Cincinnati Financial Corporation

2010 Second-Quarter Letter to Shareholders

August 19, 2010

To Our Shareholders, Friends and Associates:

Two years have gone by since we assumed our new roles on Cincinnati Financial's executive team. Those two years turned out to be unlike any other period in the company's history, or for that matter, unlike anything experienced by the broader economy in a long time. We continue to feel some effects.

Over these two years, we have pushed diligently to make necessary changes and to pursue new opportunities, and we are grateful for the loyalty of our shareholders and the investment community, our agents, policyholders and associates. With your support, we have successfully managed our capital, in large part by diversifying our investment portfolio and stabilizing our investment income. New technology and other initiatives are helping to restore profitability of our homeowners and workers' compensation business, reducing future earnings volatility from catastrophe risk and improving pricing capabilities and tools. Excluding those two challenging lines of business, we have maintained overall underwriting profitability. And we have acted to drive premium growth by expanding our product offerings and operating territories, achieving strong new business and resuming premium growth in personal lines.

Our insurance operations already are seeing some benefits from these efforts, and we are confident that most of the benefits are yet to come. By changing incrementally, we seek to continue as a source of stability now and in the future for our appointed agencies and their clients. Our planning horizon is longer than the next earnings period or even the next two to three years that is often the focus of investment analysts.

Our strategy has been to maintain exceptional capital strength through all market cycles. Our level of capital is very strong. With this capital cushion, we can afford to focus on building for the long term, absorbing setbacks, while continuing to be the predictable, reliable company you count on.

Solid reserves contribute to our financial strength. In 2009, we gave up some of our current earnings in order to strengthen our workers' compensation reserves – a decision that supported our record of consistent, sound reserving practices. While this decision added to our combined ratio, we believe it was the right choice. At this point in the insurance cycle, observers believe some insurers are not making such decisions and may incur charges later to restore reserve adequacy. To us, this is a matter of integrity; we do not knowingly borrow from future earnings.

We made many other capital management choices that increase balance sheet strength and financial flexibility. Among the most important, Cincinnati Financial maintains more than $1 billion of assets at the parent company level, more than enough to retire all of our corporate debt, while preserving our insurance subsidiaries' very strong surplus and capacity for growth.

August 2, the anniversary of The Cincinnati Insurance Company's charter, marked the beginning of your company's 60th year. Perhaps more noteworthy, our first policy was written on January 25, 1951, and our anniversary recognitions will focus on that date.

With the issue of that first policy, the careful and diligent planning of our company's founders became reality. We are, in 2010, once again carefully and diligently planning for the future, moving into position by accomplishing initiatives related to agency and geographic expansion, technology, products, expense management and investments. We are looking forward to the real results and growth that we believe will flow from these efforts, creating value for shareholders, agents, policyholders and associates.

Respectfully,

/s/ John J. Schiff, Jr.	/s/ Kenneth W. Stecher	/s/ Steven J. Johnston
John J. Schiff, Jr., CPCU Chairman of the Board	Kenneth W. Stecher President and Chief Executive Officer	Steven J. Johnston, FCAS, MAAA, CFA Senior Vice President and Chief Financial 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 same 37 states. Within this select group, we 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

Table of Contents

Investor E-mail Alerts

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 website. 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.

Recent News Releases

Cincinnati Financial Reports Second-Quarter 2010 Results

Cincinnati, July 28, 2010 – Cincinnati Financial Corporation (Nasdaq: CINF) today reported:

- $27 million, or 17 cents per share, of net income for second-quarter 2010 compared with a net loss of $19 million, or 12 cents per share, in the second quarter of 2009.
- $42 million, or 26 cents per share, of operating income* compared with an operating loss of $5 million, or 3 cents per share.
- Driving the improved second-quarter results were the after-tax net effects of a $7 million rise in investment income and a $44 million decrease in the property casualty insurance underwriting loss. Underwriting results improved despite high weather-related catastrophe losses that moderated somewhat compared with second-quarter 2009 catastrophe losses while exceeding early estimates announced on June 14. Partially offsetting the catastrophe losses were higher contributions from favorable development of reserved loss estimates for insurance claims related to events that occurred prior to 2010.
- $29.13 book value per share at June 30, 2010, off approximately 2 percent from March 31, 2010, and less than 1 percent from December 31, 2009.
- 2.3 percent value creation ratio for the first six months of 2010, compared with 2.0 percent for the same period of 2009.

