Cincinnati Financial Corporation
2008 Second-quarter Letter to Shareholders

August 13, 2008

To Our Shareholders, Friends and Associates:

You may be surprised by the sheer pace of your company's changes during the second quarter.

One announcement quickly followed the other, as you'll read inside this document. You'll learn that your company has entered the second half of 2008 with a new president and chief executive officer who advanced through our ranks; with higher catastrophe losses at the six-month mark than we generally have all year; with a significant rebalancing of our equity portfolio through a partial sale of our largest holding; and yet with only modest changes to our outlook for full-year 2008.

It started with good news in mid-June, when we made executive transitions in normal course. As Jim Benoski moved toward retirement, we acted to assure continuity and to advance plans to prepare our next generation of leaders. We believe our local independent agency customers are best served when we attract and retain dedicated people, expose them broadly to our operations and round out their experience to increase their effectiveness. Good people have always been and will continue to be the source of Cincinnati's strengths.

As we prepared internally for these positive changes, we didn't know that external forces would also lead to other changes in the same time frame. During the second quarter, we experienced record catastrophe losses along with lower investment asset values and investment income, all leading to risk management concerns and downgrades by two ratings agencies. Then, in July, we announced another big change – our sale of slightly more than half of our long-held Fifth Third common stock holding that had reduced its dividend payable.

After all these changes, you may ask: What comes next? Is Cincinnati still the same company I chose to invest in and trusted to increase my shareholder dividends and shareholder value over the long term?

Ken Stecher accepted the role of president and chief executive officer because he saw an incredible opportunity to lead a company with a culture and reputation for integrity, strength and points of difference that give us advantages in the marketplace. He'll see that it remains the same company you selected – ethical, conservative and based on personal relationships and trust.

We all believe in Cincinnati's unique, agent-centered mission and proven strategies. They have benefited many people, from shareholders and policyholders to agents, associates and claimants. They will never go out of style. We'll be applying those strategies as external conditions evolve, whether that means competition or weather or economic and insurance cycles.

With support from our capable executive team, our agents and associates, Ken intends to honor those who put your company in his hands by meeting two goals that allow us to preserve and expand on our mission:

- On the financial side, we stabilized our capital and are establishing policies to preserve that stability over the coming generations. Our investment philosophy stands; we will continue to balance near-term income generation with the potential for long-term book value growth.
- On the insurance side, our priority is to increase ease of doing business for our agencies, both by advancing our technology and by leveraging our local presence and decision making in their communities.

Together, we'll preserve Cincinnati's strengths and change what needs to be changed. What we do not see changing now or in the future is the contribution of our solid insurance operations to our earnings; our ability to sustain a strong capital position and produce strong cash flow; and our board's intention to reward shareholders with cash dividends that rise year after year.

Sincerely,

/S/ John J. Schiff, Jr.	/S/ James E. Benoski	/S/ Kenneth W. Stecher
John J. Schiff, Jr., CPCU Chairman of the Board	James E. Benoski Vice Chairman	Kenneth W. Stecher President and Chief Executive 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 on our Web site, www.cinfin.com, *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 nonprofit organizations.

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 summary 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 executive perspective 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 executive perspective 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.

Cincinnati Financial Reports Second-quarter 2008 Profit

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

- Net income at $63 million, or 38 cents per share in the second quarter of 2008, compared with net income of $351 million, or $2.02 per share, in the second quarter of 2007. A return to profitability in the second quarter after the first quarter loss brought six-month net income per share to 13 cents compared with $3.13 last year. Realized capital losses were significantly lower in the second quarter compared with first-quarter 2008.
- Operating income* at $69 million, or 42 cents per share, in the second quarter of 2008, compared with $164 million, or 94 cents per share, in the comparable 2007 period. Record catastrophe losses reduced second-quarter operating income by 45 cents per share compared with 4 cents per share in last year's second quarter. Six-month operating income at $1.08 per share included a 62 cent impact from catastrophe losses compared with $1.82 per share including a 5 cent impact.
- Atypically high catastrophe losses of $113 million resulted in a consolidated property casualty underwriting loss of $27 million in this year's second quarter.

Financial Highlights

(Dollars in millions except share data)	Three months ended June 30,			Six months ended June 30,		
	2008	2007	Change %	**2008**	2007	Change %
Revenue Highlights						
Earned premiums	**$ 794**	$ 822	(3.3)	**$ 1,575**	$ 1,637	(3.8)
Investment income	**130**	150	(13.4)	**282**	298	(5.5)
Total revenues	**917**	1,270	(27.8)	**1,621**	2,301	(29.6)
Income Statement Data						
Net income	**$ 63**	$ 351	(82.0)	**$ 21**	$ 545	(96.2)
Net realized investment gains and losses	**(6)**	187	(103.9)	**(157)**	228	(169.0)
Operating income*	**$ 69**	$ 164	(57.6)	**$ 178**	$ 317	(43.8)
Per Share Data (diluted)						
Net income	**$ 0.38**	$ 2.02	(81.2)	**$ 0.13**	$ 3.13	(95.8)
Net realized investment gains and losses	**(0.04)**	1.08	(103.7)	**(0.95)**	1.31	(172.5)
Operating income*	**$ 0.42**	$ 0.94	(55.3)	**$ 1.08**	$ 1.82	(40.7)
Book value				**$ 28.99**	$ 39.74	(27.1)
Cash dividend declared	**$ 0.39**	$ 0.355	9.9	**$ 0.78**	$ 0.71	9.9
Weighted average shares outstanding	**165,044,463**	173,423,572	(4.8)	**164,601,462**	173,871,612	(5.3)

Insurance Operations Highlights

- 103.5 percent second-quarter 2008 property casualty combined ratio, compared with 88.6 percent for the 2007 second-quarter. The most significant reason for the increase was the 13.5 percentage point rise in the catastrophe loss contribution.
- Decrease in property casualty net written premiums narrowed to 2.5 percent in the second quarter from 8.3 percent in the first quarter, benefiting from $100 million of new business, with new commercial lines business up 21.2 percent and new personal lines business up 7.7 percent. Pricing remains competitive in both commercial and personal lines. Recently launched excess and surplus lines operations contributed $4 million of new business since January 1.
- 6 cents per share contribution from life insurance operations to second-quarter operating income, up from 5 cents.

