



Cincinnati Financial Corporation

First-quarter 2009 Letter to Shareholders

May 21, 2009

To Our Shareholders, Friends and Associates:

Your company's leadership team in place since last July has operated under conditions unlike those experienced for any other period in our 59-year history. Our immediate challenge has been to rise above a tide that has sustained its destructive force over several quarters, swelling on the confluence of economic and investment market weakness, prolonged industry pricing pressure and severe weather events.

Looking back over events of the first 10 months since we realigned our executive and leadership teams, we see that our business plans have stayed on course through the combined, special efforts of many people. Together, we are working to preserve our capital and liquidity, improve insurance profitability and drive premium growth over the long term. As we continue in the near term to navigate through uncharted waters, we are grateful to have the support, skill and sustained high level of activity of so many people.

Our board's investment committee and our internal investment managers – As uncertainty in the markets increased, the committee authorized revised investment guidelines, and our portfolio managers acted to stabilize and diversify our holdings. By March 31, their actions brought equities in our consolidated portfolio to approximately 26 percent, down from 43 percent at June 30, 2008. They reduced financial sector holdings to less than 3 percent of common stocks compared with 42 percent at mid year. While our investment income from common stocks has decreased, our investment managers have positioned the better diversified portfolio to resume investment income growth in the second half of this year.

Our professional claims staff – Our claims representatives satisfied thousands of policyholders after winds from Hurricane Ike swept into the Midwest in September. Ike was our single largest catastrophe loss ever, causing more than 20,000 claims and \$129 million of incurred losses, reduced by reinsurance to a loss of \$58 million. Severe weather hit again in this year's first quarter, but by April 30, our claims representatives had closed almost 90 percent of 8,600 claims. Together with our headquarters claims staff, these associates are responsible for Cincinnati's reputation for outstanding claims service. They continue to innovate, recently making it easier for agents to report claims into our system.

Our independent agents, field and headquarters underwriters – We are thankful for the work our agents and underwriters do to match risk to price as they renew accounts and select new business. Due to the tough economy and competitive insurance pricing, the effort required to write and retain business has increased. Recently, our associates have introduced new processes and tools to support risk-based underwriting and pricing. At the same time, they are supporting more agencies in more states and offering more lines of business, as we seek to support premium growth and improve spread of risk through expansion. Our growth initiatives helped generate \$97 million of new business in the first quarter and \$290 million of new business since mid year 2008.

Associates in every part of our operations – Late last year, we accelerated major technology projects to bring new efficiencies to our agencies and our company. Associates from many operational areas have united to keep those projects on track, with our new commercial processing system ready to pilot internally in July. And associates in all areas are identifying additional ways to reduce expenses and improve service. They believe that persevering through difficult times, building on our fundamental strengths and investing for the future will ultimately reward the company and you, our shareholders.

Thank you for the opportunity you give us to assure your company's continuity of leadership, values and commitments.

Respectfully,

/S/ John J. Schiff, Jr.

John J. Schiff, Jr., CPCU
Chairman of the Board

/S/ Kenneth W. Stecher

Kenneth W. Stecher
President and Chief Executive Officer

About the Company

Cincinnati Financial Corporation stands among the 25 largest property casualty insurers in the nation, based on premium volume. A select group of agencies in 35 states actively markets our property casualty insurance within their communities. Standard market commercial lines policies are available in all of those states, while personal lines policies are available in 29 and surplus commercial lines policies are available in 33 of the same 35 states. Within this select group, we also seek to become the life insurance carrier of choice and to help agents and their clients – our policyholders – by offering leasing and financing services.

Three hallmarks distinguish our company, positioning us to build value and long-term success:

- Commitment to our network of professional independent insurance agencies and to their continued success
- Financial strength that lets us be a consistent market for our agents' business, supporting stability and confidence
- Operating structure that supports local decision making, showcasing our claims excellence and allowing us to balance growth with underwriting discipline

Learn more about where we are today and how we plan to create value for shareholders, agents, policyholders and associates by reviewing publications that we promptly post on www.cinfin.com/Investors as they are completed. Please refer to the most recent item for the timeliest information.

2008 Fourth-quarter and Full-Year Letter to Shareholders – available on www.cinfin.com/Investors

2008 Annual Report on Form 10-K – available on www.cinfin.com/Investors

2009 Shareholder Meeting Notice and Proxy Statement – available on www.cinfin.com/Investors

Letter from the Chairman and the Chief Executive Officer – available on www.cinfin.com/Investors

First-quarter 2009 Letter to Shareholders – available now

This message from our chairman and our president includes recent news releases about financial results announced April 30, results of shareholder votes at the 2009 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 April 30, 2009.

Second-quarter 2009 Letter to Shareholders – early August 2009

Third-quarter 2009 Letter to Shareholders – early November 2009

Stay Involved, Be Informed and Save Some Trees Too!

Thank you for your interest in Cincinnati Financial Corporation. We continue to make it easy to go green and get your information fast. By enrolling in e-Delivery at www.cinfin.com/Investors, you can help us save paper and postage while promptly receiving links to all materials and proxy voting communications via e-mail. We mail printed copies of our quarterly and annual letters only to shareholders who are **not** enrolled in e-Delivery.

