Cincinnati Financial Corporation
Second-Quarter 2009 Letter to Shareholders

August 19, 2009

To Our Shareholders, Friends and Associates:

With an operating loss of $5 million for the second quarter and an operating gain of only $32 million for the first six months, 2009 is shaping up to be worse than we forecast.

Growth of book value per share rebounded in the second quarter, adding to our balance sheet strength. However, our income suffered the one-two punch of some broad external forces — a weak economy and a soft insurance market — and some stubborn line-of-business issues including catastrophe impact on our homeowner line and loss cost inflation impact on our workers' compensation line.

The economy and market are cyclical and need time to recover. Likewise, it will take time to fully realize the benefits of the actions we've taken to improve performance for those lines of business. While your company has always focused on creating value over the longer term, we are not sitting idly by expecting time to do all of the work.

A transformation is taking place in several business areas over recent quarters as we work to preserve capital, drive growth and improve profitability. By embracing the principal of diversification, we are increasing our opportunities and assuring we are prepared to grow profitably when the time is right. We believe progress in these diversification efforts will substantially reduce risks to our financial stability and substantially strengthen some competitive advantages. In the pages that follow, you'll read details of the efforts summarized here:

- We rebalanced our investment portfolio and diversified our equity holdings, applying our new parameters on an ongoing basis to avoid future concentrations in any investment sector or security issuer. This diversification helps stabilize our capital even as we continue driving shareholder value through our equity-investing approach: our equity portfolio managers seek a balance of current dividend income and the potential for appreciation, which together add to shareholders' equity over time.
- We continue to make progress in our initiatives for geographical expansion and technology upgrades, providing further diversification and growth opportunities. This will gradually spread risk geographically and should reduce volatility in catastrophe loss ratios affecting homeowners and other property lines of business. Our updated personal lines administration system is on track to deploy in early 2010. In its advent, we have prepared by appointing agencies in four new personal lines states in 2008 and 2009 and expanding our product offerings or automation capabilities in three other states. This next generation system and our improved rate structure set the stage for our new personal lines agencies to grow into meaningful contributors.

  Also, we issued the first policy from our new commercial administration system for commercial package and auto policies in July and will deploy it to agents in 11 states by year-end. It offers a new option for agents to have us directly bill their clients. With these tools just around the corner, we opened Texas and Colorado for commercial lines in recent months, both far from our Midwest roots and concentrated catastrophe exposures.
- Finally, we've added significant diversification to our revenues and product line, creating more opportunity to meet more of the insurance needs of businesses in our agents' communities. Our surplus lines subsidiary launched in 2008 has contributed nicely to our increase in new business in 2009.

In all of these initiatives, we retain and emphasize the strengths that support our agent-centered mission. These include a conservative financial approach, sound and disciplined underwriting judgments and reliance on the local knowledge of our agents and field staff. Unsatisfied with our current results, we are making the changes that prepare your company to broaden our tools, our reach and our opportunities.

Respectfully,

/S/ John J. Schiff, Jr.	/S/ Kenneth W. Stecher
John J. Schiff, Jr., CPCU Chairman of the Board	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 36 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 lines policies are available in 34 of the 36 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 on *www.cinfin.com/Investors*

Second-Quarter 2009 *Letter to Shareholders* – available now

This executive perspective includes our July 30 news release with financial results. For additional details, see our Quarterly Report on Form 10-Q, filed with the SEC on August 7, 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 Second-Quarter 2009 Results

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

- Second-quarter 2009 net loss of $19 million compared with net income of $63 million in the second quarter of 2008.
- Book value per share of $25.49, an increase of 6.7 percent during the quarter.
- Operating loss* of $5 million, or 3 cents per share, compared with operating income of $69 million, or 42 cents per share.
- Net income and operating income declined 25 cents per share compared to second-quarter 2008 from the effects of higher catastrophe losses and a lesser amount of favorable development on loss and loss expense reserves for prior accident years. The contribution from investment income declined 9 cents per share.
- Value creation ratio of 8.4 percent for the second quarter and 2.0 percent for the first half of 2009 compared with negative 23.5 percent for the full year 2008.

Financial Highlights

(Dollars in millions except share data)	Three months ended June 30,			Six months ended June 30,		
	2009	2008	change %	**2009**	2008	change %
Revenue Highlights						
Earned premiums	**$ 770**	$ 794	(3.1)	**$ 1,535**	$ 1,575	(2.5)
Investment income	**119**	130	(8.4)	**243**	282	(13.9)
Total revenues	**874**	917	(4.7)	**1,764**	1,621	8.8
Income Statement Data						
Net income (loss)	**$ (19)**	$ 63	nm	**$ 17**	$ 21	(20.0)
Net realized investment gains and losses	**(14)**	(6)	(119.0)	**(15)**	(157)	90.0
Operating income (loss)*	**$ (5)**	$ 69	nm	**$ 32**	$ 178	(81.8)
Per Share Data (diluted)						
Net income(loss)	**$ (0.12)**	$ 0.38	nm	**$ 0.10**	$ 0.13	(23.1)
Net realized investment gains and losses	**(0.09)**	(0.04)	(125.0)	**(0.10)**	(0.95)	89.5
Operating income (loss)*	**$ (0.03)**	$ 0.42	nm	**$ 0.20**	$ 1.08	(81.5)
Book value				**$ 25.49**	$ 28.99	(12.1)
Cash dividend declared	**0.39**	0.39	0.0	**0.78**	0.78	0.0
Diluted weighted average shares outstanding	**162,556,327**	165,044,463	(1.5)	**162,738,081**	164,601,462	(1.1)