Investment and Balance Sheet Highlights

- $130 million of second-quarter pretax investment income compared with $150 million for the same period last year.
- Book value of $28.99 per share compared with $35.70 at year-end 2007. Invested assets and book value declined primarily on lower market values of financial sector and other equity holdings.

Full-year 2008 Outlook**

- Property casualty net written premium target unchanged. Competitive pricing could lead to full-year 2008 premiums declining as much as 5 percent.
- Combined ratio could rise above 100 percent due to high catastrophe losses, as recently announced.
- Expected lower investment income now estimated to be as much as 10 percent below the 2007 level due to lower anticipated dividends from common stocks and the lower number of Fifth Third Bancorp (NASDAQ:FITB) shares held after recent sale. Portfolio strategies, including reinvestment of proceeds from Fifth Third sale, continue to focus on balancing near-term income generation with long-term book value growth potential.

* 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).
nm Not meaningful

Responding to Current Challenges and Positioning for Continued Success

Kenneth W. Stecher, president and chief executive officer, stated, “Volatile weather patterns and financial markets hampered our results for the first half of 2008. Our strong business relationships and solid financial foundation allowed us to respond confidently and flexibly to these challenges while acting on our promise of prompt and fair claims service.

“Our financial position remains solid, having absorbed costs associated with the severe storms and with declining valuations of holdings in our equity investment portfolio. Independent agents continue to find that our policies are the best match for their better accounts, appreciating the value of our financial strength and our standout service. Over recent months, we repositioned our investment portfolio, improving our risk profile and adding to our long-term prospects for investment income growth and capital appreciation.

“Also looking to the long-term future, we added depth in our next generation of leadership. The executive transitions we announced in June will broaden and round out the experience of our managers. As a team, we are focused on serving our agent customers and achieving continued growth in earnings and book value over the long term. Our capital position and cash flow continue to support our current cash dividend payout and the board’s intention to continue our 48-year tradition of annually increasing cash dividends to our shareholders.”

Results Reflect Core Underwriting Expertise and Strength of Agency Relationships

Stecher said, “Our second-quarter results were driven by weather-related events that were largely responsible for the rise in our combined ratio over the same quarter last year. Catastrophe losses totaled $113 million, as we tracked seven events that each contributed $5 million or more to our loss and loss expenses. These storms caused primarily wind, hail and flood damage to our policyholders across 21 states. Our local claims representatives, assisted by four full teams of volunteer representatives from around the country, have already closed approximately 70 percent of the 3,565 reported claims as of July 31. Agents tell us that this prompt and personal claims service is a source of new business referrals.

“Our agents continued to bring the company quality business that allowed us to underwrite insurance near breakeven levels for the first six months of 2008 despite the high catastrophe losses. Agents and underwriters are working together to select and retain appropriately priced accounts, taking the case-by-case approach that has served us so well through all market and pricing cycles.

“As expected, our net written premiums declined 2.5 percent in the second quarter and a little more than 5 percent during the first half, reflecting competitive industry pricing and disciplined company underwriting. Agents continue to market Cincinnati’s advantages to their value-oriented clients, leveraging our customized, multi-year commercial coverage packages, superior claims service and high financial strength ratings.”

Stecher continued, “We’re seeing a steady flow of new business submissions from agents, some resulting from our rollover initiatives that help agents lower expenses by reducing the number of carriers they represent. We see substantial growth opportunities in our newer states, and we’re planning to appoint our first agencies in Texas before year-end. Plus, we’ve already appointed 37 new agencies this year in our 34 active states. Historically, in several of those 34 states we marketed commercial policies, but not personal insurance. Now, more of our agencies in more states are able to bring our personal lines products to their valued clients, thanks to technology advances that make our processes easier and more efficient.

“In addition, we expect premium growth to continue benefiting from expansion of our capabilities in excess and surplus lines. During the second quarter, we added property excess and surplus coverages in the five initial states where we already marketed general liability, entered five more states to market general liability and continued planning for marketing in the total of 33 states by year end. These new capabilities allow us to provide both admitted and non-admitted coverage solutions to our agents and their business insurance clients, attracting new standard market property casualty business as agents and businesses that require excess and surplus solutions also look to Cincinnati to provide the complete insurance program.

“At the same time these activities generate growth, they also further diversify our book of business, geographically and by product line, helping us manage risk to improve the stability of our underwriting results and add to our overall financial strength.”

2008 Property Casualty Outlook Update

Steven J. Johnston, chief financial officer, commented, “Our updated guidance for full-year 2008 results reflects current market trends and our actual six-month catastrophe loss experience. Unusually high industrywide storm activity through the first half of 2008 may lead to a full-year 2008 combined ratio above 100 percent.”

Key assumptions for full-year 2008 combined ratio guidance include:

- Current accident year loss and loss expense ratio excluding catastrophe losses – Will reflect the same market trends that contributed to an increase in this ratio in 2007 and are further pressuring the 2008 ratio. Year-to-date accident year loss ratio excluding catastrophe losses was 66.0 percent compared with 60.9 percent in the first half of 2007. The average accident year loss ratio excluding catastrophe losses was 61.4 percent from 2004 to 2007.
- Catastrophe loss ratio – May contribute up to 9 percentage points to the full-year 2008 combined ratio. Catastrophes are unpredictable for any given year, contributing 10.3 percentage points in the first half of 2008. These losses have contributed on average 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 – May benefit the full-year 2008 combined ratio by approximately 4 percentage points based on current trends. Net savings from favorable development on prior period reserves improved the 2008 first half combined ratio by 6.6 percentage points, compared with 4.7 points for the same period in 2007.

  Even as market conditions soften, management will continue to rely on actual loss experience over the next six months and on sound actuarial estimation techniques in determining loss and loss expense reserves. Historically, management has targeted loss and loss expense reserves in the upper half of the actuarially established range.

