Cincinnati Financial Corporation
2008 Fourth-quarter and Full-year Letter to Shareholders

February 18, 2009

To Our Shareholders, Friends and Associates:

Challenges intensified in the fourth quarter of 2008 and early 2009. Every company – including Cincinnati Financial – is adapting accordingly. To arrive at sound business decisions that support long-term shareholder value, we diligently studied the numbers, modeled variables and measured potential impacts. In implementing those decisions, we also were guided by the conviction that, now and always, putting people first is good for business:

By offering multi-year terms on policies for businesses. We are willing to help qualified businesses stabilize their insurance budget at today's low prices. We commit to keeping rates for selected coverages the same over a multi-year policy term. Agents use this distinct sales advantage to attract and retain accounts, finding that many businesses will pay slightly more for this stability.

By making decisions that are locally responsive. During the fourth quarter, we funded charitable grants made by each of our 1,100-plus agencies to their local organizations that help people in need. Replacing our planned 2009 President's Club meeting for top-performing agencies, this funding recognized agencies for their good work under difficult market conditions. Our field associates who are present in agencies every day observed that many agents added their own funds to inspire an even stronger community response to neighbors in need.

By acting to preserve capital and policyholder surplus. To assure policyholder safety and our ability to be a stable market for our agents' business, your company maintains low debt, excellent liquidity and now, a portfolio that is more diversified than ever before. In the fourth quarter and January, we further reduced financial sector exposure in our portfolio by completing the sale of our former largest common stock holding. Our diversifying actions improved the portfolio's future ability to withstand unusual conditions like those of 2008, when stock market volatility took a significant toll and led A.M. Best to lower our ratings in December. At A+ (Superior), our property casualty group's rating continues in the top category awarded to fewer than 11 percent of insurer groups, and Best has a Stable outlook on all of our ratings.

By sharply aligning resources to bring more efficiency and ease to our customers – the independent agents. We are cutting back on many expenses and channeling resources where we can achieve the best return. Without significant infrastructure expense, we are increasing our growth opportunities by expanding operations into new geographic areas. We have increased our technology investment and accelerated our deployment dates for systems that ultimately will improve cash flow and profitability for our agencies and company. Recognizing that future growth of our asset management business would require a substantial increase in resources, we announced in December that CinFin Capital Management Company will cease operations February 28. We are assisting clients for a smooth transition.

By maintaining your shareholder dividend. In January, the board declared a quarterly dividend of 39 cents per share, payable to you in April. Many other companies have stopped paying or reduced dividends as a capital management strategy. We know that many of you expect steadily increasing dividends, and for 48 consecutive years we have not disappointed. Our board takes a long-term view. After carefully reviewing our capital needs, resources and our initiatives to preserve capital and grow profitably, the board maintained the dividend and continued for discussion later in the year the potential for an increase in the 2009 dividend payout level.

We will continue to consider how our decisions and actions affect people, tackling problems by finding long-term, relationship-based solutions rather than short-term answers. Thank you for giving us that opportunity.

Respectfully,

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

/S/ Kenneth W. Stecher
Kenneth W. Stecher
President and Chief Executive Officer

About the Company

Cincinnati Financial Corporation is one of the 25 largest property casualty insurers in the nation, based on premium volume from our insurance subsidiary. We actively market commercial lines property casualty insurance in 35 states through a select group of independent insurance agencies. We offer personal lines insurance products in 28 and surplus lines insurance in 33 of those states. We seek to become the life insurance carrier of choice for agencies that market our property casualty insurance products and also offer financial services to help agents and their clients, our policyholders.

Three hallmark factors distinguish our company, creating long-term success:

- Commitment to our network of high-quality independent insurance agencies and to the continued success of those agencies
- Financial strength that provides stability and confidence
- Operating structure that supports local decision making, showcasing our claims service 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. Each piece was accurate at the time it was posted; please refer to the most recent item for the timeliest information.

2008 Fourth-quarter and Full-Year *Letter to Shareholders* – available now

This message from our chairman and our president includes recent news releases about financial results announced February 5 and actions taken by board of directors at its January 30 meeting.

2008 SEC *Form 10-K* – early-March 2009

2009 Shareholder Meeting Notice and Proxy Statement – late-March 2009

Letter from the Chairman and the Chief Executive Officer – late-March 2009

First-quarter 2009 *Letter to Shareholders* – early-May 2009

Second-quarter 2009 *Letter to Shareholders* – early-August 2009

Third-quarter 2009 *Letter to Shareholders* – early-November 2009

Stay Involved, Be Informed and Save Some Trees Too!

Thank you for your interest in Cincinnati Financial Corporation. We continue to make it easy to go green and get your information about our company 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 our quarterly and annual letters only to shareholders who are **not** enrolled in e-Delivery.

Recent News Releases

Cincinnati Financial Reports Profitable 2008 Fourth Quarter and Full Year

Cincinnati, February 5, 2009 – Cincinnati Financial Corporation (Nasdaq: CINF) today reported:

- Fourth-quarter 2008 net income of $161 million, or 99 cents per share, compared with $187 million, or $1.11, in the 2007 fourth quarter; operating income* of $92 million, or 57 cents per share, compared with $179 million, or $1.07.
- Full-year 2008 net income of $429 million, or $2.62 per share, compared with $855 million, or $4.97, in 2007. Operating income of $344 million, or $2.10 per share, compared with $610 million, or $3.54, in 2007.
- $9 million fourth-quarter property casualty underwriting gain reduced full-year underwriting loss to $17 million. Loss reflected effects of weak insurance pricing throughout 2008 and more than seven-fold increase in catastrophe losses, net of reinsurance, to a record $203 million.

Financial Highlights

(Dollars in millions except share data)	Three months ended December 31,			Twelve months ended December 31,		
	2008	2007	Change %	**2008**	2007	Change %
Revenue Highlights						
Earned premiums	**$ 780**	$ 802	(2.7)	**$ 3,136**	$ 3,250	(3.5)
Investment income	**125**	157	(20.5)	537	608	(11.6)
Total revenues	**1,018**	977	4.2	3,824	4,259	(10.2)
Income Statement Data						
Net income	**$ 161**	$ 187	(13.9)	$ 429	$ 855	(49.9)
Net realized investment gains and losses	**69**	8	801.9	85	245	(65.4)
Operating income*	**$ 92**	$ 179	(48.6)	$ 344	$ 610	(43.7)
Per Share Data (diluted)						
Net income	**$ 0.99**	$ 1.11	(10.8)	$ 2.62	$ 4.97	(47.3)
Net realized investment gains and losses	**0.42**	0.04	950.0	0.52	1.43	(63.6)
Operating income*	**$ 0.57**	$ 1.07	(46.7)	$ 2.10	$ 3.54	(40.7)
Book value				$ 25.75	$ 35.70	(27.9)
Cash dividend declared	**$ 0.39**	$ 0.355	9.9	$ 1.56	$ 1.42	9.9
Weighted average shares outstanding	**162,485,576**	168,163,752	(3.4)	**163,362,409**	172,167,452	(5.1)

Insurance Operations Highlights

- 98.9 percent fourth-quarter 2008 property casualty combined ratio as net written premiums declined 1.0 percent. Full year 2008 property casualty combined ratio at 100.6 percent, with 3.4 percent decline in net written premiums.
- 23.6 percent and 13.1 percent increase in new business written by agencies in the 2008 fourth quarter and full year, partially offsetting the effects of the very competitive insurance market and slowing economy.
- $14 million in net written premiums from excess and surplus lines operation launched in 2008.
- 24 cents per share contribution from life insurance operating income to full-year results, up 2 cents from 2007.

Investment and Balance Sheet Highlights

- $1.009 billion in cash and cash equivalents at year-end 2008, providing exceptional liquidity and capital flexibility.
- $25.75 book value, down from $28.87 at September 30 and $35.70 at year-end 2007 on lower investment values.
- Investment portfolio at year-end reflected application of investment guidelines revised in 2008 that increased diversification and reduced concentrations. Investment income declined in the fourth quarter and full year because of portfolio changes and lower dividends from holdings in the equity portfolio.