Insurance Operations Highlights

- 116.6 percent second-quarter 2009 property casualty combined ratio, a pre-tax underwriting loss of $122 million.
- Property casualty net written premiums decreased $67 million or 8.5 percent, driven by economic trends lowering insured exposures along with continued weak pricing in the insurance marketplace.
- $7 million increase in property casualty new business written by agencies in the second quarter of 2009, driven by $6 million from surplus lines operations that began in 2008.
- 7 cents per share contribution from life insurance operations to second-quarter operating income, up from 6 cents.

Balance Sheet and Investment Highlights

- $25.49 book value compared with $23.88 at March 31, 2009, and $25.75 at December 31, 2008, with the second-quarter improvement reflecting higher market-driven valuations in the investment portfolio.
- Excellent financial flexibility and growth capacity with property casualty statutory surplus of $3.241 billion at June 30, 2009, compared with $3.360 billion at December 31, 2008. Parent company cash and marketable securities of $1.046 billion provide shareholder dividend capacity.
- Investment income declined for the quarter and year-to-date periods, reflecting recent quarter portfolio changes from a capital preservation diversification strategy. Lower dividend income from equity securities was 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).

Focus Continues on Long-Term Value Creation

Kenneth W. Stecher, president and chief executive officer, commented, "The 2009 second quarter brought an unwelcome repeat of recent trends for our property casualty insurance operations. Our underwriting loss primarily was driven by very high catastrophe losses, less favorable development on claims for prior accident years and a prolonged period of soft pricing and economic weakness that has reduced premium revenues for our company and our industry. Interest and dividend income from investments and steady profits from life insurance operations offset some of the property casualty underwriting loss.

"At June 30, 2009, unrealized gains in our stock and bond portfolio significantly exceeded the March 31 level. This increase offset the effects of the second-quarter underwriting loss on book value per share, which rose by $1.61 during the quarter. As a result, the value creation ratio we use to measure our success trended positively, reaching 8.4 percent for the second quarter and 2.0 percent for the six months. Looking past 2009 to the 2010-2014 period, we continue to target a five-year value creation ratio of 12 percent to 15 percent, comprised of the total of our rate of growth in book value per share plus the rate of dividend contribution per share.

"We continue to focus on actions to build our company's long-term competitive advantages, financial strength and stability through all market cycles. Some of those actions, such as the diversification of our investment portfolio that has been achieved over the past year, set income back for the short term but improved our position going forward. We rebalanced our portfolio with a smaller equity component in order to preserve capital and increase stability. After adjusting prior periods to reflect current accounting standards for impaired securities, we expect to again see favorable trend comparisons for investment income by the end of this year's second half. At that point, we anticipate interest from bonds will increase to a level that offsets lower dividends from our stock holdings.

"We believe that the quality of an insurer's balance sheets hinges on its reserving practices," Stecher noted. "Consistent reserving practices are essential during soft markets. As losses develop over the years after they occur, our reserves have proven more than adequate and allowed us to release favorable development from prior-year loss reserves into current earnings. In the current quarter and first half, the benefit from this savings was less than in the year-ago period because we slightly increased our inflation assumption for workers' compensation reserves going back 20 or more years. Our reserves for open workers' compensation claims total nearly $1 billion, so even small changes in inflation assumptions translate into significant quarterly income effects.

"The unique strength of our relationship with our agents remains a key competitive advantage, and we remain confident that it will lead to profitable growth as insurance markets improve. Our strong capital position provides plenty of capacity for that growth along with financial flexibility."

Improving Profitability

Stecher said, "We expect to see improvement in our underperforming workers' compensation and homeowner lines of business as we apply predictive modeling techniques to improve pricing accuracy. We are on target to begin using our workers' compensation predictive modeling tool throughout our operating territory during the second half of 2009 to assist our underwriting staff with improved risk selection and pricing capabilities. We recently refined our homeowner predictive modeling and continue to improve pricing sophistication for individual risks. Rate increases are also being implemented for states representing approximately 80 percent of our personal lines business.

"Frequent catastrophe events continue to weigh on our results, particularly for the homeowner line. In addition to the three significant events during the second quarter for which we reported a preliminary catastrophe loss estimate on July 13, we identified smaller impacts from several events classified as catastrophes by Property Claims Services, an industry group that declares catastrophes when a single incident or a series of closely related incidents causes severe insured property losses totaling more than $25 million. Our second quarter 2009 total incurred losses from catastrophes were $118 million compared with $113 million for the same quarter in 2008.