Financial Highlights

(Dollars in millions except share data)	Three months ended June 30,			Six months ended June 30,		
	2010	2009	Change %	**2010**	2009	Change %
Revenue Highlights						
Earned premiums	**$ 768**	$ 770	0	**$ 1,515**	$ 1,535	(1)
Investment income, pre-tax	**130**	119	9	**260**	243	7
Total revenues	**878**	874	0	**1,765**	1,764	0
Income Statement Data						
Net income (loss)	**$ 27**	$ (19)	nm	**$ 95**	$ 17	459
Net realized investment gains and losses	**(15)**	(14)	(7)	**(10)**	(15)	33
Operating income (loss)*	**$ 42**	$ (5)	nm	**$ 105**	$ 32	228
Per Share Data (diluted)						
Net income (loss)	**$ 0.17**	$ (0.12)	nm	**$ 0.58**	$ 0.10	480
Net realized investment gains and losses	**(0.09)**	(0.09)	0	**(0.06)**	(0.10)	40
Operating income (loss)*	**$ 0.26**	$ (0.03)	nm	**$ 0.64**	$ 0.20	220
Book value				**29.13**	25.49	14
Cash dividend declared	**0.395**	0.39	1	**0.79**	0.78	1
Diluted weighted average shares outstanding	**163,284,013**	162,556,327	0	**163,293,335**	162,738,081	0

Insurance Operations Second-Quarter Highlights

- 107.6 percent second-quarter 2010 property casualty combined ratio, improved 9.0 percentage points from one year ago.
- 4 percent increase in property casualty net written premiums, including personal lines segment growth of 7 percent.
- $106 million second-quarter 2010 property casualty new business written by agencies, within $1 million of second-quarter 2009. $11 million was contributed in the second quarter by all agencies appointed since the beginning of 2009.
- 6 cents per share contribution from life insurance to second-quarter 2010 operating income, down slightly from 7 cents.

* The Definitions of Non-GAAP Information and Reconciliation to Comparable GAAP Measures on Page 9 defines and reconciles measures presented in this release that are not based on Generally Accepted Accounting Principles.

** Forward-looking statements and related assumptions are subject to the risks outlined in the company's safe harbor statement (see Page 16).

Investment and Balance Sheet Highlights

- Investment income, after income tax effects, grew 8 percent in the second quarter, driven by pre-tax interest income growth of 11 percent.
- 1 percent six-month increase in fair value of invested assets plus cash at June 30, 2010, including bond portfolio growth of 6 percent and equity portfolio decline of 3 percent.
- Parent company cash and marketable securities of $1.011 billion at June 30, 2010, up 1 percent from year-end.

Kenneth W. Stecher, president and chief executive officer, commented, "Cincinnati Financial stayed focused and disciplined in the second quarter, making progress against continuing headwinds of industry, economic and literal storms. The second quarter brought reasonable premium growth, a narrower underwriting loss and solid growth of investment income over last year's low point. Our position and results as of June 30 showed that we are poised for improved results in our insurance operations, independent of the still-awaited turn in the commercial insurance marketplace. We believe that our strategic initiatives are beginning to produce benefits that will multiply over the coming months and years."

Expanded Growth Opportunities

"Net written premiums from property casualty operations rose 4 percent over the year-ago second quarter. We have looked beyond our largest book of business in standard commercial lines for additional growth opportunities, finding them by expanding personal lines and adding excess and surplus lines. These two areas together accounted for nearly three-quarters of our second-quarter written premium growth, including strong new business.

