Cincinnati Financial Corporation
Third-Quarter 2009
Letter to Shareholders

December 1, 2009

To Our Shareholders, Friends and Associates:

Your shareholders' equity in Cincinnati Financial Corporation rose $444 million since year-end 2008, totaling $4.626 billion, or $28.44 on a book value per share basis, at September 30, 2009. Most of that increase took place during the third quarter as book value per share grew 11.6 percent. For the first time in several quarters, every major book value performance driver generated a positive contribution (shown after tax effects):

- 14 cents – Underwriting profit from property casualty insurance operations
- 4 cents – Life insurance earnings
- 41 cents – Investment income (other than life and reduced by non-insurance expenses)
- 46 cents – Realized investment gains
- $1.63 – Unrealized investment gains on bonds
- 66 cents – Unrealized investment gains on stocks

The total increase for the quarter was $2.95 per share, net of your 39.5 cent shareholder dividend declared in August. Your dividend includes a half-cent increase, marking the 49th consecutive year of dividend increases and keeping your company in the very elite ranks of companies with this long record of consistency.

We measure our value creation ratio, which combines book value growth plus shareholder dividend contributions. Historically, this measure strongly correlates over the long term with total shareholder return. Your company's 15.0 percent value creation ratio for the first nine months of 2009 is favorable for future shareholder returns.

We believe the adage that every challenge is an opportunity in disguise. In addressing the economic, market and business challenges that have arisen since 2008, we identified and acted on opportunities to become a stronger competitor, positioning your company for improved capital, profitability and growth over time. We are confident in our strategy and our ability to successfully execute on our plans over the coming quarters.

As milder third-quarter weather brought lower catastrophe losses, the clouds began to clear in other respects too. Income from our more diversified and balanced investment portfolio was up from the second quarter, and we expect by year-end to see a favorable trend for comparable quarters. Our new agencies appointed in 2008 or 2009 in Western states produced a healthy amount of our new business. Agents responded to our 2008-2009 product line expansions, including expansion of personal lines to several areas and introduction of excess and surplus lines. We continued applying predictive modeling techniques to refine our pricing of workers' compensation and homeowners policies, improving our ability to identify and attract higher quality accounts.

Our projects to develop new policy administration systems moved toward the deployment phase during the third quarter. Agents in five states began early in the fourth quarter to quote and issue commercial packages and auto policies from our new commercial system, which for the first time allows agents to choose company billing of the policyholder. We are in the testing phase for the next version of our Web-based personal lines administration system, with deployment planned for early 2010. Our real-time technology efforts, designed to increase transactional efficiency for our agents, recently qualified your company for the 2009 Interface Partner Award from insurance technology company Applied Systems.

We made good progress through the third quarter on all major initiatives, including steps to expand capabilities, achieve efficiencies and diversify risks. This work supports and increases the power of our agent-centered, relationship-based approach, increasing our financial and operational advantages. We are prepared to grow our business, and your shareholder value, as we respond to the challenges and opportunities that lie ahead.

Respectfully,

/S/ John J. Schiff, Jr.	/S/ Kenneth W. Stecher
John J. Schiff, Jr., CPCU	Kenneth W. Stecher
Chairman of the Board	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 37 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 36 of the 37 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.

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:

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Sign up for Investor E-mail Alerts by visiting *www.cinfin.com/investors* and selecting E-mail Alerts at the bottom of the page. This service sends shareholder communications links to the e-mail address of your choice as soon as new communications are posted on our Web site. E-mail alerts are the best way to make sure you see our interim reports such as the quarterly *Letter to Shareholders.* Unlike Electronic Delivery, E-mail alerts won't stop the paper versions of any required shareholder mailings. In addition to E-mail alerts, you'll want to enroll in Electronic Delivery to stop paper mailings.	Enroll your account(s) in Electronic Delivery by visiting *www.cinfin.com/shareholder* to stop the paper. In lieu of that paper, you'll receive e-mails with links to all required annual reports, other proxy materials and the proxy voting notice. With this transactional service, you can reduce your environmental footprint while preserving your option to request printed copies of any item.

Recent News Releases

Cincinnati Financial Reports Third-Quarter 2009 Results

Cincinnati, October 29, 2009 – Cincinnati Financial Corporation (Nasdaq: CINF) today reported:

- Net income of $171 million, or $1.05 per share, in the third quarter of 2009, compared with $247 million, or $1.50 per share, in the 2008 third quarter. Net realized investment gains contributed $75 million, or 46 cents per share, compared with $173 million, or $1.05 per share.
- Operating income* of $96 million, or 59 cents per share, in the 2009 third quarter, compared with operating income of $74 million, or 45 cents per share.
- Net income and operating income for the third-quarter of 2009 reflected a property casualty insurance underwriting profit, contributing 14 cents per share, compared with a third-quarter 2008 underwriting loss that decreased income by 4 cents per share. The property casualty contribution rose primarily on lower weather-related catastrophe losses.
- Book value per share of $28.44 at September 30, 2009, up 11.6 percent during the quarter.
- Value creation ratio reached 13.1 percent for the third quarter and 15.0 percent for the first nine months of 2009.

