account any contribution from excess and surplus lines. We are mindful that it will take some time before our excess and surplus lines operation is of sufficient size to materially influence our overall corporate results," Stecher said.

Investment Performance Affected by Recent Market Activity

Schiff commented, "Our buy-and-hold equity investing strategy has been key to the long-term growth of our assets and shareholders' equity. We identify companies with the potential for sales, earnings and dividend growth, a strong management team and favorable outlook. Over the years, these equities have generally offered a steadily increasing flow of dividend income along with the potential for capital appreciation.

"Since mid-2007, the success of this strategy has been interrupted as the financial markets have reflected broad concerns about credit quality, liquidity and the general health of the economy. As we noted in September 2007, uncertainty about the duration and the impact of these issues could significantly influence valuations and the volatility of the markets," Schiff continued.

"Five months later, our book value has declined due to the significant drop in market value of our financial sector common stocks, which represent approximately 35 percent of our investment portfolio. To varying degrees, these companies are addressing a challenging credit quality environment and related issues. As a result, they may evaluate their dividend levels in light of their own capital requirements and earnings outlook, potentially slowing our investment income growth.

"Providing balance to the challenges of our equity portfolio, our bond portfolio continued to hold steady in the fourth quarter as widening credit spreads were offset by the strong demand in the market for low-risk securities. We believe our investment strategy will continue to allow us to maximize both income and capital appreciation over the long term. We are committed to sustaining the strong capitalization that supports our high insurer financial strength ratings, giving our agents a distinct marketing advantage for their value-oriented clients."

Schiff added, "Your company returned $546 million to shareholders in 2007 through cash dividends and a record level of repurchase activity, including the accelerated share repurchase agreement announced in October. At that time, the board of directors expanded its repurchase authorization to communicate to shareholders its confidence in our business and our long-term outlook. The board acted last week to raise the indicated annual dividend rate by 9.9 percent, to $1.56 per share. We expect the board to continue to take actions supporting increased shareholder value over the long term."

Property Casualty Insurance Operations

(Dollars in millions)	Three months ended December 31,			Twelve months ended December 31,		
	2007	2006	Change %	**2007**	2006	Change %
Written premiums	**$ 724**	$ 755	(4.1)	**$ 3,117**	$ 3,178	(1.9)
Earned premiums	**$ 777**	$ 802	(3.1)	**$ 3,125**	$ 3,164	(1.2)
Loss and loss expenses excluding catastrophes	**397**	458	(13.3)	**1,806**	1,833	(1.5)
Catastrophe loss and loss expenses	**(2)**	44	(104.0)	**26**	175	(85.1)
Commission expenses	**159**	144	10.3	**599**	596	0.4
Underwriting expenses	**105**	108	(2.3)	**375**	363	3.2
Policyholder dividends	**6**	4	41.6	**15**	16	(5.4)
Underwriting profit	**$ 112**	$ 44	153.4	**$ 304**	$ 181	68.3
Ratios as a percent of earned premiums:						
Loss and loss expenses excluding catastrophes	**51.1%**	57.1%		**57.8%**	58.0%	
Catastrophe loss and loss expenses	**(0.2)**	5.5		**0.8**	5.5	
Loss and loss expenses	**50.9%**	62.6%		**58.6%**	63.5%	
Commission expenses	**20.5**	18.0		**19.2**	18.8	
Underwriting expenses	**13.4**	13.3		**12.0**	11.5	
Policyholder dividends	**0.8**	0.6		**0.5**	0.5	
Combined ratio	**85.6%**	94.5%		**90.3%**	94.3%	

- $81 million in fourth-quarter 2007 new business written directly by agencies compared with $88 million in last year's fourth quarter. Full-year new business was $325 million in 2007 compared with $357 million in 2006.
- 1,092 agency relationships with 1,327 reporting locations marketed our insurance products at year-end 2007, up from 1,066 agency relationships with 1,289 reporting locations at year-end 2006.
- Contributions to premiums and underwriting income from excess and surplus lines will begin in 2008.
- 2008 property casualty reinsurance program finalized. Program updated to maintain balance between the cost of the program and the level of risk retained. Reinsurance costs expected to decline slightly due to slightly higher retention levels and moderating rates for certain lines of business.

2008 Reinsurance Program

Treaties	Retention Summary	Comments
Property catastrophe	For any one event, retain losses of: • 100% of first $45 million • 43% between $45 million and $70 million • 5% between $70 million and $200 million • 11% to 19% for layers between • $200 million and $500 million	• After reinsurance, our maximum exposure to a catastrophic event that caused $500 million in covered losses would be $105 million compared with $103 million in 2007. The largest catastrophe loss in our history was $87 million before reinsurance.
Casualty per risk	For a single loss, retain: • 100% of first $5 million • 0% between $5 million and $25 million • Obtain facultative reinsurance above $25 million	• Increased casualty treaty retention to $5 million from $4 million
Property per risk	For a single loss, retain: • 100% of first $4 million • 0% between $4 million and $25 million • Obtain facultative reinsurance above $25 million	• No changes in 2008
Casualty third excess	• $25 million excess of $25 million	• No changes in 2008
Casualty fourth excess	• $20 million excess of $50 million	• No changes in 2008