Johnston also said, "Our expectations for premium volume have not changed. Competitive pricing could result in our full-year 2008 net written premiums declining by as much as 5 percent. We continue to maintain our underwriting standards, declining inadequately priced new business and non-renewing selected accounts. Our agents help us target accounts with manageable risk characteristics that support the lower prevailing prices.

"We have updated our investment income guidance based on changes in the equity portfolio in the past 12 months, the reduced level of dividend income anticipated from equity holdings, the investment of insurance operations cash flow and the current portfolio attributes. We now believe that full-year 2008 investment income may decline as much as 10 percent from the 2007 level. This expectation considers Fifth Third's 66 percent reduction in its quarterly cash dividend in June 2008 and our sale of 35 million shares of Fifth Third in July 2008."

Investment Income Declines in the Near-term as We Improve Balance of Growth and Risks

Stecher added, "Investment income declined during the second quarter of 2008 as we received lower cash dividends from several of the financial institution stocks in our equity portfolio, including $20 million less from Fifth Third. We are working to return to previous levels of investment income by systematically identifying secure sources of interest income as well as common stocks of companies with the potential for growth in earnings and dividends. Our investment income philosophy stands – to balance near-term income generation with the potential for long-term book value growth.

"Our bond portfolio has held up well in the current challenging environment. As of June 30, the bond portfolio was trading at more than 98 percent of its stated par value. It is a diverse mix of taxable and tax-exempt securities, covering a wide range of sectors, industries and maturities. The fixed income portfolio exceeds by a comfortable margin the $5.7 billion we currently estimate we will need to pay claims, including those not yet reported to us, that occurred through the end of the second quarter. Looking back over the past 15 years, our property casualty reserve estimate has proven consistently adequate. A prudent view of a continuation of the current economic and credit trends could be expected to lead to further declines in bond portfolio values and potentially to related other-than-temporary impairment charges. Nonetheless, the bond portfolio and our strong record of reserve adequacy are pillars of our financial strength and our high financial strength ratings.

"In recent quarters, we have chosen to sell some or all of our positions in common stocks with reduced dividend growth prospects, including some financial services holdings. In July, we sold 35 million shares, or slightly more than half, of our Fifth Third holding. This decision reflected our recent efforts to better diversify the portfolio, a part of managing our enterprise risk. We anticipate applying to our portfolio of common stocks a set of enhanced investment parameters that our board and investment department currently are considering for adoption. These new parameters would align our investment strategy with specific risk tolerances, thereby improving our ability to identify and respond to changing conditions," Stecher said.

Consolidated Property Casualty Insurance Operations

(Dollars in millions)	Three months ended June 30,			Six months ended June 30,		
	2008	2007	Change %	**2008**	2007	Change %
Written premiums	**$ 790**	$ 810	(2.5)	**$ 1,566**	$ 1,656	(5.4)
Earned premiums	**$ 761**	$ 787	(3.3)	**$ 1,512**	$ 1,571	(3.8)
Loss and loss expenses excluding catastrophes	**445**	444	0.1	**903**	898	0.5
Catastrophe loss and loss expenses	**113**	11	900.6	**156**	15	973.9
Commission expenses	**142**	151	(6.0)	**285**	312	(8.5)
Underwriting expenses	**84**	89	(4.5)	**177**	169	4.6
Policyholder dividends	**4**	2	68.0	**7**	6	28.9
Underwriting profit	**$ (27)**	$ 90	(129.7)	**$ (16)**	$ 171	(109.5)
Ratios as a percent of earned premiums:						
Loss and loss expenses excluding catastrophes	**58.4%**	56.5%		**59.7%**	57.2%	
Catastrophe loss and loss expenses	**14.9**	1.4		**10.3**	0.9	
Loss and loss expenses	**73.3%**	57.9%		**70.0%**	58.1%	
Commission expenses	**18.6**	19.2		**18.9**	19.8	
Underwriting expenses	**11.0**	11.2		**11.7**	10.8	
Policyholder dividends	**0.6**	0.3		**0.5**	0.4	
Combined ratio	**103.5%**	88.6%		**101.1%**	89.1%	

- 2.5 percent and 5.4 percent declines in second-quarter and six-month 2008 property-casualty net written premiums, reflecting softer pricing and disciplined underwriting.
- $100 million in second-quarter 2008 new business written directly by agencies, up 22.8 percent from $81 million in last year's second quarter.
- $4 million in first-half net written premiums from excess and surplus lines operations launched in January 2008.
- 1,110 agency relationships with 1,354 reporting locations marketed property casualty insurance products at June 30, 2008, up from 1,092 agency relationships with 1,327 reporting locations at year-end 2007.
- 103.5 percent second-quarter and 101.1 percent six-month 2008 GAAP combined ratios. Increase in both periods primarily due to higher catastrophe losses.
- Second-quarter 2008 combined ratio increased 14.9 percentage points from the 2007 second quarter. The increase reflected a 13.5 percentage point higher contribution from catastrophe losses and a 4.6 percentage point higher contribution from losses and case reserve increases greater than $250,000 as well as the effect of softer pricing and normal loss cost inflation. These increased losses were partially offset by an 11.4 percentage point higher savings from favorable development on prior period reserves.
- $113 million in second-quarter 2008 catastrophe losses, due primarily to wind, hail and flood damage from storms in the South and Midwest.