Financial Highlights

(Dollars in millions except share data)	Three months ended September 30,			Nine months ended September 30,		
	2009	2008	change %	**2009**	2008	change %
Revenue Highlights						
Earned premiums	**$ 766**	$ 781	(1.9)	**$ 2,301**	$ 2,355	(2.3)
Investment income	**127**	130	(2.4)	**370**	412	(10.3)
Total revenues	**1,007**	1,186	(15.1)	**2,770**	2,806	(1.3)
Income Statement Data						
Net income	**$ 171**	$ 247	(31.0)	**$ 187**	$ 268	(30.1)
Net realized investment gains and losses	**75**	173	(57.2)	**58**	16	263.8
Operating income*	**$ 96**	$ 74	30.7	**$ 129**	$ 252	(48.9)
Per Share Data (diluted)						
Net income	**$ 1.05**	$ 1.50	(30.0)	**$ 1.15**	$ 1.64	(29.9)
Net realized investment gains and losses	**0.46**	1.05	(56.2)	**0.36**	0.10	260.0
Operating income*	**$ 0.59**	$ 0.45	31.1	**$ 0.79**	$ 1.54	(48.7)
Book value				**$ 28.44**	$ 28.87	(1.5)
Cash dividend declared	**0.395**	0.39	1.3	**1.175**	1.17	0.4
Diluted weighted average shares outstanding	**162,901,396**	164,242,185	(0.8)	**162,794,767**	163,834,163	(0.6)

Insurance Operations Highlights

- 95.1 percent third-quarter 2009 property casualty combined ratio improved from 101.3 percent in the third quarter of 2008.
- Property casualty net written premiums grew $3 million or 0.5 percent, with new business from growth initiatives and lower ceded premiums for reinsurance offsetting the negative premium effects of the slow economy and a disciplined underwriting response to lower market pricing.
- $14 million increase in property casualty new business written by agencies in the third quarter of 2009, with $9 million from standard market geographic expansion initiatives and $4 million from surplus lines.
- 4 cents per share contribution from life insurance operations to third-quarter operating income, up from 3 cents per share.

Balance Sheet and Investment Highlights

- $28.44 book value, up 10.4 percent from $25.75 at December 31, 2008. Property casualty statutory surplus rose 3.3 percent to $3.472 billion.
- Invested assets fair value increased 7.4 percent and 17.3 percent during the third quarter and first nine months of 2009.
- Investment income for the third quarter declined 2.4 percent and is approaching a growth pace following portfolio changes during 2008 and early 2009 to execute a capital preservation diversification strategy.
- Strong capital position includes financial flexibility from parent company cash and marketable securities of $1.061 billion.

* 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).

Return to Profitability and Positive Direction

Kenneth W. Stecher, president and chief executive officer, commented, "While the economy and price competition continue to challenge our insurance business, the metrics we use to measure our success moved in a distinctly positive direction in the third quarter. Operating income of $96 million or 59 cents per share surpassed the amounts reported since the first quarter of 2008. Pre-tax investment income nearly reached the level of the 2008 third quarter, on track to resume a growth trend by year-end 2009.

"Our property casualty insurance operations benefitted from atypically low catastrophe losses, strong reserves and some stabilization of pricing. We achieved $36 million of pre-tax underwriting profit and a combined ratio of 95.1 percent for the third quarter, our best result since the fourth quarter of 2007. As expected, our workers' compensation and homeowner lines of business continued to underperform. For both of these lines, we are using predictive modeling techniques to improve the accuracy of our pricing for each account and to target best-of-class accounts. Early results show positive impacts on pricing and verify the trend to higher quality accounts, which should, over time, return these lines to profitability.

"We are satisfied with third-quarter results relative to other recent quarters, recognizing that we still have work to do. As we navigate through a difficult period for our company, our industry and economy, we continue to sharply focus on initiatives that have just begun to bear fruit and have strong potential to drive future profitable growth," Stecher said. "During the third quarter, we saw clear indications that these efforts are increasing current opportunities and opening new ones. Among those indications was a healthy amount of new business that directly resulted from our initiatives, helping offset lower premiums resulting from lower policyholder sales and payrolls used to calculate premiums. We continue to decline underpriced business, giving up short-term revenue to protect long-term profitability."