Insurance Segment Highlights

Commercial Lines Insurance Operations

(Dollars in millions)	Three months ended December 31,			Twelve months ended December 31,		
	2007	2006	Change %	**2007**	2006	Change %
Written premiums	**$ 562**	$ 589	(4.6)	**$ 2,413**	$ 2,442	(1.2)
Earned premiums	**$ 601**	$ 619	(3.0)	**$ 2,411**	$ 2,402	0.4
Loss and loss expenses excluding catastrophes	**310**	357	(13.2)	**1,378**	1,377	0.1
Catastrophe loss and loss expenses	**0**	11	nm	**16**	89	(81.3)
Commission expenses	**123**	113	9.2	**454**	444	2.0
Underwriting expenses	**86**	79	8.7	**287**	268	7.0
Policyholder dividends	**6**	4	41.6	**15**	16	(5.4)
Underwriting profit	**$ 76**	$ 55	38.1	**$ 261**	$ 208	25.4
Ratios as a percent of earned premiums:						
Loss and loss expenses excluding catastrophes	**51.5%**	57.6%		**57.2%**	57.3%	
Catastrophe loss and loss expenses	**0.0**	1.9		**0.7**	3.7	
Loss and loss expenses	**51.5%**	59.5%		**57.9%**	61.0%	
Commission expenses	**20.6**	18.3		**18.8**	18.5	
Underwriting expenses	**14.1**	12.6		**11.9**	11.1	
Policyholder dividends	**1.1**	0.7		**0.6**	0.7	
Combined ratio	**87.3%**	91.1%		**89.2%**	91.3%	

- $562 million of commercial lines net written premiums for the three months ended December 31, 2007. $71 million of new fourth-quarter commercial lines business written directly by agencies, down 10.5 percent from $80 million in the comparable 2006 quarter.
- $2.413 billion of commercial lines net written premiums for full-year 2007. $287 million of new 2007 commercial lines business written directly by agencies, down 11.5 percent from $324 million for full-year 2006.
- Direct bill payment option now available for businessowners policies issued through e-CLAS policy processing system. Selected agencies received this capability in 2007, with first-quarter 2008 rollout planned for all agencies currently using e-CLAS. By the end of 2008, development of a direct bill payment option for commercial policies not issued through e-CLAS is anticipated.
- 89.2 percent full-year 2007 commercial lines combined ratio, improved 2.1 percentage points over 91.3 percent in full year 2006. This result included higher current accident year losses excluding catastrophe losses and higher expenses. These increases were more than offset by lower catastrophe losses and higher savings from favorable development on prior period reserves.
- 3.8 percentage point increase in full-year 2007 current accident year loss ratio excluding catastrophe losses, due to non-catastrophe weather-related losses and softening market conditions.
- Commercial lines insurance industry combined ratio for full-year 2007 estimated at 94.0 percent with decline in net written premiums estimated at 1.5 percent.

Personal Lines Insurance Operations

(Dollars in millions)	Three months ended December 31,			Twelve months ended December 31,		
	2007	2006	Change %	**2007**	2006	Change %
Written premiums	**$ 162**	$ 166	(2.3)	**$ 704**	$ 736	(4.4)
Earned premiums	**$ 176**	$ 183	(3.7)	**$ 714**	$ 762	(6.3)
Loss and loss expenses excluding catastrophes	**87**	101	(13.9)	**428**	456	(6.2)
Catastrophe loss and loss expenses	**(2)**	33	(105.3)	**10**	86	(89.0)
Commission expenses	**36**	31	14.1	**145**	152	(4.4)
Underwriting expenses	**19**	29	(32.5)	**88**	95	(7.5)
Underwriting profit (loss)	**$ 36**	$ (11)	426.3	**$ 43**	$ (27)	260.9
Ratios as a percent of earned premiums:						
Loss and loss expenses excluding catastrophes	**49.6%**	55.5%		**60.0%**	59.9%	
Catastrophe loss and loss expenses	**(1.0)**	17.9		**1.3**	11.3	
Loss and loss expenses	**48.6%**	73.4%		**61.3%**	71.2%	
Commission expenses	**20.1**	16.9		**20.3**	19.9	
Underwriting expenses	**11.0**	15.7		**12.3**	12.5	
Combined ratio	**79.7%**	106.0%		**93.9%**	103.6%	

- $162 million of personal lines net written premiums for the three months ended December 31, 2007. $10 million of new fourth-quarter personal lines business written directly by agencies, up 12.1 percent from $9 million in the comparable 2006 quarter.
- $704 million of personal lines net written premiums for full-year 2007. $38 million of new 2007 personal lines business written directly by agencies, up 16.9 percent from $33 million in full-year 2006.
- This was the sixth consecutive quarter of new business growth following July 2006 introduction of a limited program of policy credits for homeowner and personal auto pricing in most states where the company's Diamond personal lines policy processing system is in use. Lower premiums per policy continue to constrain new and renewal premium growth.
- 93.9 percent full-year 2007 personal lines combined ratio, an improvement of 9.7 percentage points over 103.6 percent in full-year 2006. This result included higher current accident year losses excluding catastrophe losses. That increase was more than offset by lower catastrophe losses and higher savings from favorable development on prior period reserves.
- 2.3 percentage point increase in full-year 2007 current accident year loss ratio excluding catastrophe losses, due to non-catastrophe weather-related losses and lower personal auto pricing.
- Personal lines insurance industry combined ratio for full-year 2007 estimated at 97.0 percent on flat net written premiums.