Outlook**

- Management sees strategies leading to rate of book value growth plus rate of dividend contribution, a measure of value creation, averaging 12 percent to 15 percent between 2010 and 2014. Dividend contribution rate defined as annual dividends declared as a percent of beginning shareholders' equity.

* The Definitions of Non-GAAP Information and Reconciliation to Comparable GAAP Measures on *www.cinfin.com* defines and reconciles measures presented in this release that are not based on Generally Accepted Accounting Principles or Statutory Accounting Principles.
** Forward-looking statements and related assumptions are subject to the risks outlined in the company's safe harbor statement (see Page 13).
nm Not meaningful

Looking to a Strong Future

Kenneth W. Stecher, president and chief executive officer, said, “2008 was a tough year for our economy, our industry and our company. Our long-term perspective lets us address the immediate challenges while focusing on the major decisions that best position the company for success through all market cycles. We believe that this forward-looking view has consistently benefited our policyholders, agents, shareholders and associates.

“To measure our progress, we’re defining a value creation ratio that we believe captures the contribution of our insurance operations, the success of our investment strategy and the importance we place on paying cash dividends to shareholders. Between 2010 and 2014, we expect the total of our rate of growth in book value plus the rate of dividend contribution to average 12 percent to 15 percent. With the current economic and market uncertainty, we believe this ratio is an appropriate way to measure our long-term progress in creating value.”

Strategic Initiatives

Stecher added, “We were founded more than 50 years ago by independent agents who established the mission that continues to guide us - To grow profitably and enhance the ability of local independent insurance agents to deliver quality financial protection to the people and businesses they serve. To continue to achieve that objective, we have worked with our board of directors to identify actions that will position us for long-term success in three broad areas of strategic focus - preservation of capital, profitability and growth.

Stecher said, “First, we are addressing preservation of capital to sustain our capacity for growth of our insurance business. We ended 2008 with a healthy property casualty premium to surplus ratio of 0.9-to-1. All of our insurance subsidiaries continue to be highly rated, operating with a level of capital far exceeding regulatory requirements. We also can sustain our investment in the people and infrastructure needed to succeed in the future. Smart spending today means we’ll be even better prepared with strong, local market-based relationships when external conditions improve.

“As we stated on Monday, we’re working on a variety of initiatives, including the repositioning of our investment portfolio, to preserve our capital strength and liquidity. Additionally, we hold more than $1 billion of our assets at the parent company level, increasing our flexibility through all periods to maintain our cash dividend and to continue to invest in and expand our insurance operations.”

Stecher said, “Second, we are emphasizing business initiatives that support improved cash flow and profitability for the agencies that represent us and for our company.

“Several technology initiatives are well under way to improve critical efficiencies and streamline processes for our appointed agencies, allowing us to win an increasing share of their business. By the end of this year, we expect to make significant strides with deployment of a new commercial lines policy administration system; the groundwork for a major upgrade of our personal lines policy administration system; and a variety of online initiatives to serve agencies and policyholders. We’ll also sustain our reputation for superior claims service, improving processes with options such as allowing agents access to more detailed information on the status of pending claims.

“Other technology projects in process will improve our business data, supporting accurate underwriting, pricing and decisions. These will enhance our hallmark - local decision making based on the local knowledge and risk selection expertise we derive from our agents and from having a large network of field representatives who live and work in our agents’ communities.

“All of our initiatives seek to strengthen our relationships with agents, allowing them to serve clients faster and manage expenses better. We expect these efforts to contribute to our rank as the No. 1 or No. 2 carrier in agencies that have represented us for at least five years. In 2008, we again earned that rank in more than 75 percent of the agencies that have represented Cincinnati Insurance for more than five years. We are working to improve that rank again in 2009 and in each of the years that follow.”

Stecher added, “The third area of focus is adding to our property casualty premiums without significant concentration of risk or infrastructure expense. Expanding our geographic footprint and diversifying our premium sources should give us profitable growth while also reducing catastrophe exposure risk. With our entry into Texas during the fourth quarter of 2008, Cincinnati Insurance now is actively marketing our policies in 35 states, expanding our opportunities beyond the Midwest and South. We now have a sizeable presence in the western states -- opening New Mexico and Washington in 2007, Utah in 2000, Idaho in 1999 and Montana in 1998. We plan to look next at taking the Cincinnati Insurance franchise to agencies in Colorado and Wyoming.

“To diversify the sources of our premiums, we also continue to appoint new agencies in our current operating territories, adding 76 in 2008 and targeting at least 65 additional appointments in 2009. We are working to position our personal lines business for profitable future growth with rate and credit modifications and making personal lines policies available in new geographies to spread risk. Another source of premiums is our new excess and surplus lines operation, which ended the year on track with $14 million of written premiums and products available in 33 states.”

Factors Influencing 2009 Performance

Steven J. Johnston, FCAS, MAAA, CFA, chief financial officer, said, “When looking at our longer-term objectives, we believe over any five-year period our agency relationships and growth strategies can lead to a property casualty written premium growth rate that exceeds the industry average. We also believe our underwriting philosophy can generate a GAAP combined ratio over any five-year period that is consistently below 100 percent. Finally, we believe our investment philosophy can drive investment income growth and lead to a total return on our equity investment portfolio that exceeds the Standard & Poor's 500's five-year return."

Johnston added, "Our view of the value we can create over the next five years relies on two assumptions about the external environment. First, we're anticipating some firming of commercial insurance pricing during 2009. Second, we believe that the economy and financial markets can resume a growth track by the end of 2010."

On 2008 results and the outlook for 2009, Johnston said, "In 2009, we believe our value creation ratio may be below our long-term target for several reasons. First, the weak economy is expected to continue to affect policyholders by deflating their business and personal insurable assets. Until the economy begins to recover, we also do not expect to see significant appreciation of our investments. Second, the lingering effects of soft insurance market pricing are expected to affect growth rates and earned premium levels into 2010, continuing to weaken loss ratios and hamper near-term profitability. Third, our property casualty written premium growth may lag as our growth initiatives need more time to reach their full contribution. Fourth, we continue to invest in our business, including technology, new states and process initiatives to create long-term value.

Johnston noted, "The diversification of the investment portfolio over the past year included sales of selected positions to lock in gains, reduce concentrations and increase liquidity. We expect to continue to make changes to the portfolio, as appropriate. Proceeds of sales are being reinvested in both fixed income and equity securities with yields that we believe are likely to be more secure. This may slow the return to growth in investment income although we believe year-over-year comparisons may turn positive in the second half of the year."

Consolidated Property Casualty Insurance Operations

(Dollars in millions; percent change given for dollar amounts and point change given for ratios)	Three months ended December 31, **2008**	2007	Change %	Twelve months ended December 31, **2008**	2007	Change %
Earned premiums	**$ 747**	$ 777	(3.8)	**$ 3,010**	$ 3,125	(3.7)
Loss and loss expenses before catastrophe losses	**490**	397	23.5	**1,853**	1,806	2.6
Loss and loss expenses from catastrophe losses	**(16)**	(2)	(800.3)	**203**	26	681.1
Total loss and loss expenses	**474**	395	20.1	**2,056**	1,832	12.2
Underwriting expenses	**264**	270	(2.1)	**971**	989	(1.8)
Underwriting profit (loss)	**$ 9**	$ 112	(92.3)	**$ (17)**	$ 304	nm
Other business metrics:						
Agency renewal written premiums	**$ 669**	$ 705	(5.0)	**$ 2,828**	$ 2,960	(4.4)
Agency new business written premiums	**100**	81	23.6	**368**	325	13.1
Net written premiums	**717**	724	(1.0)	**3,010**	3,117	(3.4)
Ratios as a percent of earned premiums:			Points			Points
Loss and loss expenses	**63.6%**	50.9%	12.7	**68.3%**	58.6%	9.7
Underwriting expenses	**35.3**	34.7	0.6	**32.3**	31.7	0.6
Combined ratio	**98.9%**	85.6%	13.3	**100.6%**	90.3%	10.3
Other business metrics:						
Contribution from catastrophe losses	**(2.1)**	(0.2)	(1.9)	**6.8**	0.8	6.0
Contribution from prior period reserve development	**(16.1)**	(15.3)	(0.8)	**(10.7)**	(7.7)	(3.0)