Current Progress and Potential for Profitable Growth

Stecher continued, "We are making good progress in expanding our product lines and pursuing geographic diversification. Our new surplus lines subsidiary has been well received by our independent agent representatives, and it is contributing steadily to new business. Our entry into additional states is going well, with business building at a good pace in Texas, New Mexico and eastern Washington. In September, we appointed our first Wyoming agency, expanding the marketing territory that includes northern Colorado. We're receiving rollover books of personal lines business in areas where we recently expanded that product line.

"Our technology initiatives also are proceeding on time and on budget. In October, we put our new policy administration system for commercial packages and auto policies into production in five states accounting for approximately 40 percent of our commercial lines premium. The system makes it easier for agents to serve the insurance needs of the businesses in their communities, offering efficiencies such as direct billing by the company and the ability to quote and issue policies in real time directly from their agency systems. We expect to have this system in six more states before year-end, with 19 additional states scheduled for 2010.

"Our expansion and technology initiatives support our long-term strategies. First, we are working to improve profitability by introducing more efficient systems and enhancing our underwriting capabilities. Second, we are driving premium growth by making it more attractive for agents to do business with us and by moving toward a larger footprint that also reduces volatility of our results associated with weather-related catastrophes. We also continue to make progress with the third part of our long-term strategy, to preserve capital. Our investment portfolio is actively managed, with an eye toward the appropriate balance between current income and the potential for capital appreciation that benefits shareholders."

Shareholder Rewards

Stecher concluded, "Significantly exceeding year-end 2008 levels, shareholders' equity rose to $4.626 billion and book value per share rose to $28.44 at the end of the third quarter. The increase helped take our value creation ratio for the year-to-date period to the 15 percent level earlier than anticipated. Our target for this measure is a 12 percent to 15 percent average for the five-year period of 2010 through 2014. The value creation ratio is the sum of our rate of growth in book value per share plus the ratio of dividends declared per share to beginning book value. It captures the contribution of our insurance operations, the success of our investment strategy and the importance we place on paying cash dividends to shareholders.

"During the third quarter, our board of directors increased the indicated annual dividend for a 49th consecutive year, raising the quarterly dividend paid October 15 by a half cent to 39.5 cents. This gesture signaled their confidence that we are moving steadily in the right direction, as verified by underwriting profit in the third quarter. We are eager to further pursue the new opportunities we have just begun to tap."

Consolidated Property Casualty Insurance Operations

(Dollars in millions; percent change given for dollar amounts and point change given for ratios)	Three months ended September 30,			Nine months ended September 30,		
	2009	2008	change %	**2009**	2008	change %
Earned premiums	**$ 733**	$ 751	(2.4)	**$ 2,198**	$ 2,262	(2.9)
Loss and loss expenses before catastrophe losses	**453**	460	(1.5)	**1,446**	1,362	6.1
Loss and loss expenses from catastrophe losses	**6**	63	(89.7)	**177**	219	(19.2)
Total loss and loss expenses	**459**	523	(12.2)	**1,623**	1,581	2.6
Underwriting expenses	**238**	237	0.2	**716**	707	1.4
Underwriting profit (loss)	**$ 36**	$ (9)	nm	**$ (141)**	$ (26)	(449.3)
Other premium metrics:						
Agency renewal written premiums	**$ 669**	$ 687	(2.7)	**$ 2,030**	$ 2,159	(6.0)
Agency new business written premiums	**107**	93	15.4	**311**	268	16.0
Net written premiums	**730**	727	0.5	**2,231**	2,292	(2.7)
Ratios as a percent of earned premiums:			Points			Points
Loss and loss expenses	**62.7%**	69.7%	(7.0)	**73.8%**	69.9%	3.9
Underwriting expenses	**32.4**	31.6	0.8	**32.6**	31.2	1.4
Combined ratio	**95.1%**	101.3%	(6.2)	**106.4%**	101.1%	5.3
Other metrics within combined ratio:						
Contribution from catastrophe losses	**0.9**	8.4	(7.5)	**8.1**	9.7	(1.6)
Contribution from prior period reserve development	**(12.4)**	(13.6)	1.2	**(5.2)**	(8.9)	3.7

- $3 million or 0.5 percent increase in third-quarter property casualty net written premiums as the effects of insured exposure decreases, soft pricing and disciplined renewal underwriting were offset by growth in new business and lower ceded premiums on reinsurance, including $8 million less for reinstatement premiums on catastrophe reinsurance.
- $14 million increase in third-quarter 2009 new business written by agencies includes a $4 million increase from surplus lines operations that began in 2008 and a $10 million increase from personal lines operations.
- 1,174 agency relationships with 1,455 reporting locations marketing standard market property casualty insurance products at September 30, 2009, up from 1,133 agency relationships with 1,387 reporting locations at year-end 2008.
- Third-quarter 2009 GAAP combined ratio decreased primarily due to lower catastrophe losses.
- Underwriting results benefitted from the impact of favorable prior accident year reserve development of $91 million for the third quarter of 2009 and $102 million for the third quarter of 2008.