Catastrophe Loss and Loss Expenses Incurred

(In millions, net of reinsurance)			Three months ended June 30,			Six months ended June 30		
Dates	Cause of loss	Region	Commercial lines	Personal lines	Total	Commercial lines	Personal lines	Total
2008								
Jan. 4-9	Wind, hail, flood, freezing	South, Midwest	$ 0	$ 0	$ 0	$ 3	$ 3	$ 6
Jan. 29-30	Wind, hail	Midwest	0	0	0	6	4	10
Feb. 5-6	Wind, hail, flood	Midwest	(2)	(1)	(3)	6	8	14
Mar. 14	Tornadoes, wind, hail, flood	South	0	0	0	5	1	6
Mar. 15-16	Wind, hail	South	(2)	1	(1)	2	5	7
Apr. 9-11	Wind, hail, flood	South	19	2	21	19	2	21
May 10-12	Wind, hail, flood	South, Mid-Atlantic	4	3	7	4	3	7
May 22-26	Wind, hail	Midwest	7	2	9	7	2	9
May 29- Jun 1	Wind, hail, flood, water, hydrostatic	Midwest	6	6	12	6	6	12
Jun. 2-4	Wind, hail, flood, water, hydrostatic	Midwest	6	7	13	6	7	13
Jun. 5-8	Wind, hail, flood	Midwest	13	11	24	13	11	24
Jun. 11-12	Wind, hail, flood, water, hydrostatic	Midwest	11	12	23	11	12	23
All Other			4	4	8	4	4	8
Development on 2007 and prior catastrophes			0	0	0	(3)	(1)	(4)
Calendar year incurred total			$ 66	$ 47	$ 113	$ 89	$ 67	$ 156
2007								
Mar. 1-2	Wind, hail, flood	South	$ 0	$ (1)	$ (1)	$ 6	$ 1	$ 7
Jun. 7-9	Wind, hail, flood	Midwest	2	3	5	2	3	5
All Other			6	5	11	14	6	20
Development on 2006 and prior catastrophes			(3)	(1)	(4)	(6)	(11)	(17)
Calendar year incurred total			$ 5	$ 6	$ 11	$ 16	$ (1)	$ 15

Insurance Segment Highlights

Commercial Lines Insurance Operations

(Dollars in millions)	Three months ended June 30,			Six months ended June 30,		
	2008	2007	Change %	**2008**	2007	Change %
Written premiums	**$ 597**	$ 613	(2.7)	**$ 1,222**	$ 1,306	(6.5)
Earned premiums	**$ 586**	$ 607	(3.3)	**$ 1,161**	$ 1,210	(4.1)
Loss and loss expenses excluding catastrophes	**342**	330	3.7	**685**	673	1.7
Catastrophe loss and loss expenses	**66**	5	1,220.0	**89**	16	465.2
Commission expenses	**105**	112	(6.1)	**214**	235	(9.2)
Underwriting expenses	**68**	68	1.4	**136**	123	10.7
Policyholder dividends	**4**	2	67.9	**7**	6	28.9
Underwriting profit	**$ 1**	$ 90	(99.3)	**$ 30**	$ 157	(81.1)
Ratios as a percent of earned premiums:						
Loss and loss expenses excluding catastrophes	**58.4%**	54.5%		**59.1%**	55.7%	
Catastrophe loss and loss expenses	**11.3**	0.8		**7.6**	1.3	
Loss and loss expenses	**69.7%**	55.3%		**66.7%**	57.0%	
Commission expenses	**17.9**	18.5		**18.4**	19.4	
Underwriting expenses	**11.6**	11.0		**11.7**	10.2	
Policyholder dividends	**0.7**	0.4		**0.6**	0.	
Combined ratio	**99.9%**	85.2%		**97.4%**	87.0%	

- 2.7 percent and 6.5 percent declines in second-quarter and six-month 2008 commercial lines net written premiums, primarily a result of market competition.
- $87 million in second-quarter 2008 new commercial lines business written directly by agencies, up 21.2 percent from $71 million in last year's second quarter. Six-month new business rose 6.4 percent to $152 million from $143 million.
- 14.7 percentage point rise in second-quarter 2008 combined ratio largely due to higher loss and loss expense ratio. Lower commission expense offset a slight rise in other underwriting expenses.
- 14.4 percentage point rise in second-quarter 2008 loss and loss expense ratio due to higher catastrophe losses and higher losses and case reserve increases greater than $250,000, as well as the effect of softer pricing and normal loss cost inflation. Those increases were somewhat offset by a higher level of savings from favorable development on prior period reserves.
- $38 million increase in second-quarter losses and case reserve increases greater than $250,000. The increase largely reflected the normal fluctuations of loss patterns, normal variability in the large case reserves for our workers' compensation claims, several unusually large losses related to non-catastrophe weather and a higher number of executive risk losses between $250,000 and $1 million.
- 12.6 percentage point improvement in combined ratio due to savings from favorable development on prior period reserves for the second quarter of 2008, compared with 7.1 percentage points of savings for the same 2007 period. 7.6 percentage point improvement in the combined ratio due to savings from favorable development for the first half of 2008 compared with 4.8 percentage points in same 2007 period.

Personal Lines Insurance Operations

(Dollars in millions)	Three months ended June 30,			Six months ended June 30,		
	2008	2007	Change %	**2008**	2007	Change %
Written premiums	**$ 191**	$ 197	(3.0)	**$ 341**	$ 350	(2.6)
Earned premiums	**$ 174**	$ 180	(3.3)	**$ 351**	$ 361	(2.7)
Loss and loss expenses excluding catastrophes	**102**	114	(10.7)	**217**	225	(3.6)
Catastrophe loss and loss expenses	**47**	6	646.8	**67**	(1)	nm
Commission expenses	**36**	39	(7.3)	**71**	77	(7.5)
Underwriting expenses	**16**	21	(22.8)	**41**	46	(12.2)
Underwriting profit (loss)	**$ (27)**	$ 0	nm	**$ (45)**	$ 14	nm
Ratios as a percent of earned premiums:						
Loss and loss expenses excluding catastrophes	**58.4%**	63.2%		**61.7%**	62.3%	
Catastrophe loss and loss expenses	**27.0**	3.5		**19.3**	(0.3)	
Loss and loss expenses	**85.4%**	66.7%		**81.0%**	62.0%	
Commission expenses	**20.6**	21.5		**20.2**	21.2	
Underwriting expenses	**9.3**	11.7		**11.5**	12.8	
Combined ratio	**115.3%**	99.9%		**112.7%**	96.0%	