Recent News Releases

Cincinnati Financial Reports First-quarter 2009 Results

Cincinnati, April 30, 2009 – Cincinnati Financial Corporation (Nasdaq: CINF) today reported:

- First-quarter 2009 net income of \$35 million, or 22 cents per share, compared with a net loss of \$42 million, or 26 cents per share, in the first quarter of 2008.
- Operating income* of \$37 million, or 23 cents per share, compared with \$109 million, or 66 cents per share.
- Previously announced catastrophe losses and workers' compensation reserve strengthening reduced first-quarter net income by 29 cents per share compared with 15 cents per share for first-quarter 2008.
- The investment income portion of net income per share for the first quarter of 2009 was 59 cents compared with 74 cents for the first quarter of 2008, down 15 cents per share.

Financial Highlights

(Dollars in millions except share data)

	Three months ended March 31,		
	2009	2008	Change %
Revenue Highlights			
Earned premiums	\$ 765	\$ 780	(2.0)
Investment income	124	152	(18.7)
Total revenues	890	704	26.5
Income Statement Data			
Net income (loss)	\$ 35	\$ (42)	nm
Net realized investment gains and losses	(2)	(151)	98.9
Operating income*	\$ 37	\$ 109	(65.7)
Per Share Data (diluted)			
Net income	\$ 0.22	\$ (0.26)	nm
Net realized investment gains and losses	(0.01)	(0.92)	98.9
Operating income*	\$ 0.23	\$ 0.66	(65.2)
Book value	23.88	33.40	(28.5)
Cash dividend declared	\$ 0.39	\$ 0.39	0.0
Diluted weighted average shares outstanding	162,663,625	165,105,311	(1.5)

Insurance Operations Highlights

- 107.5 percent first-quarter 2009 property casualty combined ratio, representing an underwriting loss of \$55 million.
- Property casualty net written premiums increased \$2 million or 0.3 percent, including \$7 million in net written premiums from surplus lines operation launched in 2008.
- \$21 million increase in property casualty new business written by agencies in the first quarter of 2009, driven by new agents appointed in recent years and expansion of surplus lines and personal lines marketing in established agencies.

Investment and Balance Sheet Highlights

- \$515 million in cash and cash equivalents at March 31, 2009, providing exceptional liquidity and capital flexibility for shareholder dividends and capacity for future insurance operations growth.
- \$23.88 book value, down from \$25.75 at December 31, 2008, mainly due to lower investment portfolio valuation.
- Investment portfolio at March 31, 2009, reflected capital preservation diversification strategy. Investment income declined in the first quarter on portfolio changes and on lower dividends from holdings in the equity portfolio, partially offset by higher interest income from bonds.

* 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

Market Challenges Continue

Kenneth W. Stecher, president and chief executive officer, commented, "As anticipated, 2009 is shaping up to be a challenging, transitional year for our company, our industry and our economy. Our first-quarter results affirm that view. At the same time, our progress on key initiatives affirms our confidence that we will emerge a stronger, more competitive company as conditions improve. Looking past 2009 to the 2010-2014 period, we continue to target a five-year value creation ratio of 12 percent to 15 percent growth, reflecting the total of our rate of growth in book value plus the rate of dividend contribution.

"The broader economic and investment market trends and the low pricing trend in commercial insurance all appeared to be in a holding pattern over the first months of 2009 – not getting much worse but not getting much better either. Continued soft pricing and two other items significantly affected our profitability for the first quarter. We announced on April 16 that our property casualty insurance operations – our main business – experienced high catastrophe losses from winter storms. Our claims representatives promptly assisted policyholders in the South, Midwest and East, and as of this week, 88 percent of the more than 8,600 reported claims from those storms are closed. We also reported on April 16 that we strengthened workers' compensation reserves for claims incurred in prior years, recognizing that loss cost inflation, including medical costs, was higher than previously anticipated.

"We believe consistent and conservative reserving practices are never more important than during a period of economic distress. Likewise, we believe the superior claims service we provide in storm situations is an investment," Stecher said. "It earns policyholder and agent loyalty, ultimately bringing us new business as policyholders spread the word. Our commitment to high standards of service and a long-term perspective persists through all phases of economic and industry cycles.

"We expect unfavorable economic, investment and insurance pricing trends to continue over the coming months, dampening 2009 results and masking the positive impact of progress on our strategic initiatives – which clearly are not in a holding pattern. Our strong capital, financial flexibility and commitment to our agency-centered business model have allowed us to push steadily forward with diversification of our equity investment portfolio; with geographical expansion that will better spread our risk and reduce our vulnerability to catastrophe losses; with our new surplus lines business; and with technology improvements that are making processing more efficient for our company and our independent agencies."