Catastrophe Losses Incurred

(In millions, net of reinsurance)			Three months ended September 30, Commercial lines	Personal lines	Total	Nine months ended September 30, Commercial lines	Personal lines	Total
Dates	Cause of loss	Region						
2009								
First quarter catastrophes			**(1)**	**1**	**–**	**20**	**47**	**67**
Second quarter catastrophes			**(10)**	**1**	**(9)**	**42**	**45**	**87**
Sep. 18-22	Flood, hail, wind	South	**1**	**4**	**5**	**1**	**4**	**5**
All other 2009 catastrophes			**6**	**6**	**12**	**11**	**13**	**24**
Development on 2008 and prior catastrophes			**(3)**	**1**	**(2)**	**(10)**	**4**	**(6)**
Calendar year incurred total			**$ (7)**	**$ 13**	**$ 6**	**$ 64**	**$ 113**	**$ 177**
2008								
First quarter catastrophes			(1)	–	(1)	21	21	42
Second quarter catastrophes			(2)	(10)	(12)	66	34	100
Jul. 19	Wind, hail, flood	Midwest	3	3	6	3	3	6
Jul. 26	Wind, hail, flood	Midwest	1	8	9	1	8	9
Sep. 12-14	Hurricane Ike	South, Midwest	20	37	57	20	37	57
All other 2008 catastrophes			1	–	1	3	3	6
Development on 2007 and prior catastrophes			1	2	3	(2)	1	(1)
Calendar year incurred total			$ 23	$ 40	$ 63	$ 112	$ 107	$ 219

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 September 30, **2009**	2008	change %	Nine months ended September 30, **2009**	2008	change %
Earned premiums	**$ 555**	$ 582	(4.7)	**$ 1,667**	$ 1,743	(4.4)
Loss and loss expenses before catastrophe losses	**336**	348	(3.6)	**1,095**	1,034	5.9
Loss and loss expenses from catastrophe losses	**(7)**	23	nm	**64**	112	(42.8)
Total loss and loss expenses	**329**	371	(11.5)	**1,159**	1,146	1.2
Underwriting expenses	**184**	181	1.6	**539**	538	0.2
Underwriting profit (loss)	**$ 42**	$ 30	41.5	**$ (31)**	$ 59	(152.1)
Other premium metrics:						
Agency renewal written premiums	**$ 489**	$ 502	(2.5)	**$ 1,535**	$ 1,642	(6.5)
Agency new business written premiums	**76**	77	(0.4)	**231**	229	0.8
Net written premiums	**528**	538	(1.8)	**1,678**	1,759	(4.7)
Ratios as a percent of earned premiums:			Points			Points
Loss and loss expenses	**59.3%**	63.8%	(4.5)	**69.6%**	65.7%	3.9
Underwriting expenses	**33.1**	31.1	2.0	**32.3**	30.9	1.4
Combined ratio	**92.4%**	94.9%	(2.5)	**101.9%**	96.6%	5.3
Other metrics within combined ratio:						
Contribution from catastrophe losses	**(1.2)**	4.0	(5.2)	**3.8**	6.4	(2.6)
Contribution from prior period reserve development	**(13.4)**	(15.0)	1.6	**(5.2)**	(10.1)	4.9

- $10 million or 1.8 percent decrease in third-quarter commercial lines net written premiums. Lower renewal premiums reflected modest pricing declines and lower insured exposure levels such as business sales or payroll volume, due to the weak economy. Lower new business premiums reflected decisions to decline business considered underpriced, partially offset by growth initiatives including $4 million from Texas, a market we entered in December 2008.
- 2.5 percentage-point improvement in third-quarter combined ratio due primarily to lower weather-related catastrophe losses.
- Favorable prior accident year reserve development benefitted third-quarter underwriting results by $74 million for 2009 compared with $88 million for 2008, with umbrella liability coverages driving the majority of the 2009 benefit.