- 1.0 percent and 3.4 percent declines in fourth-quarter and full-year 2008 property casualty net written premiums, reflecting disciplined underwriting in the midst of soft pricing and a weakening economy.
- $43 million rise to $368 million in 2008 new business written by agencies reflected the contribution from growth initiatives, with $29 million from agencies appointed since 2004 and $14 million from new excess and surplus lines capabilities.
- 0.9-to-1 ratio of net written premiums to property casualty statutory surplus for 2008 from 0.7-to-1 ratio for 2007.
- 1,133 agency relationships with 1,387 reporting locations marketing standard market property casualty insurance products at year-end 2008, up from 1,092 agency relationships with 1,327 reporting locations at year-end 2007.
- Full-year 2008 GAAP combined ratio was near breakeven despite record catastrophe losses. The effects of soft pricing and loss cost inflation were offset by higher savings from favorable development on prior year reserves.
- Previously announced pension plan settlement cost of $27 million included in fourth-quarter results. Consolidated property casualty cost of $25 million added 3.3 percentage points to the fourth-quarter 2008 combined ratio and 0.8 points for the full year. Transition from a defined benefit pension plan reduces company risk while providing flexible, company-sponsored 401(k) benefit to associates.
- 10.3 percentage point increase in full-year 2008 combined ratio reflected substantially higher catastrophe losses, the pension plan settlement cost, an uptick in larger commercial lines losses and the effects of lower prices due to soft market conditions and of normal loss cost inflation. These factors were partially offset by a higher level of savings from favorable development on prior period loss reserves.
- High prior period reserve development in the fourth quarters of both 2008 and 2007 reflected the more extensive actuarial review normally conducted in that period. Savings from favorable development remained high for full year 2008 in part because of a refinement that redistributed $69 million of reserves for incurred but not yet reported losses from prior years to accident year 2008.

- Positive catastrophe loss contribution for fourth quarter 2008 includes $15 million reduction in estimates of losses from catastrophe events earlier in 2008 and $1 million reduction in estimates of losses from prior year events.

(In millions, net of reinsurance)	Three months ended December 31,			Twelve months ended December 31,		
Dates	Commercial lines	Personal lines	Total	Commercial lines	Personal lines	Total
2008						
First quarter catastrophes	**$ (1)**	**$ 1**	**$ 0**	**$ 20**	**$ 22**	**$ 42**
Second quarter catastrophes	**(7)**	**(4)**	**(11)**	**59**	**30**	**89**
Third quarter catastrophes	**1**	**(3)**	**(2)**	**25**	**45**	**70**
Fourth quarter catastrophes	**0**	**0**	**0**	**0**	**0**	**0**
All other	**(1)**	**(1)**	**(2)**	**2**	**2**	**4**
Development on 2007 and prior catastrophes	**(1)**	**0**	**(1)**	**(3)**	**1**	**(2)**
Calendar year incurred total	**$ (9)**	**$ (7)**	**$ (16)**	**$ 103**	**$ 100**	**$ 203**
2007						
First quarter catastrophes	$ 1	$ 0	$ 1	$ 6	$ 2	$ 8
Second quarter catastrophes	0	1	1	4	5	9
Third quarter catastrophes	1	(2)	(1)	2	4	6
Fourth quarter catastrophes	0	0	0	0	0	0
All other	(4)	1	(3)	14	9	23
Development on 2006 and prior catastrophes	1	(1)	0	(10)	(10)	(20)
Calendar year incurred total	$ (1)	$ (1)	$ (2)	$ 16	$ 10	$ 26

- Finalized 2009 property casualty reinsurance program. Reinsurance premiums expected to be relatively stable in 2009 despite higher rates for some program components. Program designed to maintain balance between the cost of the program and the level of risk retained.

2009 Reinsurance Program

Treaties	Retention Summary	Comments
Property catastrophe	For any one event, retain losses of: • 100% of first $45 million • 33% between $45 million and $70 million • 19% between $70 million and $105 million • 7% to 20% for layers between $105 million and $500 million	• After reinsurance, our maximum exposure to a catastrophic event that caused $500 million in covered losses would be $118 million compared with $105 million in 2008. The largest catastrophe loss in our history was Hurricane Ike, estimated at $129 million before reinsurance at December 31, 2008.
Casualty per risk	For a single loss, retain: • 100% of first $6 million • 0% between $6 million and $25 million • Obtain facultative reinsurance above $25 million	• Increased casualty treaty retention to $6 million from $5 million
Property per risk	For a single loss, retain: • 100% of first $5 million • 0% between $5 million and $25 million • Obtain facultative reinsurance above $25 million	• Increased property treaty retention to $5 million from $4 million
Casualty third excess	Coverage of: • $25 million excess of $25 million	• No changes in 2009
Casualty fourth excess	Coverage of: • $20 million excess of $50 million	• No changes in 2009

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 December 31,			Twelve months ended December 31,		
	2008	2007	Change %	**2008**	2007	Change %
Earned premiums	**$ 573**	$ 601	(4.5)	**$ 2,316**	$ 2,411	(3.9)
Loss and loss expenses before catastrophe losses	**367**	310	18.4	**1,401**	1,378	1.6
Loss and loss expenses from catastrophe losses	**(9)**	0	nm	**103**	16	522.5
Total loss and loss expenses	**358**	310	15.6	**1,504**	1,394	7.8
Underwriting expenses	**204**	215	(5.0)	**742**	756	(1.8)
Underwriting profit	**$ 11**	$ 76	(84.8)	**$ 70**	$ 261	(73.0)
Other business metrics:						
Agency renewal written premiums	**$ 514**	$ 546	(5.9)	**$ 2,156**	$ 2,271	(5.1)
Agency new business written premiums	**83**	71	16.4	**312**	287	8.8
Net written premiums	**552**	562	(1.9)	**2,311**	2,413	(4.2)
Ratios as a percent of earned premiums:			Points			Points
Loss and loss expenses	**62.5%**	51.5%	11.0	**64.9%**	57.9%	7.0
Underwriting expenses	**35.6**	35.8	(0.2)	**32.1**	31.3	0.8
Combined ratio	**98.1%**	87.3%	10.8	**97.0%**	89.2%	7.8
Other business metrics:						
Contribution from catastrophe losses	**(1.5)**	0.0	(1.5)	**4.5**	0.7	3.8
Contribution from prior period reserve development	**(17.0)**	(17.0)	0.0	**(11.8)**	(8.4)	(3.4)

- 1.9 percent and 4.2 percent declines in fourth-quarter and full-year 2008 commercial lines net written premiums, primarily a result of weakening economy, soft pricing and disciplined underwriting.
- $83 million in fourth-quarter 2008 new commercial lines business written directly by agencies, up 16.4 percent from $71 million in last year's fourth quarter. Full-year 2008 new business rose 8.8 percent to $312 million from $287 million.
- 7.8 percentage point increase in full-year 2008 combined ratio. The uptick in larger commercial lines losses was primarily seen in new losses from directors and officers coverages. The effects of lower prices due to soft market conditions and of normal loss cost inflation were most significant in the commercial property, commercial auto and workers' compensation business lines.
- Higher savings from prior period reserve development for the commercial lines segment was primarily due to reduced umbrella liability reserves, reflecting revised expectations for loss cost inflation. A claims mediation process that promotes earlier liability settlement resolution also contributed to commercial casualty business line results.