Progress On Strategic Initiatives

Stecher continued, "Preserving capital is our first priority, supported by our initiative to diversify our \$8.794 billion investment portfolio. At March 31, equity investments accounted for approximately 26.2 percent of our investment portfolio, reduced from 32.9 percent at year-end 2008 and now at the lowest level in many years. In the first quarter, we sold or reduced our holdings of some stocks that had appreciated to our target price, and others where we saw opportunities to improve portfolio diversification. Further, we sold our remaining bank stocks, consistent with our longstanding preference for dividend-paying stocks and the current lack of visibility on resumption of dividends from bank holdings.

At quarter-end, no single sector accounted for more than 26 percent of the equity portfolio and no single holding accounted for more than 11 percent.

"Although we have reduced our near term exposure to the equity markets, we intend to continue to include common stocks as a key component of our investing strategy. Currently, we are purchasing more taxable and municipal bonds, which increased our pretax interest income for the first quarter by \$20 million compared with interest income at this time last year. The increase was insufficient to offset a \$46 million reduction in dividend income. We continue to invest for both income growth and potential for appreciation, anticipating that investment income may resume growth in the second half of the year.

"For our property casualty insurance operations, we are pursuing several new business growth initiatives, both to improve our long-term competitive position and to offset lower written premiums, which have been reduced by our emphasis on selectivity when writing or renewing accounts at prevailing low prices. While we do compete for high quality accounts, we do not aim to offer the lowest price due to the value of our coverages, claims service and multi-year policy contracts.

"New commercial business grew 14.9 percent in the first quarter. To generate increased new business that meets our standards, we continued adding to our sales force, appointing 18 new agencies in the first quarter. We added a third commercial marketing territory in our newest state of operations, Texas, and continued preparing to begin agency selection and marketing in Colorado and Wyoming later this year. Our personal lines operation also expanded in the first quarter; with the addition of Idaho and South Carolina, we now market homeowner and personal auto insurance in 29 states. These expansions help set the stage to diversify catastrophe risk arising from geographical concentration, although it generally takes time for new agency relationships to mature and for written premiums to grow.

“Our strong new business also reflected our agents’ very favorable response to our surplus lines products, available since the first quarter of 2008, when we wrote \$1 million of new surplus lines business. Just a year later, our first quarter 2009 new surplus lines business was \$7 million.

“Our technology progress is making it possible to attract more professional agencies as we expand and to increase efficiencies that will save time and money for all of our agencies and our company. These advances also improve service for policyholders and give them more options. First-quarter milestones included enhancement of our claims system to allow many agencies to securely submit notice of loss online and introduction of a new online payment system for personal lines policyholders who are billed by our company instead of their agency. In the second quarter, we plan to begin offering direct billing of workers’ compensation policies.

“Our major projects are on track. We will take a major leap forward before year-end as agencies in 11 states begin using our new commercial policy administration system. It will offer efficiencies such as real time policy quote and issue and payment options including direct billing, monthly payments and electronic funds transfer. We expect this system to have a positive impact on future growth from our agencies.”

Stecher concluded, “First quarter was less than satisfactory for our company, and there are few signs that industry and economic conditions will improve in the near term. We are not daunted. We are carefully managing risk and prudently adapting, all the while working to build more value, service and stability for agents and policyholders, and ultimately more shareholder value.”

Consolidated Property Casualty Insurance Operations

(Dollars in millions; percent change given for dollar amounts and point change given for ratios)

	Three months ended March 31,		
	2009	2008	Change %
Earned premiums	\$ 732	\$ 751	(2.5)
Loss and loss expenses before catastrophe losses	491	458	7.2
Loss and loss expenses from catastrophe losses	53	43	22.9
Total loss and loss expenses	544	501	8.5
Underwriting expenses	243	240	1.5
Underwriting (loss) profit	<u>\$ (55)</u>	<u>\$ 10</u>	nm
Other business metrics:			
Agency renewal written premiums	\$ 695	\$ 733	(5.2)
Agency new business written premiums	97	76	28.9
Net written premiums	778	776	0.3
Ratios as a percent of earned premiums:			
Loss and loss expenses	74.2%	66.7%	7.5
Underwriting expenses	33.3	31.9	1.4
Combined ratio	<u>107.5%</u>	<u>98.6%</u>	8.9
Other business metrics:			
Contribution from catastrophe losses	7.2	5.7	1.5
Contribution from prior period reserve development	0.9	(1.8)	2.7

- \$2 million or 0.3 percent increase in first-quarter property casualty net written premiums, as growth in new business offset much of the effect of soft pricing, exposure decreases and disciplined underwriting for renewal business.
- \$21 million increase in 2009 new business written by agencies reflected the contribution from growth initiatives, including \$4 million increase from agencies appointed since January 2008 and \$6 million increase from surplus lines.
- .97-to-1 ratio of net written premiums to property casualty statutory surplus for the 12 months ended March 31, 2009,

- up from 0.89-to-1 ratio for the 12 months ended December 31, 2008.
- 1,141 agency relationships with 1,406 reporting locations marketing standard market property casualty insurance products at March 31, 2009, up from 1,133 agency relationships with 1,387 reporting locations at year-end 2008.
- First-quarter 2009 GAAP combined ratio increased 8.9 percentage points primarily due to previously announced higher catastrophe losses and unfavorable development on prior accident years loss and loss expense reserves.