Personal Lines Insurance Operations

(Dollars in millions; percent change given for dollar amounts and point change given for ratios)	Three months ended September 30,			Nine months ended September 30,		
	2009	2008	change %	**2009**	2008	change %
Earned premiums	**$ 170**	$ 167	1.8	**$ 513**	$ 518	(0.9)
Loss and loss expenses before catastrophe losses	**112**	111	0.3	**337**	328	2.7
Loss and loss expenses from catastrophe losses	**13**	40	(66.2)	**113**	107	5.3
Total loss and loss expenses	**125**	151	(17.2)	**450**	435	3.3
Underwriting expenses	**49**	54	(8.8)	**159**	165	(3.2)
Underwriting loss	**$ (4)**	$ (38)	89.8	**$ (96)**	$ (82)	(16.6)
Other premium metrics:						
Agency renewal direct written premiums	**$ 177**	$ 185	(4.7)	**$ 490**	$ 517	(5.3)
Agency new business direct written premiums	**21**	11	90.9	**55**	30	82.0
Net written premiums	**190**	184	3.2	**524**	525	(0.1)
Ratios as a percent of earned premiums:			Points			Points
Loss and loss expenses	**73.3%**	90.1%	(16.8)	**87.5%**	84.0%	3.5
Underwriting expenses	**29.0**	32.4	(3.4)	**31.2**	31.9	(0.7)
Combined ratio	**102.3%**	122.5%	(20.2)	**118.7%**	115.9%	2.8
Other metrics within combined ratio:						
Contribution from catastrophe losses	**7.9**	23.8	(15.9)	**22.0**	20.7	1.3
Contribution from prior period reserve development	**(10.1)**	(9.1)	(1.0)	**(5.0)**	(5.2)	0.2

- $6 million or 3.2 percent increase in third-quarter personal lines net written premiums, including $6 million lower catastrophe reinsurance reinstatement premiums. Lower renewal premiums were offset by higher new business premiums.
- $10 million increase in third-quarter personal lines new business including $4 million from seven states where we began in 2008 to market personal lines or significantly expanded our personal lines product offerings and automation capabilities.
- 20.2 percentage-point decrease in the combined ratio largely due to a 15.9 percentage-point decrease in catastrophe losses.
- Favorable prior accident year reserve development benefitted third-quarter underwriting results by $17 million for 2009 compared with $15 million for 2008, with umbrella liability coverages driving the majority of the 2009 benefit.

Life Insurance Operations

(In millions)	Three months ended September 30,			Nine months ended September 30,		
	2009	2008	change %	**2009**	2008	change %
Written premiums	**$ 110**	$ 44	150.1	**$ 233**	$ 135	73.2
Earned premiums	**$ 33**	$ 30	10.7	**$ 103**	$ 93	11.0
Investment income, net of expenses	**31**	30	3.4	**90**	89	2.0
Other income	**–**	–	942.9	**1**	1	(56.3)
Total revenues, excluding realized investment gains and losses	**64**	60	7.7	**194**	183	6.1
Contract holders benefits	**40**	41	(1.0)	**118**	115	3.1
Underwriting expenses	**9**	11	(16.7)	**34**	33	4.6
Total benefits and expenses	**49**	52	(4.4)	**152**	148	3.4
Net income before income tax and realized investment gains and losses	**15**	8	90.1	**42**	35	17.6
Income tax	**8**	3	175.8	**15**	12	23.5
Net income before realized investment gains and losses	**$ 7**	$ 5	43.2	**$ 27**	$ 23	14.6

- $66 million three-month and $98 million nine-month growth in 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.
- Net written premiums from life insurance products grew 10.1 percent during the third quarter of 2009 and 8.5 percent to $117 million for the first nine months of 2009.
- 12.0 percent rise to $65 million in term life insurance written premiums for the first nine months of 2009, reflecting marketing advantages of competitive, up to date products, close personal attention and policies backed by financial strength and stability.
- Growth in earned premiums drove improved profitability for the third quarter and first nine months of 2009 as life insurance operations continue to provide a steady contribution to overall earnings. Reduced underwriting expenses also contributed to higher profitability for the third quarter of 2009.
- 4.6 percent rise in face amount of life policies in force to $68.895 billion at September 30, 2009, from $65.888 billion at year-end 2008.