- 3.0 percent and 2.6 percent declines in second-quarter and six-month 2008 personal lines net written premiums due to lower policy counts and pricing changes that reduced premiums per policy. Higher new personal lines business and premium increases related to rising insured values partially offset those factors.
- $10 million in second-quarter 2008 personal lines new business written directly by agencies, up 7.7 percent. Six-month new business rose 3.9 percent to $19 million from $18 million.
- 15.4 percentage point rise in second-quarter 2008 combined ratio largely due to higher catastrophe losses. The higher catastrophe losses were partially offset by improvements in the loss and loss expense ratio excluding catastrophe losses and by lower commission and other underwriting expenses.
- 4.8 percentage point improvement in the second-quarter 2008 loss and loss expense ratio excluding catastrophe losses, primarily due to fluctuations in prior period reserve development on a year-over-year basis.
- Savings from favorable development of prior period reserves reduced the loss and loss expense ratio by 7.2 and 3.3 percentage points in the first quarter and first half of 2008. Savings reduced the segment ratio by 0.3 and 4.7 percentage points in the same 2007 periods. Fluctuations in prior period reserve development for the personal lines segment largely are due to quarterly fluctuations in savings for the other personal line of business, which includes personal umbrella coverages.

Life Insurance Operations

(In millions)	Three months ended June 30,			Six months ended June 30,		
	2008	2007	Change %	**2008**	2007	Change %
Written premiums	**$ 47**	$ 45	3.3	**$ 90**	$ 87	3.6
Earned premiums	**$ 33**	$ 35	(4.7)	**$ 63**	$ 66	(4.0)
Investment income, net of expenses	**29**	28	5.3	**58**	56	4.0
Other income	**1**	1	(34.5)	**1**	2	(41.1)
Total revenues, excluding realized investment gains and losses	**63**	64	(0.8)	**122**	124	(1.1)
Contract holders benefits	**38**	34	11.3	**74**	62	19.7
Expenses	**10**	16	(38.0)	**21**	29	(27.0)
Total benefits and expenses	**48**	50	(4.2)	**95**	91	4.7
Net income before income tax and realized investment gains and losses	**15**	14	11.4	**27**	33	(17.1)
Income tax	**5**	5	18.5	**9**	11	(16.6)
Net income before realized investment gains and losses	**$ 10**	$ 9	8.0	**$ 18**	$ 22	(17.3)

- $90 million in total six-month 2008 life insurance segment net written premiums. Written premiums include life insurance, annuity and accident and health premiums.
- 3.2 percent increase to $73 million in six-month 2008 written premiums for life insurance products in total.
- 8.2 percent rise to $39 million in six-month 2008 term life insurance written premiums, reflecting marketing advantages of competitive, up to date products, providing personal attention and offering policies backed by financial strength and stability.
- 3.3 percent rise in face amount of life policies in force to $63.945 billion at June 30, 2008, from $61.875 billion at year-end 2007.
- $3.8 million decrease in six-month 2008 operating profit, primarily due to less favorable mortality experience.
- 2008 plans include redesign of all life term insurance products. In addition to the worksite term product, updates are planned for 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 June 30,			Six months ended June 30,		
	2008	2007	Change %	**2008**	2007	Change %
Investment income:						
Interest	**$ 79**	$ 76	4.0	**$ 155**	$ 152	2.2
Dividends	**50**	72	(30.5)	**123**	144	(14.4)
Other	**3**	4	(32.9)	**7**	7	(2.4)
Investment expenses	**(2)**	(2)	5.7	**(3)**	(5)	26.1
Total investment income, net of expenses	**130**	150	(13.4)	**282**	298	(5.5)
Investment interest credited to contract holders	**(16)**	(14)	9.8	**(31)**	(28)	10.2
Realized investment gains and losses summary:						
Realized investment gains and losses	**57**	290	(80.4)	**40**	351	(88.5)
Change in fair value of securities with embedded derivatives	**(3)**	3	(226.3)	**(6)**	4	(255.8)
Other-than-temporary impairment charges	**(65)**	0	nm	**(278)**	0	nm
Total realized investment gains and losses	**(11)**	293	(103.8)	**(244)**	355	(168.8)
Investment operations income	**$ 103**	$ 429	(75.9)	**$ 7**	$ 625	(98.8)

- 13.4 percent and 5.5 percent declines in second-quarter and six-month 2008 net investment income, primarily due to dividend reductions of financial institution stocks.
- $11 million realized investment loss in second-quarter 2008 compared with realized investment gain of $293 million in second-quarter 2007. $244 million realized investment loss in 2008 six-month period compared with realized investment gain of $355 million in the same 2007 period.
- Second-quarter pretax realized investment loss reflected $65 million in non-cash charges for other-than-temporary impairments, which included the recognition of the significant market value decline of one large pharmaceutical holding.

(Dollars in millions except share data)		At June 30, 2008		At December 31, 2007
Balance sheet data				
Invested assets	$	**10,460**	$	12,261
Total assets		**14,811**		16,637
Short-term debt		**69**		69
Long-term debt		**791**		791
Shareholders' equity		**4,707**		5,929
Book value per share		**28.99**		35.70
Debt-to-capital ratio		**15.4%**		12.7%

	Three months ended June 30,				Six months ended June 30,			
		2008		2007		**2008**		2007
Performance measures								
Comprehensive income (loss)	$	**(653)**	$	171	$	**(967)**	$	184
Return on equity, annualized		**5.0%**		20.7%		**0.8%**		16.0%
Return on equity, annualized, based on comprehensive income (loss)		**(51.5)**		9.8		**(36.4)**		5.3

- $10.460 billion in investment assets at June 30, 2008, compared with $12.261 billion at year-end 2007. The decrease in investment assets was largely due to lower market valuations of equity holdings, primarily in the financial sector, reflecting broad concerns across the marketplace about credit quality, liquidity and the general health of the economy.
- Shareholders' equity declined to $4.707 billion, or $28.99 per share, at June 30, 2008, down from $5.929 billion, or $35.70, at year end 2007, largely due to lower market values for investment assets.
- $5.926 billion Aa3/A+-rated bond portfolio at June 30, 2008, containing a diverse mix of taxable and tax-exempt securities.
- $4.453 billion equity portfolio includes $1.888 billion in pretax unrealized gains.
- $3.650 billion in statutory surplus for the property casualty insurance group at June 30, 2008, compared with $4.307 billion at year-end 2007. The ratio of common stock to statutory surplus for the property casualty insurance group portfolio was 71.6 percent at June 30, 2008, compared with 86.0 percent at year-end 2007.
- 23.0 percent ratio of investment securities held at the holding-company level to total holding-company-only assets at June 30, 2008, comfortably within management's below-40 percent target.
- Repurchases of the company's common stock totaled 821,003 shares at a cost of $29 million in the second quarter. Approximately 8.5 million shares remain authorized for repurchase.