"These amounts in both periods were well above our historical norm for catastrophe losses. We are addressing catastrophe risk through several initiatives, including ongoing efforts to control our hurricane exposure. Additionally, we have made progress with geographic diversification, expanding our personal lines operations over the past 18 months into seven states less prone to catastrophe events. Through the first six months of 2009, agencies in these states already have contributed more than $5 million of new business, approximately 15 percent of total new personal lines business. While it will take time to see meaningful earnings effects from geographic diversification, it is an important part of our enterprise risk management program."

Driving Growth

Stecher continued, "Although new property casualty business written for the second quarter of 2009 exceeded the 2008 level by 6.9 percent, due primarily to our surplus lines operation, total net written premiums declined 8.5 percent. These trends reflect pricing pressure as well as reduced premiums based on insured exposures that are highly sensitive to economic cycles, such as business sales or payrolls. Premiums on commercial accounts we choose to renew continue to reflect pricing declines at a low-single-digit rate, on average. We choose not to renew accounts that would require price decreases out of proportion to the quality of the individual risk.

"Rather than compete for business that appears to be underpriced, we are focusing on expanding our agency plant, geographical territory and lines of business. During the second quarter, we appointed our first Colorado agency, and we expect to announce our first agency relationship in Wyoming soon. We also recently added a third marketing territory in Texas, a state where we began actively marketing in 2008, and generated $3 million in direct written premiums for the first half of 2009. Typically, new agencies give us opportunities to underwrite accounts they formerly placed with another carrier, bringing us the advantage of risk characteristics and loss histories that are well-known to our agent.

"Agents also have responded enthusiastically to the surplus lines offerings of The Cincinnati Specialty Underwriters Insurance Company, now in its second year of operation. Of the $29 million increase in new, consolidated property casualty business written in the first six months, $12 million was surplus lines premium. Our ability to handle surplus lines risk through this company also increases our opportunities to write standard business for the same accounts through The Cincinnati Insurance Company.

"Our life insurance operation similarly provides opportunities to cross sell life insurance products to clients of the independent agencies that sell Cincinnati's property casualty insurance policies. We continue to enhance this portfolio of products and later this year plan to offer a new secondary guarantee universal life product, a new return of premium term life series and also a worksite return of premium 20-year term life product.

"We are on the verge of introducing our new commercial lines policy administration system, which we expect to drive future premium growth. A group of our associates are using it now to produce commercial package and commercial auto policies for Ohio and Indiana agencies they serve. In October, agents will receive the system and will gain direct bill capability. Further, our improved personal lines administration system is on track for early 2010 delivery to agents.

"In summary, our second quarter results were a disappointment but not a surprise, and we see few signs of a better environment for the remainder of 2009. Looking to the future, we strengthened our competitive and financial position during the second quarter by continuing to improve our portfolio and risk management, build our agency relationships, expand our independent agency force and advance our technology."

Stecher concluded, "Our property casualty insurance group was named in July to the Ward's 50 list of insurers that excel at balancing financial strength with superior performance over a five-year period. Our group is one of only five insurers named to the Ward's 50 every year since inception of the list 19 years ago. With support from our loyal shareholders, agents, policyholders and associates, we will continue making progress and building value that endures over time."

Consolidated Property Casualty Insurance Operations

(Dollars in millions; percent change given for dollar amounts and point change given for ratios)	Three months ended June 30,			Six months ended June 30,		
	2009	2008	change %	**2009**	2008	change %
Earned premiums	**$ 733**	$ 761	(3.7)	**$ 1,465**	$ 1,512	(3.1)
Loss and loss expenses before catastrophe losses	**502**	445	12.8	**992**	903	9.9
Loss and loss expenses from catastrophe losses	**118**	113	4.1	**171**	156	9.3
Total loss and loss expenses	**620**	558	11.2	**1,163**	1,059	9.9
Underwriting expenses	**235**	230	2.6	**479**	469	2.0
Underwriting loss	**$ (122)**	(27)	(356.3)	**$ (177)**	(16)	nm
Other premium metrics:						
Agency renewal written premiums	**$ 666**	$ 738	(9.8)	**$ 1,361**	$ 1,472	(7.5)
Agency new business written premiums	**107**	100	6.9	**204**	175	16.4
Net written premiums	**723**	790	(8.5)	**1,501**	1,566	(4.2)
Ratios as a percent of earned premiums:			Points			Points
Loss and loss expenses	**84.5%**	73.3%	11.2	**79.4%**	70.0%	9.4
Underwriting expenses	**32.1**	30.2	1.9	**32.7**	31.1	1.6
Combined ratio	**116.6%**	103.5%	13.1	**112.1%**	101.1%	11.0
Other metrics within combined ratio:						
Contribution from catastrophe losses	**16.1**	14.9	1.2	**11.6**	10.3	1.3
Contribution from prior period reserve development	**(3.9)**	(11.4)	7.5	**(1.5)**	(6.5)	5.0

- $67 million or 8.5 percent decrease in second-quarter property casualty net written premiums as the effects of exposure decreases, soft pricing and disciplined renewal underwriting more than offset growth in new business.
- $7 million increase in 2009 new business written by agencies reflected the contribution from growth initiatives, including a $6 million increase from surplus lines.
- 1,168 agency relationships with 1,444 reporting locations marketing standard market property casualty insurance products at June 30, 2009, up from 1,133 agency relationships with 1,387 reporting locations at year-end 2008.
- Second-quarter 2009 GAAP combined ratio increased primarily due to less favorable development on prior accident year loss and loss expense reserves. The underwriting profit impacts of this prior accident year reserve development for the second quarter of 2009 and 2008, respectively, were $29 million unfavorable and $9 million favorable for the workers' compensation line of business and $58 million favorable and $77 million favorable for all other lines of business.