Investment and Balance Sheet Highlights

Investment Operations

(In millions)	Three months ended September 30, 2009	2008	Change %	Nine months ended September 30, 2009	2008	Change %
Investment income:						
Interest	**$ 104**	$ 83	26.0	**$ 296**	$ 238	24.5
Dividends	**24**	46	(48.0)	**74**	169	(56.2)
Other	**1**	3	(70.4)	**6**	10	(47.3)
Investment expenses	**(2)**	(2)	(18.0)	**(6)**	(5)	(11.3)
Total investment income, net of expenses	**127**	130	(2.4)	**370**	412	(10.3)
Investment interest credited to contract holders	**(17)**	(16)	(10.1)	**(50)**	(47)	(7.6)
Realized investment gains and losses summary:						
Realized investment gains and losses, net	**106**	401	(73.6)	**180**	441	(59.1)
Change in fair value of securities with embedded derivatives	**15**	(8)	296.0	**23**	(13)	268.0
Other-than-temporary impairment charges	**(11)**	(121)	90.8	**(113)**	(400)	71.7
Total realized investment gains and losses, net	**110**	272	(59.6)	**90**	28	218.1
Investment operations income	**$ 220**	$ 386	(43.2)	**$ 410**	$ 393	4.0

- 2.4 percent decline in third-quarter 2009 net investment income, as higher interest income only partially offset dividend reductions by equity security holdings. Those dividend reductions occurred primarily during late 2008 and early 2009.
- $572 million third-quarter 2009 increase in pre-tax unrealized investment gains, including $407 million for the fixed maturities portfolio.
- Pre-tax realized investment gain for the first nine months of 2009 included $205 million in net gains from sales of equity securities as the company actively managed sector and issue diversification.

(Dollars in millions except share data)	At September 30, 2009	At December 31, 2008
Balance sheet data		
Invested assets	**$ 10,428**	$ 8,890
Total assets	**14,226**	13,369
Short-term debt	**49**	49
Long-term debt	**790**	791
Shareholders' equity	**4,626**	4,182
Book value per share	**28.44**	25.75
Debt-to-capital ratio	**15.3%**	16.7%

	Nine months ended September 30, 2009	2008
Performance measures		
Value creation ratio	**15.0%**	(15.9)%

- $10.876 billion in cash and invested assets at September 30, 2009, up from $9.899 billion at December 31, 2008. Cash and equivalents of $448 million at September 30, 2009, compared with $1.009 billion at December 31, 2008.
- $7.668 billion bond portfolio at September 30, 2009, with an average rating of A2/A and with a 7.6 percent rise in fair value during the third quarter of 2009.
- $2.669 billion equity portfolio was 25.6 percent of invested assets, including $697 million in pre-tax unrealized gains at September 30, 2009. Fair value of the equity portfolio rose 7.1 percent during the third quarter of 2009.
- $3.472 billion of statutory surplus for the property casualty insurance group at September 30, 2009, up from $3.360 billion at December 31, 2008. Ratio of net written premiums to property casualty statutory surplus for the 12 months ended September 30, 2009, of 0.85-to-1, further improved from 0.89-to-1 for the 12 months ended December 31, 2008.
- Value creation ratio for the first nine months of 2009 includes 4.6 percent from shareholder dividends and 10.4 percent growth in book value per share.

For additional information or to hear a replay of the October 29 conference call webcast, please visit *www.cinfin.com/investors.*

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

(Dollars in millions)	**September 30, 2009**	December 31, 2008
Assets		
Investments	**$ 10,428**	$ 8,890
Cash and cash equivalents	**448**	1,009
Premiums receivable	**1,046**	1,059
Reinsurance receivable	**707**	759
Other assets	**1,597**	1,652
Total assets	**$ 14,226**	$ 13,369
Liabilities		
Insurance reserves	**$ 5,893**	$ 5,637
Unearned premiums	**1,557**	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	**1,360**	1,215
Total liabilities	**9,600**	9,187
Shareholders' Equity		
Common stock and paid-in capital	**1,471**	1,462
Retained earnings	**3,681**	3,579
Accumulated other comprehensive income	**675**	347
Treasury stock	**(1,201)**	(1,206)
Total shareholders' equity	**4,626**	4,182
Total liabilities and shareholders' equity	**$ 14,226**	$ 13,369

(Dollars in millions except per share data)	Three months ended September 30, **2009**	2008	Nine months ended September 30, **2009**	2008
Revenues				
Earned premiums	**$ 766**	$ 781	**$ 2,301**	$ 2,355
Investment income, net of expenses	**127**	130	**370**	412
Realized investment gains and losses	**110**	272	**90**	28
Other income	**4**	3	**9**	11
Total revenues	**1,007**	1,186	**2,770**	2,806
Benefits and Expenses				
Insurance losses and policyholder benefits	**498**	563	**1,737**	1,693
Underwriting, acquisition and insurance expenses	**247**	248	**750**	738
Other operating expenses	**4**	5	**14**	16
Interest expense	**14**	14	**42**	39
Total benefits and expenses	**763**	830	**2,543**	2,486
Income before Income Taxes	**244**	356	**227**	320
Provision for Income Taxes	**73**	109	**40**	52
Net Income	**$ 171**	$ 247	**$ 187**	$ 268
Per Common Share:				
Net income-basic	**$ 1.05**	$ 1.51	**$ 1.15**	$ 1.64
Net income-diluted	**$ 1.05**	$ 1.50	**$ 1.15**	$ 1.64