Personal Lines Insurance Operations

(Dollars in millions; percent change given for dollar amounts and point change given for ratios)	Three months ended December 31,			Twelve months ended December 31,		
	2008	2007	Change %	**2008**	2007	Change %
Earned premiums	**$ 171**	$ 176	(2.9)	**$ 689**	$ 714	(3.4)
Loss and loss expenses before catastrophe losses	**120**	87	37.1	**447**	428	4.6
Loss and loss expenses from catastrophe losses	**(7)**	(2)	(308.2)	**100**	10	958.8
Total loss and loss expenses	**113**	85	31.6	**547**	438	25.2
Underwriting expenses	**58**	55	6.6	**224**	233	(3.9)
Underwriting profit (loss)	**$ 0**	$ 36	nm	**$ (82)**	$ 43	nm
Other business metrics:						
Agency renewal direct written premiums	**$ 156**	$ 159	(2.3)	**$ 672**	$ 690	(2.5)
Agency new business direct written premiums	**11**	10	17.9	**42**	38	9.5
Net written premiums	**159**	162	(1.4)	**685**	704	(2.7)
Ratios as a percent of earned premiums:			Points			Points
Loss and loss expenses	**65.9%**	48.6%	17.3	**79.4%**	61.3%	18.1
Underwriting expenses	**34.1**	31.1	3.0	**32.5**	32.6	(0.1)
Combined ratio	**100.0%**	79.7%	20.3	**111.9%**	93.9%	18.0
Other business metrics:						
Contribution from catastrophe losses	(4.1)	(1.0)	(3.1)	14.5	1.3	13.2
Contribution from prior period reserve development	(13.2)	(9.2)	(4.0)	(7.2)	(5.7)	(1.5)

- 1.4 percent and 2.7 percent declines in fourth-quarter and full-year 2008 personal lines net written premiums. Higher new personal lines business partially offset lower policy counts and pricing changes that reduced premiums per policy. Full-year 2008 written and earned premiums included a $9 million reinsurance reinstatement premium to restore affected coverages following Hurricane Ike.
- $11 million in fourth-quarter 2008 personal lines new business written directly by agencies, up 17.9 percent from $10 million in last year's fourth quarter. Full-year new business rose 9.5 percent to $42 million from $38 million.
- 18.0 percentage point increase in full-year 2008 combined ratio primarily due to higher catastrophe losses. The effects of lower prices due to soft market conditions and of normal loss cost inflation primarily was seen in the homeowner business line, where rate tiers continue to be modified. Personal lines also benefited modestly from lower underwriting expenses.

Life Insurance Operations

(In millions)	Three months ended December 31, 2008	2007	Change %	Twelve months ended December 31, 2008	2007	Change %
Written premiums	**$ 50**	$ 41	24.2	**$ 185**	$ 167	11.0
Earned premiums	**$ 33**	$ 25	30.6	**$ 126**	$ 125	0.8
Investment income, net of expenses	**31**	30	4.9	**120**	115	4.5
Other income	**1**	1	(35.6)	**2**	4	(56.0)
Total revenues, excluding realized investment gains and losses	**65**	56	15.8	**248**	244	1.5
Contract holders benefits	**27**	35	(23.3)	**142**	133	6.2
Expenses	**12**	8	54.6	**45**	52	(12.8)
Total benefits and expenses	**39**	43	(8.6)	**187**	185	0.8
Net income before income tax and realized investment gains and losses	**26**	13	96.9	**61**	59	3.6
Income tax	**9**	4	110.3	**21**	20	6.5
Net income before realized investment gains and losses	**$ 17**	$ 9	90.4	**$ 40**	$ 39	2.1

- $185 million in total 2008 life insurance segment net written premiums. Written premiums include life insurance, annuity and accident and health premiums.
- 4.7 percent increase to $147 million in full-year 2008 written premiums for life insurance products, the largest component of segment premiums. Gain included 10.8 percent rise to $81 million in full-year 2008 term life insurance written premiums, reflecting marketing advantages of competitive, up-to-date products, personal service and policies backed by financial strength.
- 6.5 percent rise in face amount of life policies in force to $65.888 billion at year-end 2008, from $61.875 billion at year-end 2007.
- $1 million increase in full-year 2008 operating profit. Total benefits and expenses declined in the fourth quarter, reflecting refined actuarial calculations.
- During 2008, the LifeHorizons Termsetter portfolio was redesigned and a new 20-year term worksite product was introduced. These improvements supported opportunities to cross-sell life insurance products to clients of the independent agencies that sell Cincinnati's property casualty insurance policies.

Investment and Balance Sheet Highlights

Investment Operations

(In millions)	Three months ended December 31, 2008	2007	Change %	Twelve months ended December 31, 2008	2007	Change %
Investment income:						
Interest	**$ 88**	$ 79	12.6	**$ 326**	$ 308	6.0
Dividends	**35**	75	(53.0)	**204**	294	(30.5)
Other	**4**	4	(6.1)	**14**	15	(4.5)
Investment expenses	**(2)**	(1)	nm	**(7)**	(9)	12.6
Total investment income, net of expenses	**125**	157	(20.5)	**537**	608	(11.6)
Investment interest credited to contract holders	**(16)**	(17)	7.9	**(63)**	(59)	(5.2)
Realized investment gains and losses summary:						
Realized investment gains and losses	**245**	38	535.9	**686**	409	67.6
Change in fair value of securities with embedded derivatives	**(25)**	(12)	(108.1)	**(38)**	(11)	(243.8)
Other-than-temporary impairment charges	**(110)**	(14)	(672.7)	**(510)**	(16)	nm
Total realized investment gains and losses	**110**	12	804.7	**138**	382	(64.0)
Investment operations income	**$ 219**	$ 152	43.5	**$ 612**	$ 931	(34.2)

- 20.5 percent and 11.6 percent declines in fourth-quarter and full-year 2008 pretax net investment income. 30.5 percent decline in full-year dividend income due to dividend reductions by common and preferred holdings, including reductions during the year on positions subsequently sold or reduced.
- $110 million of fourth-quarter pretax realized investment gains included $245 million in net gains from investment sales and bond calls offsetting $110 million in other-than-temporary impairment charges and $25 million of fair value changes.
- Impairments of equity securities accounted for more than 65 percent of 2008 other-than-temporary impairment charges, reflecting the portfolio mix, the historic weighting in financial sector securities and the unprecedented decline in overall stock market values during 2008.

(Dollars in millions except share data)	**At December 31, 2008**	At December 31, 2007
Balance sheet data		
Invested assets	**$ 8,890**	$ 12,261
Total assets	**13,369**	16,637
Short-term debt	**49**	69
Long-term debt	**791**	791
Shareholders' equity	**4,182**	5,929
Book value per share	**25.75**	35.70
Debt-to-capital ratio	**16.7%**	12.7%

	Three months ended December 31,		Twelve months ended December 31,	
	2008	2007	**2008**	2007
Performance measures				
Comprehensive loss	**$ (449)**	$ (397)	**$ (1,375)**	$ (368)
Return on equity, annualized	**14.5%**	12.0%	**8.5%**	13.4%
Return on equity, annualized, based on comprehensive loss	**(40.5)**	(25.4)	**(27.2)**	(5.8)

- $9.899 billion in cash and invested assets at December 31, 2008, compared with $10.507 billion at September 30, 2008, and $12.487 billion at December 31, 2007. Cash and equivalents of $1.009 billion at year-end, compared with $347 million at September 30, 2008, and $226 million at year-end 2007.
- $5.911 billion A3/A+-average rated bond portfolio at December 31, 2008, reflecting a diverse mix of taxable and tax exempt securities.
- $2.896 billion equity portfolio was 32.6 percent of invested assets and included $819 million in pretax unrealized gains at December 31, 2008.
- Application of new investment parameters led to financial sector holdings at 12.4 percent of publicly traded common stocks portfolio at year-end 2008, down from 56.2 percent at year-end 2007.
- $3.360 billion estimate of statutory surplus for the property casualty insurance group at December 31, 2008, compared with $3.687 billion at September 30, 2008.
- No repurchases of common stock since mid year. Approximately 8.5 million shares remain authorized for repurchase.