"In commercial lines, our retention rate on renewal policies continues at a very satisfactory level while we are writing less new business, including fewer larger accounts that tend to be underpriced due to competition. As planned, agents in our newer commercial states – Texas, Colorado and Wyoming – increased six-month new business premiums by $11 million, partially offsetting declines in established states. We are approximately halfway to our 2010 goal of appointing 65 new agencies that in total write more than $1 billion of annual property casualty premium with all carriers. Second-half 2010 appointments will include our first agencies in Connecticut and Oregon. As new agency relationships mature, we work to become their No. 1 or No. 2 carrier, typically writing about 10 percent of total agency premium volume within 10 years. With expansion to states outside of the Midwest and South, we also expect growth of our market share within these new agencies to support geographical diversification, reducing volatility of financial results from catastrophes."

Stabilized Ex-Catastrophe Underwriting Results

"While we are never satisfied with a combined ratio over 100 percent, the second-quarter ratio improved 9 percentage points compared with the year-ago ratio. This year's second-quarter combined ratio benefited from lower catastrophe losses and higher favorable development of reserves. Eliminating those impacts and compared with full-year 2009, the accident-year combined ratio excluding catastrophes is fairly stable in 2010 for our commercial lines segment and improved for our personal lines segment. We believe this slightly better underlying profitability is an early indication of more precise pricing and risk selection we are just beginning to experience through our limited but steadily increasing use of predictive modeling tools in both commercial and personal lines.

As of the June 30, we are using these tools to increase our ability to target high quality risks in our homeowner and workers' compensation lines of business. We will begin use for commercial and personal auto lines before year-end and will ultimately develop tools for all major commercial lines. We expect to continue gaining new advantages from our broader use of technology, including recently introduced policy administration systems that bring efficiencies for our company and our agents and online tools that give policyholders new ways to receive service. In addition to making it easier to process our policies, our new commercial lines system, now available in 21 states with nine more to launch this year, adds billing and payment options that help attract business from our agents."

Balanced Risk and Reward

"On the investment side of our operations, we continue to position our portfolio with consideration to both the challenges presented by the current low rate environment and the risks presented by potential future inflation. As bonds in our generally laddered portfolio mature over the near term, we will be challenged to replace their current yield and continue our trend of improving investment income. While our large bond portfolio more than covers our insurance reserve liabilities, we believe one of our best opportunities for long-term growth and profits is our diversified common stock portfolio of mainly blue chip, dividend-paying companies, accounting for 24 percent of invested assets at June 30.

"Overall, our capital and liquidity continued to be very strong at June 30, 2010. Our more than $1 billion of cash and marketable securities at the parent company level would be sufficient to cover all of our corporate debt while preserving our insurance subsidiaries' very strong surplus and capacity for growth.

"For the first time since April 2009, we used capital to repurchase some of our own shares during the second quarter. As in the past, we were opportunistic, buying shares for a total of $10 million at an average price well below book value. Over 8 million shares remain available per the board's authorization, which does not specify an expiration date. We tend to use repurchases to support shareholder value by offsetting dilution from stock compensation granted to our associates and directors. The second-quarter repurchases benefited book value per share slightly, although total book value fell short of year-end 2009, reflecting fluctuation of common stock values in our equity portfolio on June 30.

Stecher concluded, "Our property casualty insurance group was named in July to the Ward's 50, a list of insurers that excel at balancing financial strength with superior performance over a five-year period. Our group is one of only five insurers named to the Ward's 50 every year since inception of the list 20 years ago. With support from our loyal shareholders, agents, policyholders and associates, we will continue managing our capital to build value that endures over time."