Life Insurance Operations

(In millions)	Three months ended December 31, 2007	2006	Change %	Twelve months ended December 31, 2007	2006	Change %
Written premiums	**$ 41**	$ 41	(0.1)	**$ 167**	$ 161	3.2
Earned premiums	**$ 32**	$ 29	11.0	**$ 125**	$ 107	17.4
Investment income, net of expenses	**30**	27	10.2	**115**	108	6.3
Other income	**1**	1	(1.0)	**4**	3	25.1
Total revenues, excluding realized investment gains and losses	**63**	57	10.4	**244**	218	12.0
Policyholder benefits	**35**	30	15.0	**133**	122	9.2
Expenses	**15**	16	(6.8)	**52**	43	20.1
Total benefits and expenses	**50**	46	7.6	**185**	165	12.0
Net income before income tax and realized investment gains and losses	**13**	11	22.8	**59**	53	12.1
Income tax	**4**	4	17.9	**20**	19	5.2
Net income before realized investment gains and losses	**$ 9**	$ 7	25.3	**$ 39**	$ 34	15.9

- $167 million in total 2007 life insurance segment net written premiums. Written premiums include life insurance, annuity and accident and health premiums.
- 10.5 percent increase to $141 million in 2007 in written premiums for life insurance products.
- 21.6 percent rise in full-year term life insurance written premiums, reflecting marketing advantages of competitive, up-to-date products, providing close personal attention and exhibiting financial strength and stability. Statutory written annuity premiums decreased to $22 million in 2007 from $30 million in 2006. Since late 2005, the company has de-emphasized annuity sales due to unfavorable market conditions.
- 8.6 percent rise in face amount of life policies in force to $61.875 billion at year-end 2007, from $56.971 billion at year-end 2006.
- $5 million increase in 2007 operating profit due to favorable mortality experience and persistency as well as healthy earned premium and investment income growth.
- 2008 plans include redesign of all life term insurance products. In addition to redesigning the worksite term product, we will update the full worksite life portfolio. These improvements support opportunities to cross-sell life insurance products to clients of the independent agencies that sell Cincinnati's property casualty insurance policies.

Investment and Balance Sheet Highlights

Investment Operations

(In millions)	Three months ended December 31, 2007	2006	Change %	Twelve months ended December 31, 2007	2006	Change %
Investment income:						
Interest	**$ 79**	$ 75	4.4	**$ 308**	$ 300	2.5
Dividends	**75**	68	10.4	**294**	262	12.1
Other	**4**	4	0.8	**15**	15	(0.5)
Investment expenses	**(1)**	(2)	96.9	**(9)**	(7)	(18.7)
Total investment income, net of expenses	**157**	145	8.5	**608**	570	6.6
Investment interest credited to contract holders	**(14)**	(14)	(5.6)	**(57)**	(54)	(5.1)
Realized investment gains and losses summary:						
Realized investment gains and losses	**38**	11	254.0	**409**	678	(39.6)
Change in fair value of securities with embedded derivatives	**(12)**	2	(933.2)	**(11)**	7	(263.6)
Other-than-temporary impairment charges	**(14)**	0	nm	**(16)**	(1)	(1,872.5)
Total realized investment gains and losses	**12**	13	(2.0)	**382**	684	(44.1)
Investment operations income	**$ 155**	$ 144	7.9	**$ 933**	$ 1,200	(22.2)

(Dollars in millions except share data)	At December 31, **2007**	At December 31, 2006
Balance sheet data		
Invested assets	**$ 12,261**	$ 13,759
Total assets	**16,637**	17,222
Short-term debt	**69**	49
Long-term debt	**791**	791
Shareholders' equity	**5,929**	6,808
Book value per share	**35.70**	39.38
Debt-to-capital ratio	**12.7%**	11.0%

	Three months ended December 31, **2007**	Three months ended December 31, 2006	Twelve months ended December 31, **2007**	Twelve months ended December 31, 2006
Performance measures				
Comprehensive income	**$ (404)**	$ 449	**$ (376)**	$ 1,057
Return on equity, annualized	**12.0%**	7.9%	**13.4%**	14.4%
Return on equity, annualized, based on comprehensive income	**(25.9)**	27.0	**(5.9)**	16.4

- 8.5 percent growth in fourth-quarter net investment income to $157 million pretax. Full-year 2007 investment income up 6.6 percent to $608 million.
- 12.1 percent growth in full-year 2007 dividend income, which contributed $294 million to investment income. Increase reflected higher dividend payout by 35 of the company's 41 common stock holdings. Dividend income growth rate expected to moderate in 2008 as financial sector holdings evaluate dividend levels.
- Repurchases of the company's common stock totaled 4.0 million shares at a cost of $162 million in the fourth quarter and 7.5 million shares at a cost of $306 million for the year. 2007 repurchases represented 4.3 percent of shares outstanding. Approximately 13 million shares remain authorized for repurchase.
- Fourth-quarter repurchases largely due to accelerated share repurchase agreement announced in October. Completed in January 2008, ASR totaled 4,071,000 shares at an average price of $39.18.
- Sales of equity securities were the primary reason for $382 million in 2007 pre-tax realized investment gains. Equity sales in 2007 included the sale of approximately 3.8 million shares of Exxon Mobil Corporation common stock as well as the block sale of 5.5 million shares of Fifth Third Bancorp common stock. Sale of our large Alltel Corporation common stock holding was the primary reason for the $684 million in 2006 pre-tax realized investment gains.
- Fifth Third remains the company's largest equity holding and Cincinnati Financial remains Fifth Third's largest shareholder.
- $12.198 billion in investment portfolio assets market value at year-end 2007 compared with $13.699 billion at year-end 2006. Lower market valuations of equity holdings due to broad concerns about credit quality, liquidity and the general health of the economy accounted for the majority of the decline.
- Shareholders' equity at $5.929 billion, or $35.70 per share, at year-end 2007, down from $6.808 billion, or $39.38, at year-end 2006. Decline caused by lower market values for equity holdings and record level of repurchase activity.
- $4.306 billion in statutory surplus for the property casualty insurance group at year-end 2007, compared with $4.750 billion at year-end 2006. The ratio of common stock to statutory surplus for the property casualty insurance group portfolio was 84.5 percent at year-end 2007, compared with 96.7 percent at year-end 2006.
- 28.4 percent ratio of investment securities held at the holding-company level to total holding-company-only assets at year-end 2007, comfortably within management's below-40 percent target.