(In millions, net of reinsurance)

Dates	Cause of loss	Region	Three months ended March 31,		
			Commercial lines	Personal lines	Total
2009					
Jan. 26-28	Flood, freezing, ice, snow	South, Midwest	\$ 6	\$ 14	\$ 20
Feb. 10-13	Flood, hail, wind, water damage	South, Midwest, East	12	18	30
Feb. 18-19	Wind, hail	South	0	5	5
Development on 2008 and prior catastrophes			(4)	2	(2)
Calendar year incurred total			<u>\$ 14</u>	<u>\$ 39</u>	<u>\$ 53</u>
2008					
Jan. 4-9	Wind, hail, flood, freezing	South, Midwest	\$ 3	\$ 3	\$ 6
Jan. 29-30	Wind, hail	Midwest	5	5	10
Feb. 5-6	Wind, hail, flood	Midwest	8	9	17
Mar. 14	Tornadoes, wind, hail, flood	South	5	1	6
Mar. 15-16	Wind, hail	South	4	4	8
Development on 2007 and prior catastrophes			(3)	(1)	(4)
Calendar year incurred total			<u>\$ 22</u>	<u>\$ 21</u>	<u>\$ 43</u>

Insurance Segments Highlights

Commercial Lines Insurance Operations

(Dollars in millions; percent change given for dollar amounts and point change given for ratios)

	Three months ended March 31,		
	2009	2008	Change %
Earned premiums	\$ 557	\$ 574	(3.1)
Loss and loss expenses before catastrophe losses	374	343	9.2
Loss and loss expenses from catastrophe losses	<u>14</u>	<u>22</u>	(37.4)
Total loss and loss expenses	388	365	6.4
Underwriting expenses	<u>181</u>	<u>180</u>	0.1
Underwriting (loss) profit	<u>\$ (12)</u>	<u>\$ 29</u>	nm
Other business metrics:			
Agency renewal written premiums	\$ 557	\$ 588	(5.2)
Agency new business written premiums	76	66	14.9
Net written premiums	626	625	0.1
Ratios as a percent of earned premiums:			
Loss and loss expenses	69.8%	63.6%	6.2
Underwriting expenses	<u>32.4</u>	<u>31.4</u>	1.0
Combined ratio	<u>102.2%</u>	<u>95.0%</u>	7.2
Other business metrics:			
Contribution from catastrophe losses	2.5	3.9	(1.4)
Contribution from prior period reserve development	1.5	(2.5)	4.0

- \$1 million or 0.1 percent increase in first-quarter commercial lines net written premiums. Lower renewal premiums were offset by growth in new business and the combined impact of reinsurance and adjustments for policies in effect but still in process.
- \$76 million in first-quarter 2009 new commercial lines business written directly by agencies, up 14.9 percent from \$66 million in last year's first quarter. \$4 million of increase

is from agents appointed since January 2008 and \$4 million of increase is from ancillary standard market business from accounts originating from new excess and surplus lines policies.

- 7.2 percentage-point increase in first-quarter 2009 combined ratio primarily due to previously announced strengthening of workers' compensation loss and loss expense reserves for prior accident years.

Personal Lines Insurance Operations

(Dollars in millions; percent change given for dollar amounts and point change given for ratios)

	Three months ended March 31,		
	2009	2008	Change %
Earned premiums	\$ 171	\$ 177	(3.0)
Loss and loss expenses before catastrophe losses	113	115	(1.7)
Loss and loss expenses from catastrophe losses	39	21	88.7
Total loss and loss expenses	152	136	12.0
Underwriting expenses	54	59	(6.8)
Underwriting loss	\$ (35)	\$ (18)	(99.3)
Other business metrics:			
Agency renewal direct written premiums	\$ 137	\$ 146	(6.0)
Agency new business direct written premiums	14	8	67.2
Net written premiums	145	150	(3.5)
Ratios as a percent of earned premiums:			
Loss and loss expenses	88.6%	76.7%	11.9
Underwriting expenses	32.1	33.4	(1.3)
Combined ratio	120.7%	110.1%	10.6
Other business metrics:			
Contribution from catastrophe losses	22.6	11.6	11.0
Contribution from prior period reserve development	(0.7)	0.7	(1.4)

- 3.5 percent decline in first-quarter personal lines net written premiums. Higher new personal lines business continued to be offset by pricing changes that reduce premiums per policy.
- \$6 million increase in first-quarter 2009 personal lines new business written directly by agencies including \$2 million

from seven states where writing business or significant expansion of personal lines product offerings and automation capabilities commenced in 2008.

- 10.6 percentage point-increase in the combined ratio driven by an 11.0 percentage-point increase in catastrophe losses.