Other News Releases

Cincinnati Financial Board Acts to Comply with Nasdaq Rule on Audit Committee Composition

Cincinnati, September 24, 2009 – Cincinnati Financial Corporation (Nasdaq: CINF) on September 22 received The Nasdaq Stock Market's notice of noncompliance with Rule 5605(c)(2)(A)– Audit Committee Composition. In the same letter, Nasdaq indicated that the company's board actions on September 18 corrected the deficiency, regaining compliance to close the matter.

On September 18, the board accepted the resignation from the audit committee and from the compensation committee of Gregory T. Bier, CPA (ret.). The audit committee has five continuing independent directors, and the compensation committee has three continuing independent directors. Bier had served on the audit committee since April 2007 and the compensation committee since May 2009. A director since November 2006, Bier continues to serve on the board and its investment committee.

Nasdaq requires that all directors who serve on audit and compensation committees be classified as independent per Nasdaq rules. The board re-evaluated Bier's classification at his request after his recent discovery of facts that he believed might preclude him from being deemed independent, making him technically ineligible to serve on those committees.

Nasdaq's notice followed the company's report to Nasdaq on September 18, 2009, of its discovery of relevant facts and its corrective actions. In 2007, the company paid a private construction firm for its work constructing an office building at the company's Fairfield, Ohio headquarters. The payments related to a contract entered in March 2005, before November 2006, when Bier became a director, and before April 2006, when his brother-in-law was promoted to vice president of one of the construction firm's principal divisions, operating in Tennessee. While neither Bier nor his relative influenced or benefitted from the 2005 contract, the 2007 payments totaled more than 5 percent of the construction firm's 2007 consolidated gross revenues, crossing the revenue threshold under Listing Rule 5605(a)(2)(D) and technically disallowing Bier's classification as an independent director.

Cincinnati Financial's board of directors continues to have 13 members, including a majority classified as independent per Nasdaq rules.

Inside Cincinnati

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

Agency Bill Accounting
Manager – **Betsy Pittman**

Agency Service & Field Support
Accounting Systems Analyst – **Steve Draper, AIM**

Bond & Executive Risk
Underwriting Manager – **Ed Hehn, AFSB**
Underwriting Superintendent – **Nicholas Wright**

Commercial Lines
Associate Territory Manager – **Christopher Barger, CPCU, AIM**
Underwriting Manager – **Jennifer Byrne, AIM**
Underwriting Director – **Truitt Graue, AIM**
Chief Underwriting Specialists – **Shelley Hass, AIM; Marilyn Kreke, CPCU; Brian Rowe, AIM, API**
Underwriting Superintendents – **Mike Czanik, CPCU, ARM; Charles Harrison, AIS; Kathryn Horn, AU; Alex Wehrum**
Underwriting Specialists – **Traci Elgie, AIS; Heather Feck; Mary Henson; Scott Sullivan**
Senior Underwriters – **Katie Campbell, AIS; Benjamin Haines, AIS; Jeana Hammon, AIS; Chris Koepfer; Christopher LaTulippe; Brad McGraw; Desiree Ramirez; Gregory Stern; Nicholas Vance; Terry Vanden Bosch; Jason Walsh**

Corporate Accounting
Manager – **Scott Holderbach**
Senior Accountant – **Jeff Lagedrost**

Field Claims
Regional Field Claims Managers – **Mark Davidson, CPCU, AIC, AIM; Jim Guth, AIC, AIM; Jeff Kohout, CPCU, AIC**
Field Claims Manager – **Kim Kramer, AIM**
Field Claims Superintendents – **Rodger Knight, AIC; Tim May, AIC, CIC; Russ McCormack, AIC**
Senior Claims Representatives – **Jarrod Gay, AIC; Glenn Greer II, AIC; John Lucas III, AIC; Kimberly Morin; Kevin O'Donnell, AIC, AIM; Dan Panepinto, AIC; Sandy Theisen**
Senior Claims Specialists – **Kerri Fosenburg, AIC; Greg Houseknecht, AIM; Sherri McGee; Mike Woytovich**
Claims Specialists – **Lynne Battaglia; Paul Braden; Sherman Calkins; Aaron Day, AIC; Bill Halberg, Jr.; Carrie Mishler, AIC; Mary Newman, AIC; Carla Piersol; Christine Snyder**