(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
2009								
Jan. 26-28	Flood, freezing, ice, snow	South, Midwest	**$ (1)**	**$ –**	**$ (1)**	**$ 5**	**$ 15**	**$ 20**
Feb. 10-13	Flood, hail, wind	South, Midwest, East	**4**	**5**	**9**	**15**	**23**	**38**
Feb. 18-19	Wind, hail	South	**1**	**3**	**4**	**1**	**8**	**9**
Apr. 9-11	Flood, hail, wind	South, Midwest	**13**	**15**	**28**	**13**	**15**	**28**
May 7-9	Flood, hail, wind	South, Midwest	**12**	**17**	**29**	**12**	**17**	**29**
Jun. 2-6	Flood, hail, wind	South, Midwest	**6**	**4**	**10**	**6**	**4**	**10**
Jun. 10-18	Flood, hail, wind	South, Midwest	**21**	**9**	**30**	**21**	**9**	**30**
All other 2009 catastrophes			**5**	**6**	**11**	**5**	**6**	**11**
Development on 2008 and prior catastrophes			**(4)**	**2**	**(2)**	**(7)**	**3**	**(4)**
Calendar year incurred total			**$ 57**	**$ 61**	**$ 118**	**$ 71**	**$ 100**	**$ 171**
2008								
Jan. 4-9	Wind, hail, flood, freezing	South, Midwest	$ –	$ –	$ –	$ 3	$ 3	$ 6
Jan. 29-30	Wind, hail	Midwest	–	–	–	6	4	10
Feb. 5-6	Wind, hail, flood	Midwest	(2)	(1)	(3)	6	8	14
Mar. 14	Tornadoes, wind, hail, flood	South	–	–	–	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	Midwest	6	6	12	6	6	12
Jun. 2-4	Wind, hail, flood	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	Midwest	11	12	23	11	12	23
All other 2008 catastrophes			4	4	8	4	4	8
Development on 2007 and prior catastrophes			–	–	–	(3)	(1)	(4)
Calendar year incurred total			$ 66	$ 47	$ 113	$ 89	$ 67	$ 156

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 June 30, 2009	2008	change %	Six months ended June 30, 2009	2008	change %
Earned premiums	**$ 556**	$ 586	(5.2)	**$ 1,112**	$ 1,161	(4.2)
Loss and loss expenses before catastrophe losses	**385**	342	12.3	**759**	685	10.8
Loss and loss expenses from catastrophe losses	**57**	66	(14.0)	**71**	89	(19.9)
Total loss and loss expenses	**442**	408	8.1	**830**	774	7.3
Underwriting expenses	**175**	177	(1.1)	**355**	357	(0.6)
Underwriting (loss) profit	**$ (61)**	$ 1	nm	**$ (73)**	$ 30	nm
Other premium metrics:						
Agency renewal written premiums	**$ 488**	$ 552	(11.7)	**$ 1,045**	$ 1,140	(8.3)
Agency new business written premiums	**79**	87	(8.7)	**155**	153	1.5
Net written premiums	**524**	597	(12.2)	**1,149**	1,222	(5.9)
Ratios as a percent of earned premiums:			Points			Points
Loss and loss expenses	**79.5%**	69.7%	9.8	**74.6%**	66.7%	7.9
Underwriting expenses	**31.4**	30.2	1.2	**32.0**	30.7	1.3
Combined ratio	**110.9%**	99.9%	11.0	**106.6%**	97.4%	9.2
Other metrics within combined ratio:						
Contribution from catastrophe losses	**10.2**	11.3	(1.1)	**6.4**	7.6	(1.2)
Contribution from prior period reserve development	**(3.9)**	(12.5)	8.6	**(1.2)**	(7.6)	6.4

- $73 million or 12.2 percent decrease in second-quarter commercial lines net written premiums. Lower renewal premiums reflected pricing declines and lower insured exposure levels such as business sales or payroll volume, reflecting the weak economy. Lower new business premiums reflected decisions to decline business considered underpriced.
- $13 million of commercial lines new business written was from agencies appointed since January 2008.
- 11.0 percentage-point increase in second-quarter 2009 combined ratio included 6.8 percentage points from development of workers' compensation loss and loss expense reserves for prior accident years. It unfavorably affected by 5.3 percentage points the second-quarter ratio of 2009 and favorably impacted by 1.5 percentage points the second quarter of 2008.