Consolidated Property Casualty Insurance Operations

(Dollars in millions)	Three months ended June 30,			Six months ended June 30,		
	2010	2009	Change %	**2010**	2009	Change %
Agency renewal written premiums	**$ 685**	$ 666	3	**$ 1,367**	$ 1,361	0
Agency new business written premiums	**106**	107	(1)	**198**	204	(3)
Other written premiums	**(42)**	(50)	16	**(60)**	(64)	6
Net written premiums	**749**	723	4	**1,505**	1,501	0
Unearned premium change	**(21)**	10	nm	**(69)**	(36)	(92)
Earned premiums	**728**	733	(1)	**1,436**	1,465	(2)
Loss and loss expenses	**553**	620	(11)	**1,028**	1,163	(12)
Underwriting expenses	**230**	235	(2)	**482**	479	1
Underwriting loss	**$ (55)**	$ (122)	55	**$ (74)**	$ (177)	58
Ratios as a percent of earned premiums:			Pt. Change			Pt. Change
Current accident year before catastrophe losses	**71.7%**	72.1%	(0.4)	**70.6%**	69.0%	1.6
Current accident year catastrophe losses	**14.3**	16.3	(2.0)	**8.8**	11.9	(3.1)
Prior accident years before catastrophe losses	**(9.3)**	(3.7)	(5.6)	**(7.0)**	(1.2)	(5.8)
Prior accident year catastrophe losses	**(0.7)**	(0.2)	(0.5)	**(0.8)**	(0.3)	(0.5)
Total loss and loss expenses	**76.0**	84.5	(8.5)	**71.6**	79.4	(7.8)
Underwriting expenses	**31.6**	32.1	(0.5)	**33.6**	32.7	0.9
Combined ratio	**107.6%**	116.6%	(9.0)	**105.2%**	112.1%	(6.9)
Contribution from catastrophe losses and prior years reserve development	**4.3**	12.4	(8.1)	**1.0**	10.4	(9.4)
Combined ratio before catastrophe losses and prior years reserve development	**103.3%**	104.2%	(0.9)	**104.2%**	101.7%	2.5

- $26 million or 4 percent increase in second-quarter 2010 property casualty net written premiums, reflecting various targeted growth initiatives that produced increases of $14 million in personal lines and $5 million in excess and surplus lines.
- $1 million decrease in new business written by agencies in the second quarter of 2010 compared with the second quarter of 2009, including a decrease of almost $7 million for commercial lines that were nearly offset by increases of $5 million for personal lines and $1 million for excess and surplus lines.
- 1,201 agency relationships with 1,487 reporting locations marketing standard market property casualty insurance products at June 30, 2010, compared with 1,180 agency relationships with 1,463 reporting locations at year-end 2009. Thirty-eight new agency appointments were made during the first six months of 2010.
- 9.0 percentage-point improvement in the second-quarter GAAP combined ratio, including 2.0 points for lower catastrophe losses from weather events.
- Underwriting results benefitted from favorable prior accident year reserve development of $73 million for the second quarter of 2010 compared with $29 million for the same period of 2009, accounting for 6.1 percentage points of improvement in the GAAP combined ratio.

The following table shows incurred catastrophe losses.

(In millions, net of reinsurance)			Three months ended June 30,			Six months ended June 30,		
			Commercial	Personal		Commercial	Personal	
Dates	Cause of loss	Region	lines	lines	Total	lines	lines	Total
2010								
First quarter catastrophes			**$ (2)**	**$ -**	**$ (2)**	**$ 8**	**$ 4**	**$ 12**
Apr. 4-6	Flood, hail, tornado, wind	South, Midwest	**5**	**6**	**11**	**5**	**6**	**11**
Apr. 30 - May 3	Flood, hail, tornado, wind	South	**28**	**6**	**34**	**28**	**6**	**34**
May 7-8	Hail, tornado, wind	East, Midwest	**2**	**10**	**12**	**2**	**10**	**12**
May 12-16	Flood, hail, tornado, wind	South, Midwest	**3**	**2**	**5**	**3**	**2**	**5**
Jun. 4-6	Flood, hail, tornado, wind	Midwest	**3**	**3**	**6**	**3**	**3**	**6**
Jun. 17-20	Flood, hail, tornado, wind	Midwest, West	**5**	**4**	**9**	**5**	**4**	**9**
Jun. 21-24	Flood, hail, tornado, wind	Midwest	**4**	**5**	**9**	**4**	**5**	**9**
Jun. 25-28	Flood, hail, tornado, wind	Midwest	**1**	**4**	**5**	**1**	**4**	**5**
All other 2010 catastrophes			**11**	**4**	**15**	**17**	**6**	**23**
Development on 2009 and prior catastrophes			**(4)**	**(1)**	**(5)**	**(10)**	**(2)**	**(12)**
Calendar year incurred total			**$ 56**	**$ 43**	**$ 99**	**$ 66**	**$ 48**	**$ 114**
2009								
First quarter catastrophes			**4**	**8**	**12**	**21**	**46**	**67**
Apr. 9-11	Flood, hail, wind	South, Midwest	**13**	**15**	**28**	**13**	**15**	**28**
May 7-9	Flood, hail, wind	South, Midwest	**12**	**17**	**29**	**12**	**17**	**29**
Jun. 2-6	Flood, hail, wind	South, Midwest	**6**	**4**	**10**	**6**	**4**	**10**
Jun. 10-18	Flood, hail, wind	South, Midwest	**21**	**9**	**30**	**21**	**9**	**30**
All other 2009 catastrophes			**5**	**6**	**11**	**5**	**6**	**11**
Development on 2008 and prior catastrophes			**(4)**	**2**	**(2)**	**(7)**	**3**	**(4)**
Calendar year incurred total			**$ 57**	**$ 61**	**$ 118**	**$ 71**	**$ 100**	**$ 171**