For additional information or to hear a replay of the February 5 conference call webcast, please visit *www.cinfin.com/investors.*

Cincinnati Financial Corporation Consolidated Balance Sheets (unaudited)

(Dollars in millions except per share data)	December 31, 2008	December 31, 2007
Assets		
Investments		
Fixed maturities, at fair value (amortized cost: 2008-$6,058; 2007-$5,783) (includes securities pledged to creditors: 2008-$0; 2007-$745)	**$ 5,827**	$ 5,848
Equity securities, at fair value (cost: 2008-$2,077; 2007-$2,975)	**2,896**	6,249
Short-term investments, at fair value (amortized cost: 2008-$84; 2007-$101)	**84**	101
Other invested assets	**83**	63
Total investments	**8,890**	12,261
Cash and cash equivalents	**1,009**	226
Securities lending collateral invested	**0**	760
Investment income receivable	**98**	124
Finance receivable	**71**	92
Premiums receivable	**1,059**	1,107
Reinsurance receivable	**759**	754
Prepaid reinsurance premiums	**15**	13
Deferred policy acquisition costs	**509**	461
Deferred income tax	**126**	0
Land, building and equipment, net, for company use (accumulated depreciation: 2008-$297; 2007-$276)	**236**	239
Other assets	**49**	72
Separate accounts	**548**	528
Total assets	**$13,369**	$ 16,637
Liabilities		
Insurance reserves		
Loss and loss expense reserves	**$ 4,086**	$ 3,967
Life policy reserves	**1,551**	1,478
Unearned premiums	**1,544**	1,564
Securities lending payable	**0**	760
Other liabilities	**618**	574
Deferred income tax	**0**	977
Note payable	**49**	69
6.125% senior notes due 2034	**371**	371
6.9% senior debentures due 2028	**28**	28
6.92% senior debentures due 2028	**392**	392
Separate accounts	**548**	528
Total liabilities	**9,187**	10,708
Shareholders' Equity		
Common stock, par value-$2 per share; (authorized: 2008-500 million shares, 2007-500 million shares; issued: 2008-196 million shares, 2007-196 million shares)	**393**	393
Paid-in capital	**1,069**	1,049
Retained earnings	**3,579**	3,404
Accumulated other comprehensive income	**347**	2,151
Treasury stock at cost (2008-34 million shares, 2007-30 million shares)	**(1,206)**	(1,068)
Total shareholders' equity	**4,182**	5,929
Total liabilities and shareholders' equity	**$13,369**	$ 16,637

Cincinnati Financial Corporation Consolidated Statements of Income (unaudited)

(In millions except per share data)	Three months ended December 31, 2008	2007	Twelve months ended December 31, 2008	2007
Revenues				
Earned premiums				
Property casualty	**$ 747**	$ 777	**$ 3,010**	$ 3,125
Life	**33**	25	**126**	125
Investment income, net of expenses	**125**	157	**537**	608
Realized investment gains and losses	**110**	12	**138**	382
Other income	**3**	6	**13**	19
Total revenues	**1,018**	977	**3,824**	4,259
Benefits and Expenses				
Insurance losses and policyholder benefits	**500**	430	**2,193**	1,963
Commissions	**149**	158	**576**	624
Other operating expenses	**118**	96	**411**	362
Taxes, licenses and fees	**15**	18	**68**	75
Increase in deferred policy acquisition costs	**1**	8	**(17)**	(9)
Interest expense	**14**	13	**53**	52
Total benefits and expenses	**797**	723	**3,284**	3,067
Income Before Income Taxes	**221**	254	**540**	1,192
Provision (Benefit) for Income Taxes				
Current	**93**	60	**238**	325
Deferred	**(33)**	7	**(127)**	12
Total provision for income taxes	**60**	67	**111**	337
Net Income	**$ 161**	$ 187	**$ 429**	$ 855
Per Common Share				
Net income-basic	**$ 0.99**	$ 1.12	**$ 2.63**	$ 5.01
Net income-diluted	**$ 0.99**	$ 1.11	**$ 2.62**	$ 4.97

Other Releases

Cincinnati Financial Corporation Board Declares 39¢ Quarterly Cash Dividend

- *Board expresses confidence in capital position and business plan, highlighting exceptional liquidity reflected in cash balance slightly above $1 billion*

Cincinnati, February 2, 2009 – Cincinnati Financial Corporation (Nasdaq: CINF) today announced that the board of directors voted at its regular meeting on January 30, 2009, to pay a first-quarter cash dividend of 39 cents per share, unchanged from the prior four quarters. The dividend is payable April 15, 2009, to shareholders of record on March 20, 2009. At this level, the indicated annual dividend is $1.56 per share. The company had 162,411,529 shares outstanding at December 31, 2008.

Chairman John J. Schiff, Jr., CPCU, commented, "A long-term perspective governs all of our major decisions – with the goal of benefiting our policyholders, agents, shareholders and associates over time. The ongoing instability of the financial markets highlights the value of operating in an open and consistent way, building a cushion of financial strength over a period of years. In responding to current economic pressures, we are confident in the steps we have taken to protect our capital.

"In view of current economic and market conditions, the board chose to continue for later discussion the potential for an increase in the 2009 dividend payout level," Schiff said, "The board is cognizant that Cincinnati Financial stands among the top tier of U.S. dividend-paying companies, with a long, uninterrupted history of annual dividend increases that we believe only 11 other companies can claim. While there is merit to sustaining that record, the first priority of the board and management is to assure continued financial strength as the company enters 2009 so that we can reward shareholders over the long term."

President and Chief Executive Officer Kenneth W. Stecher, added, "Our consistent cash flows and prudent cash balances continue to create exceptional liquidity. At January 31, we had slightly more than $1 billion in cash and cash equivalents on hand. That gives us the flexibility to help build value for shareholders by investing where we see potential for both current income and long-term return. Our low debt leverage also enhances flexibility. Our $795 million of long-term debt isn't due until 2028 and 2032 and we have only $49 million in short-term borrowings on a $75 million line of credit. In addition, we have a second, untapped line of credit with availability of $150 million.

"At year-end 2008, we estimate book value was approximately $25.75. Our year-end consolidated cash and invested assets totaled $9.9 billion, including $2.7 billion of common stock holdings, compared with $10.5 billion, including $3.9 billion of common stock holdings, at September 30, 2008, and $12.5 billion, including $6.0 billion of common stock holdings, at year-end 2007.

"Further, our insurance appetite remains strong. All of our insurance subsidiaries continue to be highly rated, operating with a level of capital far exceeding regulatory requirements. We ended 2008 with a healthy property casualty premium-to-surplus ratio of 0.9 to 1, allowing us the flexibility to reduce risk by expanding our operations into new geographies and product areas. Plus, we hold more than $1 billion of our assets at the parent company level, increasing our flexibility through all periods to continue to invest in and expand our insurance operations while maintaining our cash dividend."

Stecher said, "Preserving this high level of capital and liquidity remains a key objective. In mid-summer, we began applying new investment guidelines that increased portfolio diversification, reducing single issue and sector concentrations. Our year-end 2008 portfolio, fully detailed today in our regular online portfolio listing, shows how we have positioned the portfolio for reduced volatility going forward. As a result, despite economic and market disruptions that led to unprecedented market value declines, our equity portfolio suffered less than the broader indices during the fourth quarter and full year of 2008. It continues to hold up well in the challenging environment we have experienced since the beginning of 2009.

"At year-end, our financial sector holdings were 12.4 percent of our $2.7 billion publicly traded common stock portfolio, below the Standard & Poor's 500 weighting, and significantly lower than our 56.2 percent financial sector weighting at year-end 2007. Among other changes, we reduced our Fifth Third Bancorp holding to approximately 12 million shares at year-end 2008. Following Fifth Third's further reduction of its dividend payout in December 2008, we sold the remainder of our holding in January for an additional capital gain."

Stecher noted, "In addition to equities, our portfolio includes highly rated taxable and tax-exempt fixed maturity and short-term investments valued at $5.8 billion at year end 2008, virtually unchanged from year end 2007. This bond portfolio's value continues to exceed our insurance liabilities. It contains less than 1 percent, or approximately $43 million book value, of collateralized mortgage obligations we obtained in the termination of a securities lending program. We own no other mortgage-related securities nor any other derivative products."

Stecher concluded, "As the disruptions of the financial market have pressured short-term results for our company and others, we have continued to look to the long term. On

Thursday, we will provide a thorough look at our financial results for 2008. We also will share our perspective on Cincinnati's long-term potential to create value for shareholders by continuing to act on strategic initiatives that further our mission: to grow profitability and enhance the ability of local independent agents to deliver quality financial protection to the people and businesses they serve."