Personal Lines Insurance Operations

(Dollars in millions; percent change given for dollar amounts and point change given for ratios)	Three months ended June 30, **2009**	2008	change %	Six months ended June 30, **2009**	2008	change %
Earned premiums	**$ 172**	$ 174	(1.5)	**$ 343**	$ 351	(2.2)
Loss and loss expenses before catastrophe losses	**112**	102	10.2	**225**	217	3.9
Loss and loss expenses from catastrophe losses	**61**	47	29.3	**100**	67	47.3
Total loss and loss expenses	**173**	149	16.2	**325**	284	14.2
Underwriting expenses	**56**	52	6.6	**110**	112	(0.5)
Underwriting loss	**$ (57)**	$ (27)	(113.0)	**$ (92)**	$ (45)	(107.3)
Other premium metrics:						
Agency renewal direct written premiums	**$ 176**	$ 186	(5.3)	**$ 313**	$ 332	(5.6)
Agency new business direct written premiums	**19**	10	84.7	**34**	19	76.8
Net written premiums	**190**	191	(0.6)	**334**	341	(1.9)
Ratios as a percent of earned premiums:			Points			Points
Loss and loss expenses	**100.9%**	85.4%	15.5	**94.6%**	81.0%	13.6
Underwriting expenses	**32.3**	29.9	2.4	**32.3**	31.7	0.6
Combined ratio	**133.2%**	115.3%	17.9	**126.9%**	112.7%	14.2
Other metrics within combined ratio:						
Contribution from catastrophe losses	**35.4**	27.0	8.4	**29.0**	19.3	9.7
Contribution from prior period reserve development	**(4.3)**	(7.2)	2.9	**(2.5)**	(3.2)	0.7

- $1 million or 0.6 percent decline in second-quarter personal lines net written premiums. Higher new personal lines business was offset by the effects of changes in pricing on renewal business volume.
- $9 million increase in second-quarter 2009 personal lines new business written including $3 million from seven states where we began in 2008 to market personal lines or significantly expanded our personal lines product offerings and automation capabilities.
- 17.9 percentage-point increase in the combined ratio due largely to an 8.4 percentage-point increase in catastrophe losses and a 3.1 percentage-point increase in personal lines large losses above $250,000 per loss.

Life Insurance Operations

(In millions)	Three months ended June 30, 2009	2008	change %	Six months ended June 30, 2009	2008	change %
Written premiums	**$ 73**	$ 47	56.1	**$ 123**	$ 90	35.8
Earned premiums	**$ 37**	$ 33	9.9	**$ 70**	$ 63	11.1
Investment income, net of expenses	**29**	29	(0.1)	**59**	58	1.3
Other income	**–**	1	(131.0)	**–**	1	(83.5)
Total revenues, excluding realized investment gains and losses	**66**	63	3.9	**129**	122	5.4
Contract holders benefits	**39**	38	1.8	**78**	74	5.3
Underwriting expenses	**13**	10	29.8	**24**	21	16.0
Total benefits and expenses	**52**	48	7.5	**102**	95	7.7
Net income before income tax and realized investment gains and losses	**14**	15	(7.3)	**27**	27	(2.6)
Income tax	**3**	5	(41.2)	**8**	9	(20.8)
Net income before realized investment gains and losses	**$ 11**	$ 10	10.3	**$ 19**	$ 18	6.7

- $33 million increase in total six-month 2009 life insurance segment net written premiums primarily due to increased fixed annuity sales. Written premiums include life insurance, annuity and accident and health premiums.
- 7.6 percent increase to $78 million in six-month 2009 written premiums for life insurance products in total.
- 12.0 percent rise to $43 million in six-month 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.
- Growth in earned premiums more than offset less favorable mortality experience as life insurance operations continue to provide a steady contribution to overall earnings.
- 2.9 percent rise in face amount of life policies in force to $67.812 billion at June 30, 2009, from $65.888 billion at year-end 2008.

Investment and Balance Sheet Highlights

Investment Operations

(In millions)	Three months ended June 30, 2009	2008	change %	Six months ended June 30, 2009	2008	change %
Investment income:						
Interest	**$ 96**	$ 79	21.0	**$ 192**	$ 155	23.7
Dividends	**24**	50	(52.4)	**50**	123	(59.2)
Other	**1**	3	(47.8)	**5**	7	(36.6)
Investment expenses	**(2)**	(2)	(4.3)	**(4)**	(3)	(7.8)
Total investment income, net of expenses	**119**	130	(8.4)	**243**	282	(13.9)
Investment interest credited to contract holders	**(17)**	(16)	6.8	**(33)**	(31)	6.3
Realized investment gains and losses summary:						
Realized investment gains and losses	**23**	57	(59.3)	**75**	40	85.1
Change in fair value of securities with embedded derivatives	**11**	(3)	nm	**7**	(6)	nm
Other-than-temporary impairment charges	**(52)**	(65)	18.9	**(102)**	(278)	63.4
Total realized investment gains and losses	**(18)**	(11)	(62.0)	**(20)**	(244)	91.9
Investment operations income	**$ 84**	$ 103	(18.3)	**$ 190**	$ 7	nm

- 8.4 percent decline in second-quarter 2009 net investment income, primarily due to dividend reductions by equity security holdings.
- $18 million realized investment loss in second-quarter 2009 compared with an $11 million loss in second-quarter 2008.
- Second-quarter 2009 pretax realized investment loss included $52 million non-cash charge for other-than-temporary impairments that recognize significant market value declines, primarily for the equity portfolio.