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

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

Cincinnati Financial Corporation
Condensed Balance Sheets and Statements of Income (unaudited)

(Dollars in millions)	June 30, 2008	December 31, 2007
Assets		
Investments	$ 10,460	$ 12,261
Cash and cash equivalents	333	226
Premiums receivable	1,150	1,107
Reinsurance receivable	777	754
Other assets	2,091	2,289
Total assets	$ 14,811	$ 16,637
Liabilities		
Insurance reserves	$ 5,659	$ 5,445
Unearned premiums	1,609	1,564
Deferred income tax	380	977
6.125% senior notes due 2034	371	371
6.9% senior debentures due 2028	28	28
6.92% senior debentures due 2028	392	392
Other liabilities	1,665	1,931
Total liabilities	10,104	10,708
Shareholders' Equity		
Common stock and paid-in capital	1,452	1,442
Retained earnings	3,298	3,404
Accumulated other comprehensive income	1,163	2,151
Treasury stock	(1,206)	(1,068)
Total shareholders' equity	4,707	5,929
Total liabilities and shareholders' equity	$ 14,811	$ 16,637

(Dollars in millions except per share data)	Three months ended June 30, 2008	Three months ended June 30, 2007	Six months ended June 30, 2008	Six months ended June 30, 2007
Revenues				
Earned premiums	$ 794	$ 822	$ 1,575	$ 1,637
Investment income, net of expenses	130	150	282	298
Realized investment gains and losses	(11)	293	(244)	355
Other income	4	5	8	11
Total revenues	917	1,270	1,621	2,301
Benefits and Expenses				
Insurance losses and policyholder benefits	595	490	1,131	974
Commissions	148	160	298	330
Other operating expenses	110	112	228	218
Total benefits and expenses	853	762	1,657	1,522
Income (Loss) Before Income Taxes	64	508	(36)	779
Provision for Income Taxes	1	157	(57)	234
Net Income	$ 63	$ 351	$ 21	$ 545
Per Common Share:				
Net income–basic	$ 0.38	$ 2.04	$ 0.13	$ 3.16
Net income–diluted	$ 0.38	$ 2.02	$ 0.13	$ 3.13

Other News Releases

Cincinnati Financial Corporation Declares Regular Quarterly Cash Dividend

Cincinnati, May 23, 2008 – Cincinnati Financial Corporation (Nasdaq: CINF) today announced that the executive committee of its board of directors has declared a 39 cents per share regular quarterly cash dividend payable July 15, 2008, to shareholders of record on June 20, 2008.

The current dividend level reflects the 9.9 percent increase in the quarterly dividend rate declared in February, setting the stage for 2008 to become the 48th year of consecutive increases in the indicated annual cash dividend.

Chairman and Chief Executive Officer John J. Schiff, Jr., CPCU commented, "Our board of directors believes we have the operating strength to maintain our outstanding dividend record. We plan to increase shareholder value over the long term by continuing to focus on strong agency relationships, front-line underwriting, quality claims service, solid policy reserves and total return investing."

Cincinnati Financial Corporation Director Appointed as Chief of Navy Reserve, United States Navy

- *Dirk J. Debbink resigned effective June 30, 2008, after four years of board service*
- *Board goes forward with 13 directors as of July 1, 2008*

Cincinnati, July 3, 2008 – Cincinnati Financial Corporation (Nasdaq: CINF) today announced that Dirk J. Debbink, a director on the company's board since 2004, has been appointed Vice Admiral and Chief of Navy Reserve, U.S. Navy. Debbink was recalled to active military duty in Washington, D.C., and confirmed by the U.S. Senate effective June 27, 2008. He tendered his resignation from the Cincinnati Financial board of directors, effective June 30, 2008.

Thirteen directors serve on the board following Debbink's departure and the previously announced addition of Kenneth W. Stecher to the board. Stecher was named on June 16, 2008, as the company's president and chief executive and appointed to the board effective July 1, 2008. John J. Schiff, Jr., CPCU, continues as chairman of the board. James E. Benoski continues as vice chairman of the board, as he transitions toward retirement.

Stecher commented, "Dirk was a member of our audit committee, now comprised of six other independent directors, and our executive committee, which also is a group of six directors with business and insurance expertise. The talent on our board is deep, and we expect our directors will work together without missing a beat. Our seasoned directors are great assets as we work through a challenging period for our company, our insurance industry and the financial sector.

"While we will miss working with Dirk, we are pleased to see this well-deserved recognition of his dedication, character and leadership. We understand that all Americans benefit from the willingness of our highest-caliber leaders to serve our country. As he steps up to his new responsibilities for the U.S. Navy, we thank him for all he did to step up for Cincinnati Financial and our shareholders over the past four years."

Inside Cincinnati

Cincinnati recently announced transitions within our executive team. Several Cincinnati leaders now have new or expanded roles to broaden and round their experience in support of our agencies. We also named a new chief financial officer. Steve Johnston had previously served as chief financial officer with an independent agency-focused property casualty carrier.

Ken Stecher, our new president and CEO, commented, "I'm deeply honored to lead the company and pleased with the tremendous support I know I'll receive from the entire leadership team. I'll benefit from Jim's wise mentorship and Jack's keen focus on the agents who bring Cincinnati policies and services to clients in their communities."