Cincinnati Financial Corporation Subsidiaries Announce Appointments and Promotions

- *Subsidiary Directors, Officers and Counsel*

Cincinnati, February 2, 2009 – Cincinnati Financial Corporation (Nasdaq:CINF) announced today that boards of its subsidiary companies appointed directors, officers and counsel at their regular meetings on January 30, 2009.

Senior Vice President and Chief Financial Officer Steven J. Johnston, FCAS, MAAA, CFA, was named to the boards of all subsidiaries. Senior Vice Presidents Martin F. Hollenbeck, CFA, CPCU, and Martin J. Mullen, CPCU, were named to the boards of all insurance subsidiaries, and Hollenbeck was additionally named to the board of CFC Investment Company. Senior Vice Presidents Donald J. Doyle, Jr., CPCU, AIM, and Charles P. Stoneburner II, CPCU, AIM, were named to the boards of all property casualty insurance subsidiaries.

The board also acted on other business, affirming the corporate governance guidelines, the code of ethics for senior financial officers, the code of conduct for all company associates and board committee charters, which are reviewed annually by the respective committees as stipulated in the governance guidelines.

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

Property Casualty Insurance – Standard Market:

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

Senior Vice President:
Martin F. Hollenbeck, CFA, CPCU – Investments

Vice Presidents:
William J. Geier, CPCU, CLU, ChFC, FLMI, AIM, HIAA – Information Technology
Douglas W. Stang, FCAS, MAAA – Staff Underwriting
Brian K. Wood, CPCU, AIM – Personnel

Assistant Vice Presidents:
William M. Clevidence, CIC – Sales & Marketing
Michael K. Dockery – Information Security
Rodney M. French, CPCU, AIM, ARe – Commercial Lines
Sharon K. Larrick – Staff Underwriting
Stephen M. Spray – Excess & Surplus Lines
Gerald L. Varney – Purchasing/Fleet

Secretaries:
Robert E. Bernard, CPCU, AIM – Personal Lines
Glenn W. Koch, CPCU, AIM – Commercial Lines
Philip D. Motz – Information Technology
James D. Ogle, CPCU, AIC – Headquarters Claims
Stephen G. Stockwell, CPCU, AMIM – Commercial Lines
Sean P. Sweeney, CPCU, PMP – Information Technology
Daniel R. Walsh – Headquarters Claims

Assistant Secretaries:
Brian K. Baker, CPCU, AIM, AIC – Field Claims
William L. Gregory, SCLA – Headquarters Claims
Molly A. Grimm – Shareholder Services
George A. Grossenbaugh, SCLA – Special Investigation Unit
Ronald C. Klimkowski, CIC, AIC – Sales & Marketing
Kenneth P. Mikkelson, CPCU, ALCM – Loss Control
C. Kathleen Saurber, CPCU – Staff Underwriting

Associate Counsel:
J. Richard Brown
Louis M. DeMarco

Property Casualty Insurance – Excess & Surplus Lines:

The Cincinnati Specialty Underwriters Insurance Company:
Martin F. Hollenbeck*
Stephen M. Spray*

The Cincinnati Life Insurance Company:

Martin F. Hollenbeck*
William J. Geier*
Brian K. Wood*
Roger A. Brown, FSA, MAAA, Assistant Vice President – Actuarial
Michael K. Dockery*
Gerald L. Varney*
Philip D. Motz*
Sean P. Sweeney*
Mona J. Day, Assistant Secretary – Life Field Services
J. Richard Brown*
Louis M. DeMarco*

Financial Services:

CSU Producer Resources Inc.
Stephen M. Spray*

*Title as listed above

Cincinnati Financial Corporation Vice Chairman James E. Benoski to Retire from Executive Management

- *Ends active employment effective January 16, 2009*
- *Continues as vice chairman of the board*

CINCINNATI, December 23, 2008 – Cincinnati Financial Corporation (Nasdaq: CINF) today confirmed another step in previously announced executive transitions with the retirement from active employment of Vice Chairman James E. Benoski, effective January 16, 2009. Benoski continues to serve on the board of directors.

Benoski stepped down on July 1, 2008, from his positions as president, chief operating officer and chief insurance officer of Cincinnati Financial Corporation, chief executive officer and chief insurance officer of all of the insurance subsidiaries and president of the lead insurance subsidiary, The Cincinnati Insurance Company.

Benoski has served as a director of all property casualty insurance subsidiaries since 1999 and as a director of Cincinnati Financial since 2000. He joined the company's field claims operations in Alabama in 1971, relocating two years later to the company's headquarters in Cincinnati. He was promoted to vice president in 1983 and to senior vice president and manager of the Headquarters Claims department in 1996.

Jack Schiff, Jr., CPCU, chairman of the board, commented, "Jim's dedication, character and work ethic inspire associates at all levels. Jim sees straight to the heart of any matter. As an executive officer, he has masterfully brought our teams together and provided clear direction. People across the insurance industry enjoyed working with Jim during his recent service on the board of trustees for the American Institute of Chartered Property Casualty Underwriters and the Insurance Institute of America. He also served our community through membership in the Cincinnati Scholarship Foundation."

Kenneth W. Stecher, president and chief executive officer, remarked, "While we will continue to work with Jim at the board level, we'll miss his hands-on daily involvement. Jim has been a friend and mentor. His influence has led to many solid and unified decisions that help us prepare for a bright future."

Cincinnati Insurance to Begin Marketing Business Insurance Policies in Texas

- *Comments on A.M. Best rating and CinFin Capital status*

Cincinnati, December 22, 2008 – Cincinnati Financial Corporation (Nasdaq: CINF) announced that on December 19, 2008, its lead property casualty insurance subsidiary, The Cincinnati Insurance Company, appointed Watkins Insurance Group, with locations in Austin and Marble Falls, Texas, as the first independent agency in that state to market its policies. Cincinnati Insurance executives initiated the relationship at the company's headquarters, welcoming agency representatives Patrick Watkins, CIC, CRM, president, and Mike Mosley, CIC, vice president.

Kenneth W. Stecher, president and chief executive officer, said, "With a healthy premium-to-surplus ratio that is less than 0.9-to-1, our capacity and desire to grow remain very strong. Agents in our current and future states 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. With our entry into Texas, Cincinnati Insurance will be actively marketing its policies in 35 states, expanding our opportunities and geographical footprint in the west where we opened New Mexico and Washington in 2007, Utah in 2000, Idaho in 1999 and Montana in 1998. After our Texas operation is underway, we will look next at appointing agencies in Colorado and Wyoming."

Local Staff to Provide Service and Marketplace Advantages

J.F. Scherer, executive vice president, commented, "The company expects to appoint five more agencies in Austin, Dallas and Waco over the coming weeks and add at least 10 more in 2009, with our first Texas policies effective January 1, 2009. The interior areas of the state selected for activation have a population of approximately 7.7 million.

"As we build our relationships and grow with Texas agents over the coming years, we will increase our premium revenues while also further spreading our risk beyond the Midwest and Southeast states that have traditionally accounted for the bulk of our business. To provide Texas agents with local support, our experienced marketing representatives Sean Givler, CIC, and Shawn Murphy, CPCU, already have relocated to Austin and Dallas. As our business builds, we will supplement this local presence, adding another marketing representative to serve the Dallas/Fort Worth market and field associates to provide claims, loss control, premium audit and other services in the region.

"Over the next two years, we would expect to appoint a total of 30 agencies in Texas. In recent years, agencies newly appointed by Cincinnati have averaged total property casualty premium volume in the $25 million to $30 million range. Cincinnati typically works to earn a share of that business of approximately 5 percent within the first five years and 10 percent in the first 10 years of a new relationship," Scherer stated.

A.M. Best's A+ (Superior) Rating with Stable Outlook to Differentiate Cincinnati

Stecher added, "Today, A.M. Best Co. acknowledged the effect of economic and market disruptions on the value of investments in our portfolio and the associated reduction in future dividend income. They have lowered our property casualty group's insurer financial strength rating to A+ (Superior) from A++ (Superior). Our life insurance rating now is A (Excellent) and our excess and surplus lines rating is affirmed at A (Excellent).