(Dollars in millions except share data)	At June 30, **2009**	At December 31, 2008
Balance sheet data		
Invested assets	**$ 9,708**	$ 8,890
Total assets	**13,522**	13,369
Short-term debt	**49**	49
Long-term debt	**790**	791
Shareholders' equity	**4,144**	4,182
Book value per share	**25.49**	25.75
Debt-to-capital ratio	**16.8%**	16.7%

	Six months ended June 30, **2009**	2008
Performance measures		
Value creation ratio	**2.0%**	(16.6)%

- $9.962 billion in cash and invested assets at June 30, 2009, compared with $9.899 billion at December 31, 2008. Cash and equivalents of $254 million at June 30, 2009, compared with $1.009 billion at December 31, 2008.
- $7.127 billion bond portfolio at June 30, 2009, with an average rating of A2/A, reflecting a diverse mix of taxable and tax exempt securities.
- $2.492 billion equity portfolio was 25.7 percent of invested assets and included $533 million in pretax unrealized gains at June 30, 2009.
- $3.241 billion of statutory surplus for the property casualty insurance group at June 30, 2009, compared with $3.360 billion at December 31, 2008. Ratio of net written premiums to property casualty statutory surplus for the 12 months ended June 30, 2009, of 0.93-to-1, up from 0.89-to-1 for the 12 months ended December 31, 2008.
- Value creation ratio for the first half of 2009 includes 3.0 percent from shareholder dividends and negative 1.0 percent growth in book value per share.

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

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

(Dollars in millions)	**June 30, 2009**	December 31, 2008
Assets		
Investments	**$ 9,708**	$ 8,890
Cash and cash equivalents	**254**	1,009
Premiums receivable	**1,075**	1,059
Reinsurance receivable	**730**	759
Deferred income tax	**73**	126
Other assets	**1,682**	1,526
Total assets	**$ 13,522**	$ 13,369
Liabilities		
Insurance reserves	**$ 5,847**	$ 5,637
Unearned premiums	**1,565**	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	**1,176**	1,215
Total liabilities	**9,378**	9,187
Shareholders' Equity		
Common stock and paid-in capital	**1,468**	1,462
Retained earnings	**3,575**	3,579
Accumulated other comprehensive income	**304**	347
Treasury stock	**(1,203)**	(1,206)
Total shareholders' equity	**4,144**	4,182
Total liabilities and shareholders' equity	**$ 13,522**	$ 13,369

(Dollars in millions except per share data)	Three months ended June 30, **2009**	2008	Six months ended June 30, **2009**	2008
Revenues				
Earned premiums	**$ 770**	$ 794	**$ 1,535**	$ 1,575
Investment income, net of expenses	**119**	130	**243**	282
Realized investment gains and losses	**(18)**	(11)	**(20)**	(244)
Other income	**3**	4	**6**	8
Total revenues	**874**	917	**1,764**	1,621
Benefits and Expenses				
Insurance losses and policyholder benefits	**658**	595	**1,239**	1,131
Underwriting, acquisition and insurance expenses	**248**	239	**503**	491
Other operating expenses	**4**	6	**10**	10
Interest expense	**14**	13	**28**	25
Total benefits and expenses	**924**	853	**1,780**	1,657
Income (Loss) before Income Taxes	**(50)**	64	**(16)**	(36)
Provision (Benefit) for Income Taxes	**(31)**	1	**(33)**	(57)
Net Income (loss)	**$ (19)**	$ 63	**$ 17**	$ 21
Per Common Share:				
Net income (loss)—basic	**$ (0.12)**	$ 0.38	**$ 0.10**	$ 0.13
Net income (loss)—diluted	**$ (0.12)**	$ 0.38	**$ 0.10**	$ 0.13

Other News Releases

Cincinnati Financial Corporation Increases Regular Quarterly Cash Dividend

- *Sets stage for 49th consecutive year of higher dividends with 1 percent increase in indicated annual dividend rate*

Cincinnati, August 17, 2009 – Cincinnati Financial Corporation (Nasdaq: CINF) today announced that the board of directors voted at its regular meeting on August 14, 2009, to increase the regular quarterly cash dividend from 39 cents to 39.5 cents per share, payable October 15, 2009, to shareholders of record as of September 18, 2009.

At the new level, the indicated annual dividend is $1.58 per share. In 2008, cash dividends paid were $1.53 per share and dividends declared were $1.56 per share. The company had 162,569,163 shares outstanding at June 30, 2009.