Life Insurance Operations

(In millions)

	Three months ended March 31,		
	2009	2008	Change %
Written premiums	\$ 50	\$ 44	14.3
Earned premiums	\$ 33	\$ 29	12.5
Investment income, net of expenses	30	29	2.7
Other income	1	1	(43.5)
Total revenues, excluding realized investment gains and losses	64	59	7.0
Contract holders benefits	39	35	9.0
Expenses	12	12	4.5
Total benefits and expenses	51	47	7.9
Net income before income tax and realized investment gains and losses	13	12	3.3
Income tax	5	4	5.3
Net income before realized investment gains and losses	\$ 8	\$ 8	2.3

- \$50 million in first-quarter 2009 life insurance segment net written premiums. Written premiums include life insurance, annuity and accident and health premiums.
- 6.7 percent increase to \$37 million in written premiums for life insurance products in total.
- 12.3 percent rise to \$20 million in term life insurance written premiums, reflecting marketing advantages of

competitive, up to date products, providing close personal attention and offering policies backed by financial strength and stability.

- 1.3 percent rise in face amount of life policies in force to \$66.756 billion at March 31, 2009, from \$65.888 billion at year-end 2008.

Investment and Balance Sheet Highlights

Investment Operations

(In millions)

	Three months ended March 31,		
	2009	2008	Change %
Investment income:			
Interest	\$ 96	\$ 76	26.4
Dividends	27	73	(63.9)
Other	3	5	(29.7)
Investment expenses	(2)	(2)	(11.5)
Total investment income, net of expenses	124	152	(18.7)
Investment interest credited to contract holders	(16)	(16)	5.8
Realized investment gains and losses summary:			
Realized investment gains and losses	52	(16)	nm
Change in fair value of securities with embedded derivatives	(4)	(2)	(54.2)
Other-than-temporary impairment charges	(50)	(214)	76.8
Total realized investment gains and losses	(2)	(232)	99.3
Investment operations income (loss)	\$ 106	\$ (96)	nm

- 18.7 percent decline in first-quarter 2009 net investment income, due primarily to dividend reductions by equity security holdings.
- \$2 million realized investment loss in first-quarter 2009 compared with realized investment loss of \$232 million in first quarter 2008.

- First-quarter pretax realized investment loss included \$50 million non-cash charge for other-than-temporary impairments that recognize significant market value declines, primarily for the fixed-maturities portfolio.

(Dollars in millions except share data)

	At March 31, 2009	At December 31, 2008
Balance sheet data		
Invested assets	\$ 8,876	\$ 8,890
Total assets	13,108	13,369
Short-term debt	49	49
Long-term debt	790	791
Shareholders' equity	3,881	4,182
Book value per share	23.88	25.75
Debt-to-capital ratio	17.8%	16.7%
	Three months ended March 31, 2009	2008
Performance measures		
Value creation ratio	(5.7)%	(5.4)%

- \$9.391 billion in cash and invested assets at March 31, 2009, compared with \$9.899 billion at December 31, 2008. Cash and equivalents of \$515 million at March 31, 2009, compared with \$1.009 billion at December 31, 2008.
- \$6.479 billion A2/A+-average rated bond portfolio at March 31, 2009, reflecting a diverse mix of taxable and tax exempt securities.
- \$2.302 billion equity portfolio was 25.9 percent of invested assets and included \$309 million in pretax unrealized gains at March 31, 2009.
- Application of new investment parameters led to

- financial sector holdings at 2.9 percent of publicly traded common stocks portfolio as of March 31, 2009, down from 12.4 percent at year-end 2008.
- \$3.105 billion of statutory surplus for the property casualty insurance group at March 31, 2009, compared with \$3.360 billion at December 31, 2008.
- Value creation ratio decreased due to the decline in the market value of the investment portfolio.

For additional information or to hear a replay of the April 30 conference call webcast, please visit www.cinfin.com/investors.

Cincinnati Financial Corporation

Condensed Balance Sheets and Statements of Income (unaudited)

(Dollars in millions)	March 31, 2009	December 31, 2008
Assets		
Investments	\$ 8,876	\$ 8,890
Cash and cash equivalents	515	1,009
Premiums receivable	1,085	1,059
Reinsurance receivable	735	759
Deferred income tax	275	126
Other assets	<u>1,622</u>	<u>1,526</u>
Total assets	<u>\$ 13,108</u>	<u>\$ 13,369</u>
Liabilities		
Insurance reserves	\$ 5,666	\$ 5,637
Unearned premiums	1,582	1,544
6.125% senior notes due 2034	371	371
6.9% senior debentures due 2028	28	28
6.92% senior debentures due 2028	391	392
Other liabilities	<u>1,189</u>	<u>1,215</u>
Total liabilities	<u>9,227</u>	<u>9,187</u>
Shareholders' Equity		
Common stock and paid-in capital	1,465	1,462
Retained earnings	3,551	3,579
Accumulated other comprehensive income	69	347
Treasury stock	<u>(1,204)</u>	<u>(1,206)</u>
Total shareholders' equity	<u>3,881</u>	<u>4,182</u>
Total liabilities and shareholders' equity	<u>\$ 13,108</u>	<u>\$ 13,369</u>