For additional information or to hear a replay of the February 6 conference call webcast, please visit *www.cinfin.com/investors*.

Cincinnati Financial Corporation Consolidated Balance Sheets

(Dollars in millions except per share data)	December 31, **2007** (unaudited)	December 31, 2006
Assets		
Investments		
Fixed maturities, at fair value (amortized cost: 2007-$5,783; 2006-$5,739) (includes securities pledged to creditors of $745 at December 31, 2007)	**$ 5,848**	$ 5,805
Equity securities, at fair value (cost: 2007-$2,975; 2006-$2,621)	**6,249**	7,799
Short-term investments, at fair value (amortized cost: 2007-$101; 2006-$95)	**101**	95
Other invested assets	**63**	60
Total investments	**12,261**	13,759
Cash and cash equivalents	**226**	202
Securities lending collateral invested	**760**	0
Investment income receivable	**124**	121
Finance receivable	**92**	108
Premiums receivable	**1,107**	1,128
Reinsurance receivable	**754**	683
Prepaid reinsurance premiums	**13**	13
Deferred policy acquisition costs	**461**	453
Land, building and equipment, net, for company use (accumulated depreciation: 2007-$276; 2006-$261)	**239**	193
Other assets	**72**	58
Separate accounts	**528**	504
Total assets	**$ 16,637**	$ 17,222
Liabilities		
Insurance reserves		
Loss and loss expense reserves	**$ 3,967**	$ 3,896
Life policy reserves	**1,478**	1,409
Unearned premiums	**1,564**	1,579
Securities lending payable	**760**	0
Other liabilities	**574**	533
Deferred income tax	**977**	1,653
Note payable	**69**	49
6.125% senior notes due 2034	**371**	371
6.9% senior debentures due 2028	**28**	28
6.92% senior debentures due 2028	**392**	392
Separate accounts	**528**	504
Total liabilities	**10,708**	10,414
Shareholders' Equity		
Common stock, par value-$2 per share; (authorized: 2007-500 million shares, 2006-500 million shares; issued: 2007-196 million shares, 2006-196 million shares)	**393**	391
Paid-in capital	**1,049**	1,015
Retained earnings	**3,404**	2,786
Accumulated other comprehensive income	**2,151**	3,379
Treasury stock at cost (2007-30 million shares, 2006-23 million shares)	**(1,068)**	(763)
Total shareholders' equity	**5,929**	6,808
Total liabilities and shareholders' equity	**$ 16,637**	$ 17,222

Cincinnati Financial Corporation Consolidated Statements of Income

(In millions except per share data)	Three months ended December 31, 2007 (unaudited)	Three months ended December 31, 2006	Twelve months ended December 31, 2007 (unaudited)	Twelve months ended December 31, 2006
Revenues				
Earned premiums				
Property casualty	**$ 777**	$ 802	**$ 3,125**	$ 3,163
Life	**32**	29	**125**	107
Investment income, net of expenses	**157**	145	**608**	570
Realized investment gains and losses	**12**	12	**382**	684
Other income	**5**	4	**19**	18
Total revenues	**983**	992	**4,259**	4,542
Benefits and Expenses				
Insurance losses and policyholder benefits	**430**	532	**1,963**	2,128
Commissions	**164**	150	**624**	622
Other operating expenses	**96**	100	**362**	354
Taxes, licenses and fees	**18**	19	**75**	77
Increase in deferred policy acquisition costs	**8**	5	**(9)**	(21)
Interest expense	**13**	14	**52**	53
Total benefits and expenses	**729**	820	**3,067**	3,213
Income Before Income Taxes	**254**	172	**1,192**	1,329
Provision (Benefit) for Income Taxes				
Current	**71**	41	**336**	404
Deferred	**(4)**	1	**1**	(5)
Total provision for income taxes	**67**	42	**337**	399
Net Income	**$ 187**	$ 130	**$ 855**	$ 930
Per Common Share				
Net income-basic	**$ 1.12**	$ 0.75	**$ 5.01**	$ 5.36
Net income-diluted	**$ 1.11**	$ 0.75	**$ 4.97**	$ 5.30

Other News Releases

Cincinnati Financial Corporation Increases Cash Dividend

- *Sets stage for 48th consecutive year of higher dividends with 9.9% increase in indicated annual dividend rate*

Cincinnati, February 4, 2008 – Cincinnati Financial Corporation (Nasdaq: CINF) today announced that the board of directors voted at its regular meeting on February 1, 2008, to increase the regular quarterly cash dividend 9.9 percent to 39 cents per share, payable April 15, 2008, to shareholders of record on March 21, 2008. At the new level, the indicated annual dividend is $1.56 per share. Cash dividends declared in 2007 were $1.42 per share.