John J. Schiff, Jr., and **James E. Benoski** continue to serve as chairman and vice chairman of the board, respectively. Jim is transitioning toward retirement.

Kenneth W. Stecher, promoted to president and chief executive officer, is a 40-year associate and a seasoned leader. He was previously our chief financial officer.

Steven J. Johnston, FCAS, MAAA, CFA, joined Cincinnati as chief financial officer for the company and subsidiaries. He also is treasurer and secretary for Cincinnati Financial and secretary for its subsidiaries. He brings more than 25 years of insurance, financial, actuarial and technology experience.

Additional executives were promoted or moved to expanded or different responsibilities:

Thomas A. Joseph, CPCU, senior vice president, is promoted to president of The Cincinnati Casualty Company, now heading up our personal insurance operations and continuing to lead our reinsurance team.

Eric N. Mathews, CPCU, AIAF, senior vice president, was additionally named principal accounting officer.

Martin J. Mullen, CPCU, is promoted to senior vice president and chief claims officer with oversight of both Field Claims and Headquarters Claims.

Larry R. Plum, CPCU, ARe, senior vice president, now heads up government relations and special projects serving the executive team.

Ronald L. Robinson, vice president, is promoted to manager of Field Claims, reporting to the chief claims officer.

J.F. Scherer is promoted to executive vice president, continuing to lead insurance sales and marketing, now including oversight of research and development.

Charles P. Stoneburner II, CPCU, senior vice president, now runs our commercial insurance operations, transitioning from his leadership of our large field claims force.

Timothy L. Timmel, senior vice president, continues to lead operations with oversight of several additional staff and administrative departments.

Since our last Letter to Shareholders, these associates also merited promotions:

Jane Abney – Chief Underwriting Specialist
Michael Allen – Programmer
Kirsten Amspaugh – Senior Communications Analyst and Manager, Administration
Mary Ashley – Senior Systems Analyst
Dick Aten, CPCU, AIC, AIM – Associate Manager
Debbie Athas – Claims Specialist
Michele Baker, AIS – Underwriting Specialist
Lynnette Beach, AU – Underwriting Superintendent
Tony Betliskey – Storage Engineer
Stephanie Borg – Underwriting Specialist
Tiffany Brandabur, AIM, API – Underwriting Manager
Shanda Breen, AIC – Senior Claims Specialist
Doug Brockway, CPCU – Regional Director
Marty Bruce, CPCU, AIM, ARe, ARM – Associate Territory Manager
Bob Carey, Jr., AU – Underwriting Specialist
Liz Carley – Superintendent, Headquarters Claims
Mark Casey – Chief Underwriting Specialist
Steven Catania – Network Systems Lead
Danielle Chaney – Senior Programmer Analyst
Robert Chasteen – PeopleSoft Group Manager
Christopher Coffaro – State Agent
Scott Courtney, CPCU, AIC, ARM – Senior Loss Control Consultant
Kyle Crawford – Senior Diamond Support Analyst
Scott Cupp, API – Senior Underwriter
Adam Davis, AU – State Agent
Dana Dawson, AIM – Underwriting Superintendent
Evan Derr – Senior Underwriter
Mike DeStazio, AIC – Regional Associate Manager, Casualty Claims
David Dietz, AIC – Associate Superintendent
Rebecca Duff – Senior Loss Control Consultant
Rick Dugan, AIC – Regional Manager, Casualty Claims
Sean Ernst – Senior Underwriter
Hank Faglie, Jr., CPCU, AIC, AIM – Supervisor, Casualty Claims
Greg Feistel – Field Claims Superintendent
Joe Fisher, AIS – Chief Underwriting Specialist
Bill Foltz, AIC – Senior Claims Representative
Leslie Fredricks – Senior Diamond Support Analyst
Tim Fritz – Senior Claims Representative
Patricia Garbacik – Claims Specialist
Laura Lee Gayfield, CPCU, ARM – Underwriting Specialist
Joe Gilmer, CPCU, CIC – Regional Director
Sharon Grubbs – Filings Specialist
Mark Guanciale, CIC – Regional Director
Chris Guibord, AIM – Chief Underwriting Specialist
Kevin Hagedorn – Underwriting Superintendent
Mike Hageman – Supervising Forensic Examiner
Jason Hardesty – Accountant
Lesley Harris, AIC – Claims Specialist
Beth Hemmelgarn – Senior Systems Engineer
Ted Hilgeman, CPCU, CPA – Manager, Corporate Accounting
Richard Hill, AIC – Associate Superintendent
Kerri Hinkel, AIM, API – Senior Web Content Analyst
Al Hoeweler, Jr., CPCU – Chief Underwriting Specialist
Mary Alice Hounshell, AIC – Senior Claims Specialist
Robyn Jacobs – Director, Data Entry
Bill Jansen – Field Audit Manager
Timothy Johnson, AIC – Claims Specialist
Dave Keller, AFSB – Bond Field Director
Dennis Kennett – Senior Machinery & Equipment Representative
Steve Kistner, AIC – Senior Claims Representative
Ron Klimkowski, AIC, CIC – Field Supervisor, Sales & Marketing
Brian Krieger – Senior Claims Specialist
Mike Lane, CPCU, AIM, AIT, API – Senior Group Manager
Robert Leist – Systems Engineer
Nancy Liebowitz, CPCU, AU – Underwriting Superintendent
LeAnna Mack – Business Analyst
Melissa Madden – Systems Analyst
Bill Mallard – Senior Business Analyst
Tim McCord, AIC – Senior Claims Representative
Sean McKinley, CLU – Life Field Director
Jennifer McKinney-Taylor, CPCU, AIC, AIM, API – Senior Claims Examiner
Carrie McKitrick, CPCU, AIM, AIT – Underwriting Superintendent
Brad McLaughlin – Underwriting Superintendent
Brett Meadors – Underwriting Specialist
Trisha Meece, API – Senior Underwriter
Chris Mills, AIC – Senior Claims Representative
Michael Mirizzi – Underwriting Specialist
Holly Moorhead – Senior Personal Lines Marketing Representative
Mark Morrow, CPCU, AIM – Regional Field Claims Manager
Angie Mosher, AIC – Underwriting Specialist
Daniel Muraski – Senior Group Manager
Matt Murphy, AIC – Senior Claims Specialist
Charlene Naylor, CPCU, AIM – Senior Support Manager