(Dollars in millions except per share data)	Three months ended March 31,	
	2009	2008
Revenues		
Earned premiums	\$ 765	\$ 780
Investment income, net of expenses	124	152
Realized investment gains and losses	(2)	(232)
Other income	<u>3</u>	<u>4</u>
Total revenues	<u>890</u>	<u>704</u>
Benefits and Expenses		
Insurance losses and policyholder benefits	581	536
Commissions	152	150
Other operating expenses	<u>123</u>	<u>118</u>
Total benefits and expenses	<u>856</u>	<u>804</u>
Income Before Income Taxes	34	(100)
Benefit for Income Taxes	<u>(1)</u>	<u>(58)</u>
Net Income (Loss)	<u>\$ 35</u>	<u>\$ (42)</u>
Per Common Share:		
Net income (loss)—basic	\$ 0.22	\$ (0.26)
Net income (loss)—diluted	\$ 0.22	\$ (0.26)

Other News Releases

Cincinnati Financial Corporation Holds Shareholders' and Directors' Meetings

Cincinnati, May 4, 2009 – Cincinnati Financial Corporation (Nasdaq: CINF) today announced that at the company's annual meeting on May 2, 2009, shareholders elected one director for a term of one year and five directors for terms of three years to the 13-member board. Shareholders also ratified the selection of Deloitte & Touche LLP as independent registered public accounting firm, adopted the Cincinnati Financial Corporation Annual Incentive Compensation Plan of 2009 and the Cincinnati Financial Corporation Directors' Stock Plan of 2009, and approved a proposal to take steps to declassify the board.

Chairman John J. Schiff, Jr., CPCU, commented: "We thank shareholders for approving our selection of Deloitte & Touche and our nominees to the board. The directors who were elected Saturday, as well as our continuing directors, combine their experiences from differing business backgrounds to execute long-term strategic plans for Cincinnati Financial Corporation and to increase our long-term return to shareholders."

Elected to the board were William F. Bahl, CFA, CIC, chairman of Bahl & Gaynor Investment Counsel Inc., based in Cincinnati; James E. Benoski, vice chairman and retired president of Cincinnati Financial Corporation; Gretchen W. Price, chief financial officer of philosophy inc., an international skin care and cosmetics company based in Phoenix, Arizona; John J. Schiff, Jr., CPCU, chairman of Cincinnati Financial Corporation; Kenneth W. Stecher, president and chief executive officer of Cincinnati Financial Corporation; E. Anthony Woods, chairman and chief executive officer of SupportSource LLC, a healthcare consulting firm based in Cincinnati.

The board also announced committee service for the coming year, in line with the independence requirements of applicable law and the listing standards of Nasdaq:

- Audit – Kenneth C. Lichtendahl (Chairman), William F. Bahl, Gregory T. Bier, Gretchen W. Price, Douglas S. Skidmore and John F. Steele, Jr.
- Compensation – W. Rodney McMullen (Chairman), Gregory T. Bier, Gretchen W. Price and E. Anthony Woods.

- Executive – John J. Schiff, Jr. (Chairman), James E. Benoski, W. Rodney McMullen, Kenneth W. Stecher, John F. Steele, Jr., Larry R. Webb and E. Anthony Woods.
- Investment – John J. Schiff, Jr. (Chairman), William F. Bahl, James E. Benoski, Gregory T. Bier, W. Rodney McMullen, Thomas R. Schiff, Kenneth W. Stecher and E. Anthony Woods. Richard M. Burrige, CFA, continues to serve as committee adviser.
- Nominating – William F. Bahl (Chairman), Kenneth C. Lichtendahl, Gretchen W. Price and Douglas S. Skidmore.

Schiff noted, "Through their committee assignments and their dedication to understanding our insurance business, our directors work toward a prosperous future for the shareholders of Cincinnati Financial, supporting stability for our agents, policyholders and associates."

The board of directors announced promotions for two officers. Martin F. Hollenbeck, CPCU, CFA, was named chief investment officer of Cincinnati Financial Corporation and all property casualty subsidiaries, in addition to his current positions as senior vice president for the company's insurance subsidiaries and president and chief operating officer of CFC Investment Company. Hollenbeck is a Chartered Property Casualty Underwriter and Chartered Financial Analyst with a master's degree in business from Xavier University and 16 years of investment management experience.

Dennis E. McDaniel, CPA, CFM, CMA, CPCU, was promoted to assistant vice president, investor relations, for the company's standard market property casualty subsidiaries. Dennis joined the company's planning and risk management department in January 2008 with 25 years experience in the insurance industry, including investor relations. In addition to several financial professional designations, Dennis holds a master's degree in business from the University of Cincinnati.