Chairman and Chief Executive Officer John J. Schiff, Jr., CPCU, commented, “For 48 consecutive years, the board has rewarded our shareholders by increasing the cash dividend. This consistency places Cincinnati Financial in the top tier of U.S. dividend-paying companies, with a long, uninterrupted history of increases that can be claimed by only 10 other companies. We are thankful for the loyalty of our shareholders and policyholders and the efforts of our agents and associates, which together have supported our mutual prosperity.”

Cincinnati Financial Corporation and Subsidiaries Announce Appointments

- *Subsidiary Director, Officers and Counsel*

Cincinnati, February 4, 2008 - Cincinnati Financial Corporation (Nasdaq:CINF) announced today that its board and boards of its subsidiary companies appointed officers, counsel and a subsidiary director at their regular meetings on February 1, 2008.

For the company and its three standard market property casualty insurance subsidiaries, Donald J. Doyle, Jr., Martin F. Hollenbeck and Charles P. Stoneburner II were named executive officers. For the standard market subsidiaries, Stoneburner additionally was promoted to senior vice president. For the excess and surplus lines subsidiary, Doyle additionally was named executive officer. Hollenbeck additionally was named executive officer for The Cincinnati Life Insurance Company; president and chief operating officer of CFC Investment Company; and president and member of the board of directors of CinFin Capital Management Company.

Boards of subsidiary companies made the following promotions and new or additional appointments of officers and counsel:

Property Casualty Insurance – Standard Market Subsidiaries:

The Cincinnati Insurance Company
The Cincinnati Casualty Company
The Cincinnati Indemnity Company

Charles P. Stoneburner II, CPCU, AIM, Senior Vice President – Field Claims
Teresa C. Cracas, Counsel and Vice President – Planning & Risk Management
Martin F. Hollenbeck, CFA, CPCU, Vice President and Manager – Investments
David E. McKinney, CPCU, AIM, Vice President – Commercial Lines
Michael K. O'Connor, CFA, CPCU, AFSB, Vice President – Investments
Paul W. Wells, Vice President – Bond & Executive Risk
Ted W. Doughman, CPCU, AFSB, RPLU, Assistant Vice President – Bond & Executive Risk
Anthony W. Dunn, CPA, CPCU, CIA, Assistant Vice President – Internal Audit
Philip T. Kramer, CIC, Assistant Vice President – Sales & Marketing
Jerry L. Litton, Assistant Vice President – Corporate Accounting
Gregory J. Schloemer, Assistant Vice President – Bond & Executive Risk
Charlotte A. Tungate, CPCU, AIC, Assistant Vice President – Headquarters Claims
Matthew A. Zimmerman, Assistant Vice President – Commercial Lines
C. Duane Cantrell, CPCU, AIC, Secretary – Machinery & Equipment Specialties
Karen L. Hock, Secretary – Meetings & Travel
Jack D. Kelley, CPCU, AIC, Secretary – Field Claims
Michelle L. Kyle, Secretary – Information Technology
Dennis E. McDaniel, CPA, CMA, CFM, CPCU, Secretary – Planning & Risk Management
David V. Neville, CPCU, AIM, API, ARe, Secretary – Personal Lines
Janet L. Partin, Secretary – Premium Audit
David A. Rice, SCLA, Secretary – Field Claims
Henry C. Schmidt III, AIM, Secretary – Personal Lines
Blake D. Slater, Secretary – Corporate Accounting
Stephen M. Spray, Secretary – Excess & Surplus Lines
Brent A. Hardesty III, CPCU, CISA, CIA, AIAF, Assistant Secretary – Internal Audit
Michael D. Hingsbergen, PMP, Assistant Secretary – Information Technology
Troy M. Reichers, Assistant Secretary – Headquarters Claims
James R. Richards, CPCU, AIC, Assistant Secretary – Headquarters Claims
Brett J. Starr, CISA, Assistant Treasurer – Financial Reporting & Systems Development

Keith W. Collett, Associate Counsel

Property Casualty Insurance – Excess & Surplus Lines Subsidiary:

The Cincinnati Specialty Underwriters Insurance Company:

Stephen M. Spray*
Scott E. Hintze, CPCU, AIM, CIC, AU, Assistant Secretary – Excess & Surplus Lines
Marc J. Schambow, CPCU, AIM, Assistant Secretary – Excess & Surplus Lines

The Cincinnati Life Insurance Company:

Martin F. Hollenbeck*
Teresa C. Cracas*
Michael K. O'Connor*
Anthony W. Dunn*
Ann S. Binzer, FLHC, CLU, ChFC, FALU, FLMI, Secretary – Life & Health Claims
Michelle L. Kyle*
Dennis E. McDaniel*
Kevin C. Smith, Secretary – Corporate Accounting
Brent A. Hardesty III*
Michael D. Hingsbergen*

Keith W. Collett*

Financial Services Subsidiaries:

CinFin Capital Management Company

Martin F. Hollenbeck, CFA, CPCU, President

CFC Investment Company

Martin F. Hollenbeck, CFA, CPCU, President and Chief Operating Officer
Blake D. Slater*

* Title as listed in first reference

Cincinnati Specialty Underwriters Issues Its First Excess and Surplus Lines Policies

- *Expands business insurance product portfolio for agencies of The Cincinnati Insurance Company*
- *Earns initial financial strength rating of A (Excellent) from A.M. Best Co.*

CINCINNATI, January 21, 2008 – The Cincinnati Insurance Company today announced that its newest subsidiary, The Cincinnati Specialty Underwriters Insurance Company, now is accepting excess and surplus lines business. Executives highlighted Cincinnati's entry into the E&S market at a sales meeting with its independent agents in Charlottesville, Virginia, the first stop in their annual tour of 25 cities across Cincinnati's operating territories.

Cincinnati's independent agencies in Georgia, Illinois, Indiana, Ohio and Wisconsin now have access to CSU's product line through CSU Producer Resources, Inc., the new, wholly owned insurance brokerage subsidiary of parent-company Cincinnati Financial Corporation. CSU and C-SUPR will expand into additional states where Cincinnati currently offers standard market property casualty policies, including Virginia, as the new companies obtain the necessary state regulatory approvals.

Preparations for E&S operations concluded on schedule in December, when CSU received an A (Excellent) rating from A.M. Best Co., an independent provider of insurer ratings, and successfully issued its first policies from its new policy administration system.

James E. Benoski, president and chief executive officer of The Cincinnati Insurance Company, commented, "Our mission is to help our independent insurance agencies protect the businesses and people in their communities with quality insurance programs. The decision to offer E&S coverage grows from that mission. We specifically structured our E&S operations to serve the needs of the independent agencies that currently market our standard market insurance policies. When part of their client's insurance program requires E&S coverages, those agencies now can write the whole account with Cincinnati, gaining benefits not often found in the broader E&S market."

Don J. Doyle, Jr., CPCU, AIM, senior vice president, noted, "Producers can submit risks to C-SUPR from a variety of classes, reflecting the mix of accounts Cincinnati agencies currently write. They have direct access to our dedicated E&S underwriters, and they also can tap into their agencies' broader Cincinnati relationships to bring their policyholders services such as experienced and responsive loss control and claims handling.

"We're making it easy to do business. Our new policy administration system delivers electronic copies of policies to producers within minutes of underwriting approval and policy issue. C-SUPR gives extra support to our producers by remitting surplus lines taxes and stamping fees and retaining admitted market declinations."

Benoski added, "We capitalized CSU with $200 million from its parent company, Cincinnati Insurance. That high level of funding underscores our commitment to help our independent agencies grow by partnering with a carrier they can depend on. Everything we do to increase their competitive advantages and success also helps us achieve our own long term growth and profitability goals."

CSU and C-SUPR were both incorporated in August 2007 to expand Cincinnati's property casualty group's products to include E&S insurance. Generally, E&S provides coverage for businesses that do not find it in the standard market due to market conditions, the nature of the insured business or its specific characteristics and history.

Inside Cincinnati

In addition to the officer promotions and appointments, these associates merited promotions since our last *Letter to Shareholders:*

Carrie Albanese – Chief Underwriting Specialist
Brian Archdeacon – P&C Actuary
Aaron Austin – Senior Underwriter
Mark Averitt – Senior Claims Representative
Brent Bailey – Claims Specialist
Jennifer Baker, CPCU, AIM, ARM, AU – Senior Underwriting Manager
Jeff Ball – Senior Underwriting Superintendent Field
John Barnett, CPCU, CIC – Field Director
Robert Beamon – Senior Claims Representative
Regina Bobie – Underwriting Superintendent
Jesse Boehnen, AIC – Senior Claims Specialist
Gary Boyer, CSP – Loss Control Field Director
Chris Broglin – Claims Specialist
Jennifer Byrne – Underwriting Superintendent
Mindy Carter – Specialist, IT Project & Request Management
Al Cartwright – Supervisor, Headquarters Claims
Kelly Childress – Claims Specialist
Vicky Clough – Associate Programmer
Teresa Cogar – Senior Internal Auditor
Mickey Cox – Supervisor, Special Investigations Field
Mike Cozad – Underwriting Specialist
Linda Craine – Claims Specialist
Brian Crawford, AIC – Claims Specialist
Charles Cutter – Senior Field Underwriter
Michele Defossett – Associate Programmer
Melissa Donovan – Claims Specialist
Gary Douty – Senior Claims Representative
Jason Engel, API – Senior Underwriter
Andrea Fitzharris – Senior Underwriter
Greg Foster – Senior Group Manager
Heather Gabriel, CPCU, AIS, API – Underwriting Specialist
Cindy Gallaher – Claims Specialist
Sarah Girten, API – Senior Underwriter