"In conjunction with the rating changes, A.M. Best improved its outlook on all of the ratings to Stable. Best noted our continued exposure to the vagaries of the capital markets but observed that the stable outlook on all ratings for Cincinnati reflected our enhanced risk management processes, sound liquidity, superior risk-adjusted capitalization for our operating entities and successful business profile within our targeted regional markets."

Stecher added, "Our property casualty group's rating compares favorably with those of many of our peers – only approximately 11 percent of U.S. property casualty insurer groups qualify for Superior ratings (A++ or A+). In fact, we're honored to be among the fewer than 35 insurer groups that have held ratings in the Superior category for 50 or more consecutive years.

"Agents understand the importance, especially in times like these, of choosing an insurer that backs its policies with healthy financial resources. Our property casualty operations are capitalized at levels higher than those historically associated with a company rated A++ by A.M. Best. We continue to emphasize capital preservation and liquidity, and we have developed new investment guidelines that focus on diversification and reduce concentrations.

"Since mid-summer, we have been rebalancing our investment portfolio to reflect newly adopted investment parameters in an effort to reduce volatility going forward. Through mid-December, we've reduced our financial sector holdings to less than 19 percent of our equity portfolio, near the Standard & Poor's 500 weighting and down from 56.2 percent at year-end 2007. Among other changes, we have reduced our Fifth Third Bancorp holding to approximately 14.5 million shares from 72.8 million a little over a year ago. The ratio of our property casualty subsidiaries' common stock holdings to statutory surplus now is near 50 percent.

Stecher noted, "As a result, despite economic and market disruptions that have led to unprecedented declines in market values, our equity portfolio has outperformed broader indices since September 30, 2008. As of November 30, we estimate our statutory risk-based capital ratio was in the range of 775 percent to 800 percent, comparing favorably with 810 percent at year-end 2007. As of December 15, we had approximately $9.5 billion in cash and invested assets, including $2.8 billion of common stock holdings, compared with $10.5 billion, including $3.9 billion of common stock holdings, at September 30, 2008."

Stecher added, "Additionally, our parent company, Cincinnati Financial, has a low level of debt compared with our total capital and more than $1 billion of assets that add flexibility to the insurance subsidiaries. Our $795 million of long-term debt isn't due until 2028 and 2032 and we have only $49 million in short term borrowings on a $75 million line of credit. In addition, we currently have approximately $700 million in cash and a second, untapped line of credit with availability of $150 million."

CinFin Capital Management Company to Cease Operations as Focus Sharpens on Insurance

Stecher continued, "Our asset management services subsidiary, CinFin Capital Management Company, advised clients early this month that it would close on February 28, 2009. During the recent downturn, this business performed satisfactorily relative to the appropriate benchmarks, and it was profitable over its 10 years in operation. We determined that sufficient future growth through agency referrals or other routes would have required a substantial increase in resources even as we are ramping up insurance initiatives. Many of our agencies did not see referrals for its services within the scope of their offerings to their clients."

Consistency Drives Marketplace and Dividend Performance

Stecher concluded, "We remain comfortable with the expectations for 2008 financial performance we discussed in our third-quarter earnings release on October 29. We expect that economic conditions and insurance price competition will continue to pressure industry results, and our results, in 2009. As we have always done, we will manage with an eye toward long-term growth, building relationships with agents and policyholders who look to us for quality, service and stability. We have the capital strength and confidence to invest in increasing our advantages in the insurance marketplace. Our reserving practices have historically produced redundancies, with claims liabilities covered by a highly rated, diversified bond portfolio.

"Our organization operates strategically – creating value for our agents, policyholders and shareholders – by focusing most directly on our insurance operations. Our insurance initiatives include heightened activity in new states, our selective appointment of new agency representation, our new excess and surplus lines company and our technology initiatives that increase efficiency. We succeed by helping independent insurance agencies do an exceptional job of serving the people and businesses in their local communities.

"That's the bright line test for all of our business decisions, and it's a test that keeps us focused and moving in the right direction to create value over time. Going forward, we'll continue that steady approach, reaffirming that we have the resources and commitment to consistently differentiate ourselves to agents and policyholders, consistently achieve growth and consistently pay shareholder dividends."

Inside Cincinnati

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

Agency Accounting Reconciliation
Agency Bill Superintendent – **Rhonda Perkins**

Actuarial
Actuarial Analyst – **Matt Hare**
Manager, Life Forms and Filing – **Deborah Naegele, CLU, FALU, FLMI**
Senior Life Systems Specialist – **Jeannine Williams**
Senior Analyst – **Jenny Henley**

Bond & Executive Risk
Senior Underwriter – **Mark Huff**
Field Underwriter – **David Kinney**

Commercial Lines
Senior Underwriting Managers – **Christopher Barger, CPCU, AIM; Jim Green, CPCU, AIM, AU; Elizabeth Greene, AIM**
Underwriting Superintendents – **Chris Beckman, CPCU; Jeff Hemphill, AIC; Mia Sears, AU**
Chief Underwriting Specialists – **Linda Gail Adams, CPCU, AFSB, AIM, AIS, APA, ARe, ARM; Gina Spradling, CPCU, AIM**
Underwriting Specialists – **Edy Brown; Ike Kirch, CPCU, AIM, AU; Megan Perren; Katie Poggi; Terri Sunderman**
Senior Underwriters – **Tim Breving; Emily Busold; Mike Cassady; Robert Cleveland, CPCU, ARe; Rob Dettmer; Susan Feinthel; Bryan Gutzwiller; Angelia Hansbauer; Chrissy Harmon; Sarah Keiser; Amanda Klaus, AIS, AU; Matthew Martig, ARM; Stephanie McCord; Kiley O'Connell; Marc Stemann; Jason Townsend, AU; Julia Wilking; Jen Williams; Cheryl Wisler**

Corporate Communications
Managing Editor – **Betsy Ertel, CPCU, AIM, API**

Cincinnati Specialty Underwriters
Systems Support Supervisor – **Stephanie Roach**

Field Claims
Headquarters Claims Supervisor – **Rob Ostendorf, AIC, AIM**
Field Claims Superintendents – **Jim Brame, AIC; Kevin Tate**
Senior Claims Representatives – **Kelly Cordle, CPCU, AIC; Lee Hatch, AIC; Dawn Hays, CPCU, AIC, SCLA; Jeff Pielack, AIC; Brian Ramsey, AIC; Kris Roach, AIC; John Schiavone, SCLA; Keith Schulz, AIC; Melissa Walker, AIC; Kevin Wechter, AIC**
Senior Claims Specialists – **Lisa Bowers; Donna Callahan; Fawn Dillon, AIC; Tom Dushkewich, CPCU; Michael Etris, AIC ; Bob Eversole ; Tammy Gwinn, AIC; Ralph Niccolai; Keith Quevreaux, AIC; Andy Riegert, AIC; Jenny Schmidt, AIC, SCLA; Derek Yeary, AIC**
Claims Specialists – **Heather DeVaughan, AIC; Robyn Duff; Clint Peterson, AIC; Diana Rapp; Ovlen Tatom, Jr.**
Claims Coordinators – **Duane Horn, AIC; Emily Maiwurm, AIC; Melissa Stegmaier, AIC, AIS, SCLA**

Headquarters Claims
Manager, Headquarters Claims – **Gary Nichols**
Manager, Property Claims – **Martin Skidmore**
Assistant Manager, Casualty Claims – **Dennis Stetz, SCLA**
Manager, Executive Risk – **Connie Hennigan, CPCU, AIC, AIM, RPLU**
Regional Managers, Casualty Claims – **Curt Nutter, CPCU, AIC, AIM; Dale Prisco**
Superintendent, Workers' Compensation Claims – **Debra DeWeese**
Associate Superintendents – **Karen Roop**, **AIC** (Property); **Brad Zimmerman**, **CPCU, AIC** (Casualty); **Brian Keipert** (Environmental)
Supervisor, Claims Administration – **Jennifer McKinney-Taylor, CPCU, AIC, AIM, AIS, API**
Senior Claims Examiner, Casualty Claims – **Jenni Taylor, AIC**