Insurance Operations Highlights

Commercial Lines Insurance Operations

(Dollars in millions)	Three months ended June 30,			Six months ended June 30,		
	2010	2009	Change %	**2010**	2009	Change %
Agency renewal written premiums	**$ 492**	$ 488	1	**$ 1,025**	$ 1,045	(2)
Agency new business written premiums	**73**	79	(8)	**139**	155	(10)
Other written premiums	**(33)**	(43)	23	**(44)**	(51)	14
Net written premiums	**532**	524	2	**1,120**	1,149	(3)
Unearned premium change	**6**	32	(81)	**(59)**	(37)	(59)
Earned premiums	**538**	556	(3)	**1,061**	1,112	(5)
Loss and loss expenses	**378**	442	(14)	**731**	830	(12)
Underwriting expenses	**169**	175	(3)	**350**	355	(1)
Underwriting loss	**$ (9)**	$ (61)	85	**$ (20)**	$ (73)	73
Ratios as a percent of earned premiums:			Pt. Change			Pt. Change
Current accident year before catastrophe losses	**71.7%**	72.5%	(0.8)	**71.4%**	68.8%	2.6
Current accident year catastrophe losses	**11.2**	10.9	0.3	**7.2**	7.0	0.2
Prior accident years before catastrophe losses	**(11.7)**	(3.2)	(8.5)	**(8.7)**	(0.6)	(8.1)
Prior accident year catastrophe losses	**(0.8)**	(0.7)	(0.1)	**(1.0)**	(0.6)	(0.4)
Total loss and loss expenses	**70.4**	79.5	(9.1)	**68.9**	74.6	(5.7)
Underwriting expenses	**31.3**	31.4	(0.1)	**33.0**	32.0	1.0
Combined ratio	**101.7%**	110.9%	(9.2)	**101.9%**	106.6%	(4.7)
Contribution from catastrophe losses and prior years reserve development	**(1.3)**	7.0	(8.3)	**(2.5)**	5.8	(8.3)
Combined ratio before catastrophe losses and prior years reserve development	**103.0%**	103.9%	(0.9)	**104.4%**	100.8%	3.6

- $8 million or 2 percent increase in second-quarter 2010 commercial lines net written premiums. Slightly higher renewal written premiums reflected strong policy retention and included modest pricing declines estimated at approximately 1 percent for the average policy during the first half of 2010.
- Combined ratio reflected favorable prior accident year reserve development and fairly stable current accident year results. 71.4 percent ratio for current accident year losses and loss expenses before catastrophes, improved slightly from 72.5 percent full-year 2009, with new losses greater than $4 million down 0.8 percentage points.
- Underwriting expense ratio was essentially flat for the second quarter as lower expenses offset lower earned premiums.