Diana Godsey, AIS, API – Underwriting Specialist
Jon Golding, AIC – Field Claims Superintendent
Tim Gottsch – Senior Machinery & Equipment Specialist
Bill Gregory, SCLA – Assistant Property Claims Manager
Joseph Haas, CPCU, AIM, API – Underwriting Specialist
Curtis Harrop, AIC – Claims Specialist
Joe Harter, AIS – Senior Analyst
Ed Hehn, AFSB – Underwriting Director, Bond Field
Mark Hertzfeldt, ARM – Loss Control Field Director
Tara Hibbard, API – Senior Underwriter
John Homan, AIC – Senior Claims Specialist
Phil Howard – Senior Regional Director
Jeff Kirk, CPCU – Underwriting Manager
Jim Knapp – Senior Tax Accountant
Denise Kovac – Systems Quality Assurance Manager
Tom Krieghoff – Underwriting Specialist
John Kucia – Underwriting Specialist
Wes Lewis – Underwriting Superintendent
Connie Mangrum – Chief Underwriting Specialist
Robert Markham – Division Manager
Diane Martin, AIC AIS – Senior Claims Specialist
Morris Mayo – Claims Specialist
David McDaniel, AIC, AIM – Regional Field Claims Manager
Kim Meinberg, CPCU – Underwriting Specialist
Stephanie Miller – Senior Underwriter
Nathan Miller – P&C Actuarial Analyst
Doug Mundt, AIC, AIM, ARM – Senior Loss Control Consultant
Brian Nagel – Senior Group Manager
Tracey Nagle – Senior Systems Analyst
Sarah Nally – Underwriting Specialist
Kevin Niswonger, AIC – Claims Specialist
Cindy Noll – Senior Systems Analyst
John O'Brien – P&C Actuarial Analyst
Marc Olsen – Senior Programmer Analyst
Patty Patrick – Business Analyst
Pat Peters, CSP – Loss Control Field Director
Karen Power, API – Requirements Specialist
Clint Puskarich, AIC, CPCU – Senior Claims Specialist
Tedd Ritchie, CPCU, AIC, AIM, CLU, SCLA – Regional Field Claims Manager
Jeffrey Roberts, AIC – Senior Group Manager
Ryan Rooks – Group Manager
Angie Rose – Senior Underwriter
Teresa Rose, FLMI – Underwriter
Karl Runkle, AIM, CPCU – Underwriting Director
Tom Ryder, CIC – Senior Regional Director
Bob Schneider, AIT – Programmer Analyst
Brent Showalter, AIC – Senior Claims Specialist
Chris Sliga, AIC, AIM – Field Claims Manager
Sharon Snow, AIM – Senior Underwriter
Lynn Stahr, PMP – Senior Project Manager
Leslie Stephens – Senior Underwriter
Susanne Stewart, CPCU, API – Manager, Personal Lines
Craig Stutzman, AIC – Senior Claims Specialist
Tim Taylor – Senior Claims Specialist
Nancy Tebbe, CPCU, API – Manager, Personal Lines
Ryan Thomas – Lead Network Analyst
Brian Toohig – Senior Claims Specialist
Julie Urich, AIC – Claims Specialist
Jim Vermeesch, CFE – Associate Superintendent, Special Investigations Field
David Webb – Senior Claims Specialist
Tina Williams – Associate Project Manager
Danielle Willman – Senior Underwriter
Jennifer Zepf – Senior Analyst
Shelly Zorb – Manager, Accounting & Agency Services

Professional Development

Cincinnati offers independent agents many benefits for doing business with our company. One of those advantages is the opportunity for agents and their staff to attend classroom courses, online training and interactive Web conferences. They may enroll through our Agency Learning Center to study topics ranging from software skills to customer service and Cincinnati product advantages. We work with agencies to develop curricula for their customer services representatives and producers and maintain transcripts that help track each individual's progress. Reducing the agency's training burden is a valuable service. To ensure that agencies are fully aware of the broad range of support available to them, we are showcasing the Agency Learning Center at this year's annual sales meetings in 25 cities.

We encourage and reward associates who continue their professional insurance education, earning credentials by meeting high academic, ethical and length-of-experience standards. Congratulations to Laura Gibson, Sean Givler and William Ray, who recently completed a series of courses to earn the Certified Insurance Counselor (CIC) designation.

The ABC Award recognizes exemplary productivity, service and quality in exceptional associates. The ABC Award committee recently granted the quarterly Above and Beyond the Call (ABC) award to Jeff Becraft, Printing, and Holly Crowley, AIS, CPCU, Commercial Lines. Congratulations to these quarterly winners!

Financial Services

The company's two financial services subsidiaries continue to successfully leverage our insurance relationships and broaden our offerings. As of December 31, 2007, CFC Investment Company, which offers equipment and vehicle leases and loans, reported 2,590 accounts representing $92 million of contract receivables. CinFin Capital Management Company, which offers asset management services, reported $944 million under management in 62 accounts.

Safe Harbor

This is our "Safe Harbor" statement under the Private Securities Litigation Reform Act of 1995. Our business is subject to certain risks and uncertainties that may cause actual results to differ materially from those suggested by the forward-looking statements in this report. Some of those risks and uncertainties are discussed in our 2006 Annual Report on Form 10-K, Item 1A, Risk Factors, Page 20. Although we often review or update our forward-looking statements when events warrant, we caution our readers that we undertake no obligation to do so. Factors that could cause or contribute to such differences include, but are not limited to:

- Unusually high levels of catastrophe losses due to risk concentrations, changes in weather patterns, environmental events, terrorism incidents or other causes
- Increased frequency and/or severity of claims
- Inaccurate estimates or assumptions used for critical accounting estimates
- Events or actions, including unauthorized intentional circumvention of controls, that reduce the company's future ability to maintain effective internal control over financial reporting under the Sarbanes-Oxley Act of 2002
- Changing consumer buying habits and consolidation of independent insurance agencies that could alter our competitive advantages
- Events or conditions that could weaken or harm the company's relationships with its independent agencies and hamper opportunities to add new agencies, resulting in limitations on the company's opportunities for growth, such as:
  - Downgrade of the company's financial strength ratings
  - Concerns that doing business with the company is too difficult or
  - Perceptions that the company's level of service, particularly claims service, is no longer a distinguishing characteristic in the marketplace
- Sustained decline in overall stock market values negatively affecting the company's equity portfolio and book value; in particular a sustained decline in the market value of Fifth Third shares, a significant equity holding
- Securities laws that could limit the manner and timing of our investment transactions
- Recession or other economic conditions or regulatory, accounting or tax changes resulting in lower demand for insurance products
- Events, such as the sub-prime mortgage lending crisis, that lead to a significant decline in the value of a particular security or group of securities, such as our financial sector holdings, and impairment of the asset(s)
- Prolonged low interest rate environment or other factors that limit the company's ability to generate growth in investment income or interest-rate fluctuations that result in declining values of fixed-maturity investments
- Delays or inadequacies in the development, implementation, performance and benefits of technology projects and enhancements
- Ability to obtain adequate reinsurance on acceptable terms, amount of reinsurance purchased, financial strength of reinsurers and the potential for non-payment or delay in payment by reinsurers
- Increased competition that could result in a significant reduction in the company's premium growth rate
- Underwriting and pricing methods adopted by competitors that could allow them to identify and flexibly price risks, which could decrease our competitive advantages
- Personal lines pricing and loss trends that lead management to conclude that this segment could not attain sustainable profitability, which could prevent the capitalization of policy acquisition costs
- Actions of insurance departments, state attorneys general or other regulatory agencies that:
  - Restrict our ability to exit or reduce writings of unprofitable coverages or lines of business
  - Place the insurance industry under greater regulatory scrutiny or result in new statutes, rules and regulations
  - Increase our expenses
  - Add assessments for guaranty funds, other insurance related assessments or mandatory reinsurance arrangements; or that impair our ability to recover such assessments through future surcharges or other rate changes
  - Limit our ability to set fair, adequate and reasonable rates
  - Place us at a disadvantage in the marketplace or
  - Restrict our ability to execute our business model, including the way we compensate agents
- Adverse outcomes from litigation or administrative proceedings
- Investment activities or market value fluctuations that trigger restrictions applicable to the parent company under the Investment Company Act of 1940
- Events, such as an epidemic, natural catastrophe, terrorism or construction delays, that could hamper our ability to assemble our workforce at our headquarters location

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 affecting corporate financial reporting and governance. The ultimate changes and eventual effects, if any, of these initiatives are uncertain.

Electronic Delivery

Cincinnati Financial Corporation is pleased to offer the convenience of electronic delivery of shareholder communication, including annual reports, interim letters to shareholders and proxy statements – even proxy voting online. With your consent and at no cost to you, we can notify you by e-mail when these materials become available on the Internet at *www.cinfin.com*.

Electronic delivery benefits you and your company:

- **Immediate availability** – Immediate availability of important information – no more waiting for the mail to arrive.
- **Less clutter** – The average consumer is receiving more mail today than ever, making it easy to miss important information.
- **Cost savings** – Electronic delivery saves money for Cincinnati Financial – your company.

Plus, it's better for the environment.

You can benefit from electronic delivery whether you directly hold registered shares or hold your investments through a participating brokerage/financial institution. You will need to provide an e-mail address, account number(s) and the last four digits of the Social Security number of the account holder. If you provide this information, you can give your consent for electronic delivery immediately. While you may cancel your consent for electronic delivery at any time, we are confident that you will find this option an efficient and effective way to receive important information about your investment.

To enroll, select Electronic Delivery from the Investors page of *www.cinfin.com*. If you hold multiple accounts directly or through a broker, you will need to enroll each account separately – including joint tenant and custodial accounts – to stop paper mailings.

Enroll Today

Contact Information

Communications directed to the company's secretary, Kenneth W. Stecher, chief financial officer and executive vice president, are shared with the appropriate individual(s). Or, you may directly access services:

Investors: Investor Relations responds to investor inquiries about Cincinnati Financial Corporation and its performance.
Heather J. Wietzel – Vice President, Investor Relations
513-870-2768 or *investor_inquiries@cinfin.com*

Shareholders: Shareholder Services provides stock transfer services, fulfills requests for shareholder materials and assists registered shareholders who wish to update account information or enroll in shareholder plans.
Jerry L. Litton – Assistant Vice President, Shareholder Services
513-870-2639 or *shareholder_inquiries@cinfin.com*

Media: Corporate Communications assists media representatives seeking information or comment from Cincinnati Financial Corporation or its subsidiaries.
Joan O. Shevchik, CPCU, CLU – Senior Vice President, Corporate Communications
513-603-5323 or *media_inquiries@cinfin.com*

Cincinnati Financial Corporation

The Cincinnati Insurance Company
The Cincinnati Casualty Company
The Cincinnati Indemnity Company
The Cincinnati Specialty Underwriters Insurance Company
The Cincinnati Life Insurance Company
CSU Producer Resources Inc.
CFC Investment Company
CinFin Capital Management Company

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