Kenneth W. Stecher, president and chief executive officer, commented, "The company has consistently increased dividends for 48 years, and the board of directors chose to continue that record for the benefit of our shareholders. This action demonstrates their confidence in our strong capital, liquidity and financial flexibility and in our initiatives to improve earnings performance.

"We have rebalanced our investment portfolio, positioning it to resume an increasing trend for growth and income. We are making major strides to improve pricing accuracy and policy administration efficiency for our property casualty insurance products, improving our service to agents and allowing for expense savings. Additionally, we are working to increase geographical diversification by expanding our insurance operations to new states and adding agencies in established states. Our long-term perspective drives our long-term commitment through all market and economic cycles to create value for shareholders by investing in and expanding our insurance operations."

Colorado Agency Appointed to Represent The Cincinnati Insurance Company

Cincinnati, June 1, 2009 – Cincinnati Financial Corporation (Nasdaq: CINF) today announced that its lead property casualty insurance subsidiary, The Cincinnati Insurance Company, appointed Moody Insurance Agency in Denver, Colorado, as the first independent agency in that state to market its business insurance policies and services. Cincinnati Insurance executives initiated the relationship at the company's headquarters, welcoming agency representatives Brad Moody, CPCU, president, and Kim Burkhardt, CPCU, ARM, director of sales development. This marks the 36th state of operation for the insurer.

As previously announced, the company plans to enter its 37th state, Wyoming, later this year.

President and CEO, Kenneth W. Stecher said, "We've had our eye on Colorado for several years. Operating within its stable regulatory and business climate, we see Colorado as an opportunity to support our goal of growth and diversify our geographic footprint, mitigating catastrophe losses. Opening Colorado and Wyoming adds to our now sizeable presence in the western states – entering Texas in 2008, New Mexico and eastern Washington in 2007, Utah in 2000, Idaho in 1999 and Montana in 1998. We entered Arizona in 1971."

Stecher continued, "In 2009, we are targeting 65 appointments of independent agencies writing an aggregate $1 billion in property casualty premiums annually with all carriers they represent. This target includes appointments in our current states and approximately eight more appointments we anticipate making in Colorado and Wyoming this year."

Executive Vice President J.F. Scherer commented, "Agents in Colorado and Wyoming tell us they are eager to bring their commercial clients Cincinnati's industry-leading claims service, broad coverages, highly competitive multi-year policies and solid financial strength. To provide agents with local support, our experienced field marketing representatives Lee Sanders, CIC, and Michelle Gregov, CPCU, CIC, are relocating to the Denver area. They will meet with additional agencies to find those that best fit the Cincinnati Insurance mission and will work hard to get those agents up and running quickly to deliver our steady underwriting approach to the businesses of Colorado."

"With a healthy premium-to-surplus ratio, we have both the capacity and desire to grow with our superior, independent agency force in our current markets and in these new areas," Scherer concluded.

Inside Cincinnati

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

Actuarial
Director – **Peggy Eubanks, ACS, AIAA, ARA**

Agency Bill Accounting
Supervising Account Specialist – **Thomas Mathias**

Bond & Executive Risk
Underwriting Superintendents – **Steve Brugger; Ryan Holliday; Trisha Moorhead**
Field Underwriter – **Jay Watson**

Cincinnati Life
Senior Manager, Life Field Services – **Cathy Stump**
Associate Manager, Life Policy Issue – **Diana Brockman**

Commercial Lines
Senior Underwriting Manager – **Joe Ambrosiano, CPCU, AIM**
Underwriting Managers – **Dawn Eschenbach, CPCU, AIM, APA, ARE, AU; Jeff Geyer, CPCU, AIM, APA; Debbie Hitt, AIM**
Underwriting Superintendents – **David Brinker; Paul Camacho, AIM, AIS, ARM, AU; Brenda Gagnon; Julie Geyer; Jenifer Heavner; Mike Horn; Kevin Nilsson; Cathy Roberts, CPCU, AIM, ARM, AU; Rebecca Rommel; Brodie Theiss, AIM**
Chief Underwriting Specialists – **Don Gray; Megan Jewell, CPCU, ASLI; Amy Meyer**
Underwriting Specialists – **Kristi Hauser; Brendan Kehoe; Rob Kernen, AIS, AU; Morgan Mackall; Jon Meyer, AIS, API; Binita Patel; Jennifer Prohaska; Carrie Wilson**
Senior Underwriters – **Brian Daniels; Michael Baum; Mark Grile; Tess Hudepohl; Jamie McClendon; Doug Protzman, AIS; Carla Pucke; Elizabeth Rieke; Dan Shevchik; Jeff Walls; Dan Wernke; Dyanna Wilson; Jessica Zinsmeister**

CSU Underwriting
Underwriting Director – **Carey Taylor**
Chief Underwriting Specialist – **Holly Brobst, CPCU, APA, ARM**