Tom Nelson – Senior Life Regional Director
Mike Noe – Senior Underwriting Specialist
Jim Ogle, CPCU, AIC – Manager, Casualty Claims
Nancy Olson, CPCU, AIC – Senior Claims Representative
Tina Ostenkamp, AIC – Senior Claims Examiner
Brian Rawlings, AIS, AU – Senior Underwriter
Kathy Reuter – Manager, Central Files
Julie Roudabush – Senior Underwriter
Lisa Routh, CPCU, AIM – Senior Division Manager
Holly Sanders, CPCU – Senior Underwriter
Scott Sanderson, CPCU, AIC – Associate Manager
Emily Sandlin – Senior Underwriter
Elizabeth Schirm – Superintendent, Executive Risk Claims and Associate Manager, Claims Education
Joe Schutte IV – Associate Programmer
Stacee Shadd – Specialist, IT Quality Assurance & Standards
Cathy Shell, SCLA – Senior Claims Representative
Raymond Shields, Jr. – Claims Specialist
Alok Sinhasan – Lead Senior Systems Engineer
Denise Slatter – Senior Diamond Support Analyst
Matthew Snyder – Unix Administrator
Jeffrey Sousa – Underwriting Specialist
Traci Stamper – Senior Systems Support Supervisor
Mike Stecher – Senior Underwriter
Julie Sullivan, AIC, SCLA – Superintendent, Headquarters Claims
Brian Sunderman – Senior Underwriter
Sheila Sundrla, AIC, AIM, SCLA – Senior Claims Representative
Mike Swiadas – Senior Machinery & Equipment Specialist
Kay Swisshelm – Superintendent, Central Files
Mike Szczepanski – Chief Underwriting Specialist
Mark Szuch, CPCU – Chief Underwriting Specialist
Ron Tebbe, AIM, API – Underwriting Manager
Mike Telarico, CPCU, API, AU, CIC – Regional Director
Paul Thibault, ARM – Loss Control Field Director
Mike Thomas, AIM – Supervisor, Workers' Compensation: Norcross
Rajesh Thurairatnam – Senior Actuarial Analyst
Denise Toth, CPCU, AIC – Senior Claims Representative
Georgie VanWinkle – Project Manager
Gayathri Vijayasarathy – Programmer Analyst
Joe Vinson – Loss Control Field Director
Paul Voda, AIC, AIM – Superintendent, Headquarters Claims
Duane Wagenknecht, CPCU – Field Audit Superintendent
Michael Wagonfield – Senior Programmer Analyst
Troy Walters – Senior Machinery & Equipment Representative
Sean Whalen, AIC – Senior Claims Specialist
Kelli Williams – Underwriting Specialist
Kevin Yuenger, CPCU, ChFC, CIC, CLU, LUTCF – Life Field Director
Scott Zemberi, CPCU, AIM, ARe, AU – Underwriting Superintendent

Professional Development

Offering free education to our agents sets Cincinnati apart from our competition. In August, we revamped our Agent Learning Center so that agents can manage their staff development with ease. They can now appoint an agency training coordinator to see, track and assign training for all agency personnel. The coordinator can also create customized learning plans for individuals by searching our general categories or by assigning courses to meet the needs of those who work in more specific areas. Using a blend of online courses, classroom and Web events, agents can benefit from tailored training programs that meet the individual needs of new and established team members.

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 associates who completed a series of courses to earn the Chartered Property Casualty Underwriter (CPCU) designation: Scot Feldmeyer, James Kelso and Amy Stitzel.

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 Doug Helton, IT Claims/CSU Development Support; Robert Meyer, IT Infrastructure; and Lynn Stahr, IT Project & Request Management. Congratulations to these quarterly winners!

Financial Services

The company's three financial services subsidiaries continue to successfully leverage our insurance relationships and broaden our offerings. As of June 30, 2008, CFC Investment Company, which offers equipment and vehicle leases and loans, reported 2,328 accounts representing $80 million in net receivables. CinFin Capital Management Company, which offers asset management services, reported $883 million under management in 56 accounts as of June 30, 2008. During the first six months of the year, The Cincinnati Specialty Underwriters Insurance Company and our wholly-owned brokerage, CSU Producer Resources Inc., have begun marketing excess and surplus lines insurance in 10 states and remain on track to market in the planned 33 of our 34 active states before year-end. Cincinnati Specialty Underwriters has added the property line of business in five states and will continue to introduce new lines of business throughout the remainder of the year, including miscellaneous professional and excess casualty. Availability of CSU's new offerings has enhanced your company's ability to write new standard market property casualty business, as we work with agents to round out accounts that require admitted and non-admitted market solutions.

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 2007 Annual Report on Form 10-K, Item 1A, Risk Factors, Page 21. Although we often review and 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
- 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:
  - Multi-notch downgrades 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
- Further decline in overall stock market values negatively affecting the company's equity portfolio and book value; in particular further declines in the market value of financial sector stocks, including Fifth Third Bancorp (NASDAQ:FITB)
- Securities laws that could limit the manner, timing and volume of our investment transactions
- Events, such as the credit crisis triggered by subprime mortgage lending practices, that lead to:
  - 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)
  - Significant decline in investment income due to reduced or eliminated dividend payouts from a particular security or group of securities
  - Significant rise in losses from surety and director and officer policies written for financial institutions
- Recession or other economic conditions or regulatory, accounting or tax changes resulting in lower demand for insurance products
- 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
- 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
- Increased frequency and/or severity of claims
- 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
- Unforeseen departure of certain executive officers or other key employees due to retirement, health or other causes that could interrupt progress toward important strategic goals or diminish the effectiveness of certain longstanding relationships with insurance agents and others
- 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.

Contact Information

Communications directed to the company's secretary, Steven J. Johnston, chief financial officer, 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

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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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