Inside Cincinnati

Since our February *Letter to Shareholders*, these associates merited promotions:

Bond & Executive Risk

Senior Underwriting Managers – **Scott Boden, AFSB;**

Steve Dorr

Field Underwriter – **Steve Davis**

Senior Underwriters – **Patrick Demmer; Yelana Muzyka;**

Brian Schmittou

Commercial Lines

Underwriting Manager – **Steve Fisher**

Associate Territory Manager – **Rick Chambers, CPCU, AU**

Chief Underwriting Specialists – **Angela Burns; Cindi**

Hollerbach; Tracey Jones, AIM, API, AU; Chris

Medinger, CPCU, AIM, AIS, AU; Meg Patrick; Barb

Randolph, AIS; Linda Witteride

Underwriting Superintendents – **Andrea Blackmon, AIS;**

Bill Broxterman; Krista Franchini, AIS, AU;

Jessica French, AIM, AIS; Amber Fry; Kerry Grever, AU;

Karen Groh, CPCU, AIM, AIT, APA, API, AU;

Joseph Harvey, AU; William Lecky; Jesse Neumann, AIM,

AIS, AU; Tricia Welsh, AU

Underwriting Specialists – **Rob Baker; David Brehm;**

Brian Bunn, CPCU; Julie Caplinger, AU; Ben Case, AU;

Michele Cheek; Sam Hacker; Jill Heil; Michael Huwel, API;

Christina Meyer, CPCU; Dawn Mussig, API;

Cindy Prising; Brian Reisert; Dwayne Stephens;

Chris Stufft

Senior Underwriters – **Justin Alig; Heather Coddington;**

Kara Cox; Annamarie Cronin; Dan Guarasci;

Jeff Harting, AU; Carrie Johnson; Chris Lewis, AIM,

ARe, AU; Jayson Scott; Tina Spille; Miriam Stetz;

Heidi Ziegler

Corporate Accounting

Senior Supervising Accountant – **Quimberly Winstead**

Senior Accounting Analyst-Support – **Jeff Pater**

Cincinnati Life Insurance

Manager; Life Policy Issue – **Pamela Wilson**

Supervisor; Life Field Services – **Colleen Trout, ACS, AIAA**

Cincinnati Specialty Underwriters

Underwriting Managers – **Dawn Chapel, CPCU, APA, ARe,**

AU; Mike Luebbe, CPCU, AIM

Field Claims

Regional Field Claims Managers – **Bruno Bischoff, CPCU,**

AIM; Paul Bush, CPCU, AIC, AIM

Field Claims Manager – **Todd Dowdy, AIC, AIM**

Field Claims Superintendents – **Tom Busch, CPCU, AIC,**

AIM; Mike Fischer; Drew Gallagher, AIC; Tom

Karenbauer, AIC, AIM; Dan May, AIC; Brant Merrill,

AIC; Rex Pynos, CPCU, AIC; Mary Sorrentino, AIC

Senior Claims Representatives – **Bruce Countryman, AIC,**

ARM; Andy Eminger, AIC; Erick Hill, AIC;

Kevin Johnson, AIC; Paul Jurkowski, AIC, ARM;

Michelle Parsons; Tom Saineghi, AIC; Gary Scavone;

Stuart Sheetz, AIC; John Wagoner, AIC;

Tanya Woodard, CPCU, AIC, AIM, API

Senior Claims Specialists – **Brett Sadler, AIC; Al Stazio,**

AIC; Scott Vest, AIC; Kathryn Wood, AIC

Claims Specialists – **Jared Biro; John Gregory, AIC;**

Wayne McKinney; Laura Vanuch, AIC; Matt Ward

Headquarters Claims

Associate Manager; Casualty Claims – **Randy Mitchell, AIC**

Associate Manager; Executive Risk Claims – **Darren Rutledge,**
CPCU, AIC

Superintendents; Casualty Claims – **Jim Brown, CPCU;**

Ron Morrison

Superintendent; Environmental Claims – **Brooke Schubert,**

CPCU, AIC, AIM, ARM

Associate Superintendent; Bond Claims – **Mike Sams, AIC**

Associate Superintendent; Operations – **Steve Horsley, AIC, AIM**

Associate Superintendent; Property Claims – **Bruce Graham**

Information Technology

Application Architect – **Phillis Engled**

Business Analyst – **Michael Strange**

Group Manager – **Joe Harter, AIS**

Infrastructure Architect – **Keith Schaechterle**

Programmers – **Robert Bradley, Jr.; Denise Proffit**

Senior Analyst – **Eric Englert, AIT**

Senior Group Manager – **Che'ree Sheffield**

Senior Programmer Analysts – **Erica Ostendorf; John Sutor**

Senior Systems Analyst – **Kathy Fitzgerald**

Systems Administrator; Network Analyst – **Jesse Mielke**

Systems Analysts – **Brian Ante; Myra Bates; Chris Onkst**

Systems Engineers – **Denita Carter; Vern Click; Jim House**

Team Leaders – **Laurie Brown; Tim Dorr**

Learning & Development

Learning Consultant – **Marc Brown**

Machinery & Equipment Specialties Field

Senior Machinery & Equipment Specialist – **Matt Frank**

Personal Lines

Billing Manager – **Cheri Tuerck, API**

Underwriting Superintendents – **Christy Bedford;**

Paul Beeber; Tom Bier, CPCU, AIM, API;

Eric Borg, CPCU, AIM, API; Mark Huelsman, API;