Field Claims
Regional Field Claims Manager – **Len Reising, AIC, AIM**
Field Claims Managers – **Scott Hoover, AIC, AIM; Tonya Kelley, AIC**
Field Claims Superintendents – **Keith Boger; Jim Karkoska, AIC; Jeff Phillips, AIC; Jeff Sansbury, AIC**
Senior Claims Representatives – **Kent Alder, CPCU; Jennifer Clark, AIC; Corey Linder, AIC; Wayne Moyer, CPCU**
Senior Claims Specialists – **Stephanie Berns, AIC; Tad Langenderfer, AIC; Rob Rapp, AIC**
Claims Specialists – **Natasha Byram, AIC; Dane Chesley; Marcia George, AIC, AIM; Paul Holland, AIC; Guy Korner, AIC; Scott Mason, AIC; Stacy Massengill, AIC, AIS, SCLA; Barry Smith; Jesse Walker; Mark Williams, AIC; Tavia Young**

Headquarters Claims
Manager, Claims Administration Financials – **Jay O'Hara, Jr., AIC**
Associate Superintendent, Casualty Claims – **Patrick Landis, AIC**
Associate Superintendent, Environmental Claims – **Craig Macke, CPCU, AIC**
Associate Superintendents, Workers' Compensation Claims – **Dan Brewer, AIC, AIM, AIS; Anita Patrick, AIC, AIM; Patty Schneider, AIC, AIM**
Supervisor, Claims Recovery – **Karen Tucker, AIC**

Information Security Office
Supervisor, Security Operations Center – **Brian Seader**

Information Technology
Business Analyst – **Mike Chrisman, CPCU**
DMT Analyst – **Brian Wisecup**
Group Managers – **Shawn Brock, PMP; Mark Cossman**
Network Administrator – **Leah Childs**
Programmer – **Stephanie Allen**
Programmer Analyst – **Damen Proffitt, AIT**
Project Manager – **Mike Lambers, PMP**
Senior Group Managers – **Joe Clabaugh; Jim Nuckols**
Systems Engineers – **Mike Abshire; Douglas Decker; Ed Hafertepe; Mike Hoell; Brian Pennington**

Investments
Portfolio Manager – **Jeff Riechman**

Learning & Development
Learning Supervisor – **Brian Roach**

Loss Control Field
Loss Control Field Directors – **Pat Holleran, ARM; Celeste VanHoutte, CSP**

Machinery & Equipment Specialties Field
Senior Machinery & Equipment Representative – **David Peterson**

Personal Lines
Senior Personal Lines Marketing Representative – **Kristin Klemmer, API**
Underwriting Specialist – **Maria Cook, API; Diane Roller, API**

Senior Underwriters – **Timothy Daly, API; Donald Goetz II, API; Rebecca Grossenbaugh, API; Holly Spurgeon, AIM, API**
Diamond Specialists – **Matt Meyer, CPCU, API; Jamie Schneider**
Requirements Specialists – **Sandy Rutledge, AIC, API; David Silver, AIT, API**
Senior Diamond Support Analyst – **Doug Shank**
Lead Analysts – **Debbie Sigmon-Grubb; Kevin Willis, CPCU, AIM, AIT**

Premium Audit Field
Senior Auditor – **Dawn Mundt**

Sales & Marketing
Senior Regional Director – **Doug Dukes, CIC**
Field Representative – **Perry Russo, CPCU, AIM**

Sales Field
Field Director – **Sean Givler, CIC**
Senior Regional Director – **Mike Wolfer, CPCU**
Regional Director – **Ryan Henry**
State Agents – **Timothy Jensen, AIC; Shane Skogland**

Special Investigations Field
Superintendent – **Stephen Pierce**
Associate Superintendent – **Mark Fulk**

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 associate who completed a series of courses to earn a designation:
Tim Ritzie, Chartered Property Casualty Underwriter (CPCU) The Above and Beyond the Call (ABC) Award recognizes exemplary productivity, service and quality in exceptional associates. Congratulations to quarterly ABC Award winners **Mike Allen, Programmer, IT P&C Administration** and **Debbie Egbert, Underwriting Assistant, CSU Underwriting.**

In July, we began training associates to use our commercial policy processing system, e-CLAS®. Underwriting teams that serve Ohio and Indiana agencies were trained on the software to work with select test agencies. After the system goes live in October, agents may choose from three training formats:

- Online self-learning modules available anytime in a Show Me, Guide Me, Try Me format
- Web conferencing training sessions deliver e-CLAS training to agents' computers along with the ability to interact live with an instructor
- Hands-on training in classroom sessions at Cincinnati's Learning Center or near an agent's office using mobile labs

While agency staff who are familiar with WinCPP® will find the system intuitive and easy to learn, these options provide each agency the ability to choose what best fits its needs.

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:

- 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
- Inadequate estimates or assumptions used for critical accounting estimates
- Recession or other economic conditions resulting in lower demand for insurance products or increased payment delinquencies
- 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
- Declines 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
- Increased competition that could result in a significant reduction in the company's premium volume
- Changing consumer insurance-buying habits and consolidation of independent insurance agencies that could alter our competitive advantages
- 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*

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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

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Media: Corporate Communications assists media representatives seeking information or comment from Cincinnati Financial Corporation or its subsidiaries.
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CINCINNATI FINANCIAL CORPORATION

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