Information Technology
Division Manager – **Lori Schneider, AIT**
Group Managers – **Laurie Gerhardt; Mark Buckle; Jenny Harvey; Julie Wallace, AIT**
Senior Group Manager – **Mark Wissel**
Team Lead – **Charles Eddingfield, PMP**
Supervisor – **Donna Fleek**
Senior Systems Analysts – **Marsha Barsman, FLMI, ACS, AIAA; Donna Getzendanner**
Senior Business Analyst – **Sean Jones**
Systems Analysts – **Deborah Lanter; Diane Roberts; Krista Schuler**
Business Analyst – **Nicholas Spradlin, AIT**
Senior Programmer Analyst – **Lisa Rauch**
Programmer Analyst – **Rebecca Compton**
Programmer – **Michele DeFossett**

Machinery & Equipment Specialties Field
Senior Machinery & Equipment Specialist – **Dan Landry, AAI, ARM**
Machinery & Equipment Specialist – **Tim Hatley**

Personal Lines
Underwriting Manager – **Bill Rizzo, AIM, API**
Chief Underwriting Specialists – **Matt Burns, API**
Underwriting Superintendent – **Erin Saunders**
Underwriting Specialists – **Todd Allgeyer; Christopher Meece**
Senior Underwriters – **David Barnard; Beth Ploeger, API**
Systems Analyst Specialist, Billing – **Debbie Sowder**
Requirements Specialists – **Michele Murphy, AIS, API; Matt Sarvak, AIM, API**
Senior Requirements Analyst – **Becky Clayton, API**

Premium Audit Field
Field Audit Superintendent – **Jeff Moss, CPCU, APA**

Sales Field
Regional Directors – **Jamison Gordon; Tom Koch; William Ray, CIC**
State Agents – **Amy Kingerski, CPCU; Doug Lee; James Stringer, CPCU, AIM, APA, ARe, AU**

Special Investigation Unit
Senior Investigator – **Brian White**

Staff Underwriting
Support Manager – **Mary Sue Rowland**
Chief Filings Specialist – **Patricia Owens, CPCU**
Filings Specialist – **Dennis Geier, AIS**
Senior Filing Analysts – **Kara Armstead, AU; Danna Sebastian, API**

Web Content Management
Senior Communications Analyst/Manager, Technical Editing – **Laura Hobbs**

Professional Development and Awards

Offering agent education differentiates Cincinnati from other carriers. We know that many agencies cannot devote the time or money to expensive training seminars for their staff. To address this need, Cincinnati's Learning & Development department developed quick-start curricula that outline a plan for the first six to12 months on the job, including a blend of online and classroom courses that allow immediate access to insurance technical training. Agents can also participate in a wide variety of Web conferences from their desks.

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: Bob Cleveland, Brett Starr, Todd Wing and Matt Zimmerman, Chartered Property Casualty Underwriter (CPCU); and Debbie Jenkins, Certified Insurance Counselor (CIC).

The ABC Award recognizes exemplary productivity, service and quality in exceptional associates. The ABC Award committee recently granted the quarterly Above and Beyond the Call (ABC) award to Jessica Day, AIS, senior P&C compliance specialist, Staff Underwriting.

In January, Cincinnati associates received the Award of Excellence for the most productive blood drives from America's Blood Center, the nation's largest group of nonprofit blood donation centers. Hoxworth Blood Center nominated Cincinnati associates because of the ongoing commitment to bi-annual blood drives, as well as the response received to additional drives targeted at type O donors to help the blood supply.

Financial Services

CFC Investment Company, which offers equipment and vehicle leases and loans, reported 2,197 accounts representing $71 million in net receivables as of December 31, 2008.

Over the course of 2008, The Cincinnati Specialty Underwriters Insurance Company and our wholly owned brokerage, CSU Producer Resources Inc., began marketing excess and surplus lines general liability insurance in 33 of our 35 active states. Cincinnati Specialty Underwriters also offers the commercial property line of business in 21 states, and miscellaneous professional/E&O in all 33 active states. We will continue to introduce new lines and classes of business throughout 2009, including additional classes of miscellaneous professional and excess casualty. Availability of CSU's new offerings has enhanced your company's ability to write new standard market property casualty business, as we work with agents to round out accounts that require both admitted and nonadmitted market solutions.

Our asset management services subsidiary, CinFin Capital Management Company, will cease operations on February 28, 2009, as our focus sharpens on insurance. During the recent downturn, this business performed satisfactorily relative to the appropriate benchmarks, and it was profitable over its 10 years in operation. We determined that sufficient future growth through agency referrals or other routes would have required a substantial increase in resources even as we are ramping up insurance initiatives. Many of our agencies did not see referrals for its services within the scope of their offering to their clients.

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 2007 Annual Report on Form 10-K, Item 1A, Risk Factors, Page 21, with updates to certain risk factors described in our Quarterly Report on Form 10-Q for the period ended June 30, 2008. Although we often review and update our forward-looking statements when events warrant, we caution our readers that we undertake no obligation to do so.

Factors that could cause or contribute to such differences include, but are not limited to:

- Further decline in overall stock market values negatively affecting the company's equity portfolio and book value
- Events, such as the credit crisis, followed by prolonged periods of economic instability, that lead to:
  - Significant or prolonged decline in the value of a particular security or group of securities and impairment of the asset(s)
  - Significant decline in investment income due to reduced or eliminated dividend payouts from a particular security or group of securities
  - Significant rise in losses from surety and director and officer policies written for financial institutions
- Recession or other economic conditions or regulatory, accounting or tax changes resulting in lower demand for insurance products
- Prolonged low interest rate environment or other factors that limit the company's ability to generate growth in investment income or interest rate fluctuations that result in declining values of fixed-maturity investments
- Changing consumer buying habits and consolidation of independent insurance agencies that could alter our competitive advantages
- Unusually high levels of catastrophe losses due to risk concentrations, changes in weather patterns, environmental events, terrorism incidents or other causes
- Increased frequency and/or severity of claims
- Delays or inadequacies in the development, implementation, performance and benefits of technology projects and enhancements
- Ability to obtain adequate reinsurance on acceptable terms, amount of reinsurance purchased, financial strength of reinsurers and the potential for non-payment or delay in payment by reinsurers
- Increased competition that could result in a significant reduction in the company's premium growth rate
- Events or conditions that could weaken or harm the company's relationships with its independent agencies and hamper opportunities to add new agencies, resulting in limitations on the company's opportunities for growth, such as:
  - Multi-notch downgrades of the company's financial strength ratings
  - Concerns that doing business with the company is too difficult or
  - Perceptions that the company's level of service, particularly claims service, is no longer a distinguishing characteristic in the marketplace
- Underwriting and pricing methods adopted by competitors that could allow them to identify and flexibly price risks, which could decrease our competitive advantages
- Personal lines pricing and loss trends that lead management to conclude that this segment could not attain sustainable profitability, which could prevent the capitalization of policy acquisition costs
- Actions of insurance departments, state attorneys general or other regulatory agencies that:
  - Restrict our ability to exit or reduce writings of unprofitable coverages or lines of business
  - Place the insurance industry under greater regulatory scrutiny or result in new statutes, rules and regulations
  - Increase our expenses
  - Add assessments for guaranty funds, other insurance related assessments or mandatory reinsurance arrangements; or that impair our ability to recover such assessments through future surcharges or other rate changes
  - Limit our ability to set fair, adequate and reasonable rates
  - Place us at a disadvantage in the marketplace
  - 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
- Inaccurate estimates or assumptions used for critical accounting estimates
- 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.

Financial strength ratings are effective as of the date of this release, are under continuous review and are subject to change and/or affirmation. For the latest ratings, access Financial Strength Ratings at *www.cinfin.com*.

Contact Information

Communications directed to Steven J. Johnston, FCAS, MAAA, CFA, senior vice president, chief financial officer 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.
Heather J. Wietzel – Vice President, Investor Relations
513-870-2768 or *investor_inquiries@cinfin.com*

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

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

CINCINNATI FINANCIAL CORPORATION

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

Mailing Address:
P.O. Box 145496
Cincinnati, Ohio 45250-5496

Street Address:
6200 South Gilmore Road
Fairfield, Ohio 45014-5141

Phone: 513-870-2000
Fax: 513-870-2066
www.cinfin.com