Jason Lewis

Underwriting Specialists – **Chris Bedford, API;**

Jeff Poe, CPCU, API; Don Rigney III, API

Senior Underwriters – **Rena Cooper; Misty Fraley, AIM,**

API; Ben Miller; Andrew Patterson, API

Premium Audit Field

Senior Field Auditor – **Ann Erickson**

Sales Field

Senior Regional Director – **LeAnn Gregory, CPCU, CIC**

Regional Director – **Jim Lay, CPCU, CIC**

Shareholder Services

Senior Shareholder Services Analyst – **Erika Engelkamp**

Special Investigations Field

Supervisor – **Dane Cramer**

Associate Superintendent – **Kevin Green**

Dividend Direct Deposit

Access your money sooner

Save a trip to the bank! Dividend Direct Deposit allows you to have your quarterly cash dividend payments delivered directly to your account at the financial institution of your choice. Your “to-do” list no longer has to include taking dividend checks to the ATM or bank. You’ll enjoy the benefits of:

- reducing the time it takes to deposit the payments
- accessing your funds immediately
- minimizing the risk of payments being lost or stolen
- adding to your shareholder value by reducing company expenses related to printing checks

On payment day, your dividend is deposited automatically into your personal checking or savings account. In lieu of a check, you receive a notice of the amount deposited. In addition, the deposit appears on your checking or savings account statement, making it easy to track the money you receive from your Cincinnati Financial ownership.

Signing up is easy. To participate, please complete the enclosed Dividend Direct Deposit Authorization Form and return it (with a blank, voided check) to Shareholder Services. Shareholders who register for My Shareholder Account can also complete the Dividend Direct Deposit Authorization Form through your account. Then, print, sign and mail the form to Shareholder Services.

For additional information, you may call Shareholder Services at 866-638-6443 or e-mail shareholder_inquiries@cinfin.com.

Shareholders who hold your shares through brokers may contact them to find out if similar programs are available. Cincinnati Financial can offer this program only to shareholders who hold registered shares in certificate or book entry form.

Professional Development and Awards

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 the following associates who completed a series of courses to earn a designation:

Jason Engel, Chartered Property Casualty Underwriter (CPCU); Scott Hintze, Tracy Reese and Robert Young,

Certified Risk Manager (CRM); and Deborah Naegele, Chartered Life Underwriter (CLU).

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 **Bill Mallard, senior business analyst, IT Project & Request Management.**

Public Responsibility

In response to recent economic issues, public policymakers continue to offer ideas on the proper role of government in the regulation of banking, investments, insurance and other financial services. New ideas range from systemic risk regulation to complete “re-regulation” of the financial services industry. These developments have rekindled the debate over the future of state insurance regulation versus federal regulation. As Congress and the president consider these proposals, we ask them to keep these points in mind:

- Policyholder risks and coverage needs vary from state to state because of diverse geographic, legal, climatic and economic conditions. State regulators are in the best position to respond with regulations and insurance products that consider this diversity.
- Proposals that grant insurers the option to choose a federal regulator create a system of regulatory arbitrage under which insurers can avoid regulation, reducing policyholder safety and consumer protection.

Safe Harbor Statement

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 2008 Annual Report on Form 10-K, Item 1A, Risk Factors, Page 25. 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:

- Further decline in overall stock market values negatively affecting the company’s equity portfolio and book value
- Events, such as the credit crisis, followed by prolonged periods of economic instability, that lead to:
 - Significant or prolonged decline in the value of a particular security or group of securities 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
- 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, including declines in accounts in which we hold bank-owned life insurance contract assets
- Recession or other economic conditions resulting in lower demand for insurance products or increased payment delinquencies
- Inadequate estimates or assumptions used for critical accounting estimates
- Increased competition that could result in a significant reduction in the company’s premium volume
- Delays in adoption and implementation of underwriting and pricing methods that could increase our pricing accuracy, underwriting profit and competitiveness
- Inability to defer policy acquisition costs for our personal lines segment if pricing and loss trends would lead management to conclude this segment could not achieve sustainable profitability
- Changing consumer insurance-buying habits and consolidation of independent insurance agencies that could alter our competitive advantages
- 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
- 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
- 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
 - Perceptions that the company’s level of service, particularly claims service, is no longer a distinguishing characteristic in the marketplace
 - Delays or inadequacies in the development, implementation, performance and benefits of technology projects and enhancements
- Actions of insurance departments, state attorneys general or other regulatory agencies, including a change to a federal system of regulation from a state-based system, 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
 - Restrict our ability to execute our business model, including the way we compensate agents
- Adverse outcomes from litigation or administrative proceedings
- 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
- 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
- Events, such as an epidemic, natural catastrophe or terrorism, 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.

Receive Our *Letter to Shareholders*

Please subscribe to CFC Reports to receive an e-mail notice that links you to our quarterly *Letter to Shareholders*.

Visit www.cinfin.com/investors and select e-Mail Alerts at the bottom of the page. To speed delivery, reflect changing shareholder preferences and capture expense savings, we no longer print and mail to shareholders, except by request to investor_inquiries@cinfin.com.

Contact Information

Communications directed to Steven J. Johnston, FCAS, MAAA, CFA, senior vice president, chief financial officer, treasurer and secretary, 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.
Dennis E. McDaniel, CPA, CMA, CFM, CPCU – Assistant 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 Specialty Underwriters Insurance Company

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