Headquarters Claims
Manager, Agency & Regulatory Services – **Denise Palmer, AIM**
Superintendent – **Joe Pentecost, AIC**
Superintendent, Workers' Compensation Claims – **Pete Bond, AIC**

Information Technology
Group Managers – **Christopher Keebaugh; Doug Nordhausen; Joseph Plair; Richard Wheeler**
Systems Engineer – **Brian Stout**
Systems Analyst – **Gary Meyer, AIT**
Senior Programmer Analysts – **Chris Huentelman, AIT; Tracy Woyat, ACS, ARA**
Senior IT Developer – **Wes Grollmus**
Senior Test Analyst – **Kevin Fragassi**
Programmer Analysts – **Tracie Bruns; Frank Mize**
Programmer – **Natasha Carter**

Life Policy Issue
Senior Business Analyst – **Tammy Lutterbie, AIAA, AIRC, FLMI**

Loss Control Field
Loss Control Field Director – **Paul Courtney**
Senior Loss Control Consultant – **David Fritz**

Personal Lines
Senior Underwriting Manager – **Steve Holt, CPCU, AIM, API**
Underwriting Superintendents – **Melissa Kamp, AIS, API; Lisa Lattarulo, AIS, API; Maria Sinnard, API**
Underwriting Specialist – **Sarah Girten, API**
Senior Underwriters – **Dallas Mount; Lori Petrungaro, API; Mike Schaefer**
Senior Diamond Support Analyst – **Kim Fellinger**

Premium Audit Field
Field Audit Superintendents – **Linda Hutchinson, APA, CIC; Michelle Olson, CPCU, APA, CIC**
Senior Field Auditor – **Jonathan Millson, CPCU**

Sales Field
Senior Regional Director – **Kent Miller, CPCU, AU, CIC**
State Agent – **Todd Ward**

Special Investigations Field
Superintendent – **Larry Wickert, AIC**
Associate Superintendent – **Tobey Kelley**

Staff Underwriting
Senior Actuarial Analyst – **Nathan Miller**

Professional Development

More than 1,500 agents have enrolled for classroom training sessions for our new commercial policy processing system. Classes are conducted locally in Georgia, Illinois, Indiana, Ohio and Wisconsin using a mobile training lab that offers agents hands-on practice to familiarize them with the system. We also are offering agents online courses and Web conferences, so they can learn at their convenience and without leaving their office. Agents can choose to use the computer-based training as their introduction to the system or as additional learning following a classroom session.

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: **Jerome Braun, Chad Dowdy, Dan Guarasci, Christine Horton** and **Jason Stofel,** Chartered Property Casualty Underwriter (CPCU); **Brenda Bush** and **Gayathri Vijayasarathy,** Fellow, Life Management Institute (FLMI); **Mark McPheron,** Chartered Life Underwriter (CLU); **Jody Reisch, Rob Rupinski** and **Meg Shumaker,** Certified Insurance Counselor (CIC).

The Above and Beyond the Call (ABC) Award recognizes exemplary productivity, service and quality in exceptional associates. Congratulations to quarterly ABC Award winners **Georgi Charlton,** Policy Service Superintendent, Commercial Technical Support and **Cindy Traurig, API,** Senior Filings Specialist, Staff Underwriting. At the Queen City Club on November 10, Georgi was named ABC of the Year. This honor is awarded annually to just one of the quarterly winners. Georgi mentors associates new to the company or to the e-CLAS® CPP project. She actively plans for success by mapping out team goals and possible obstacles. Georgi was instrumental in the timely launch of e-CLAS CPP

Public Responsibility

Federal law makers continue to debate federal regulation of the insurance industry. Proposed legislation that could have the most impact includes: creating a consumer financial protection agency; giving the Treasury Department limited preemptive authority over state insurance regulation; creating a federal systemic risk regulator; and creating a federal resolution authority for nonbank financial institutions. Our stance remains in favor of the current state-based regulatory system:

- State insurance regulators have a proven track record of protecting the interests of consumers which vary from state to state because of diverse geographic, legal, climatic and economic conditions.
- Granting any preemptive authority over state insurance regulation to the Treasury Department would subject the insurance industry to the anti-competitive forces of dual regulation.
- The insurance industry is not prone to systemic risk; our unique nature actually protects against the risk of a systemic failure.
- State insurance guaranty funds provide an efficient system for resolving and winding down insolvent insurers. A federal resolution authority would subject insurers to dual assessments and impose cross-subsidies for failures in other industries.

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 or recession, 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.

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 Indemnity Company
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