Personal Lines Insurance Operations

(Dollars in millions)	Three months ended June 30,			Six months ended June 30,		
	2010	2009	Change %	**2010**	2009	Change %
Agency renewal written premiums	**$ 187**	$ 176	6	**$ 330**	$ 313	5
Agency new business written premiums	**24**	19	26	**42**	34	24
Other written premiums	**(7)**	(5)	(40)	**(13)**	(13)	0
Net written premiums	**204**	190	7	**359**	334	7
Unearned premium change	**(25)**	(18)	(39)	**(6)**	9	nm
Earned premiums	**179**	172	4	**353**	343	3
Loss and loss expenses	**163**	173	(6)	**275**	325	(15)
Underwriting expenses	**57**	56	2	**124**	110	13
Underwriting loss	**$ (41)**	$ (57)	28	**$ (46)**	$ (92)	50
Ratios as a percent of earned premiums:			Pt. Change			Pt. Change
Current accident year before catastrophe losses	**70.3%**	70.9%	(0.6)	**67.0%**	69.0%	(2.0)
Current accident year catastrophe losses	**24.5**	34.3	(9.8)	**14.1**	28.1	(14.0)
Prior accident years before catastrophe losses	**(3.0)**	(5.4)	2.4	**(2.7)**	(3.4)	0.7
Prior accident year catastrophe losses	**(0.7)**	1.1	(1.8)	**(0.5)**	0.9	(1.4)
Total loss and loss expenses	**91.1**	100.9	(9.8)	**77.9**	94.6	(16.7)
Underwriting expenses	**32.3**	32.3	0.0	**35.2**	32.3	2.9
Combined ratio	**123.4%**	133.2%	(9.8)	**113.1%**	126.9%	(13.8)
Contribution from catastrophe losses and prior years reserve development	**20.8**	30.0	(9.2)	**10.9**	25.6	(14.7)
Combined ratio before catastrophe losses and prior years reserve development	**102.6%**	103.2 %	(0.6)	**102.2%**	101.3%	0.9

- $14 million or 7 percent increase in second-quarter 2010 personal lines net written premiums, reflecting improved pricing and strong new business growth.
- 9.8 percentage-point second-quarter combined ratio improvement primarily from lower weather-related catastrophe losses.
- 67.0 percent ratio for current accident year losses and loss expenses before catastrophes, improved from 70.9 percent full-year 2009 primarily due to better pricing and 1.5 percentage points positive impact from lower new losses greater than $250,000.
- Flat second-quarter underwriting expense ratio as rising earned premiums kept pace with increased expenses.

Life Insurance Operations

(Dollars in millions)	Three months ended June 30,			Six months ended June 30,		
	2010	2009	Change %	**2010**	2009	Change %
Term life insurance	**$ 24**	$ 23	4	**$ 47**	$ 41	15
Universal life insurance	**10**	7	43	**19**	15	27
Other life insurance, annuity, and disability income products	**6**	7	(14)	**13**	14	(7)
Earned premiums	**40**	37	8	**79**	70	13
Investment income, net of expenses	**33**	29	14	**65**	59	10
Other income	**1**	-	nm	**1**	-	nm
Total revenues, excluding realized investment gains and losses	**74**	66	12	**145**	129	12
Contract holders benefits	**43**	39	10	**85**	78	9
Underwriting expenses	**16**	13	23	**32**	24	33
Total benefits and expenses	**59**	52	13	**117**	102	15
Net income before income tax and realized investment gains and losses	**15**	14	7	**28**	27	4
Income tax	**5**	3	67	**10**	8	25
Net income before realized investment gains and losses	**$ 10**	$ 11	(9)	**$ 18**	$ 19	(5)

- $3 million or 8 percent increase in second-quarter 2010 earned premiums, reflecting marketing advantages of competitive, up-to-date products, personal service and policies backed by financial strength. 3 percent rise in face amount of life policies in force to $72.180 billion at June 30, 2010, from $69.815 billion at year-end 2009.
- $52 million in second-quarter 2010 fixed annuity deposits received compared with $30 million in second-quarter 2009 and $181 million in full-year 2009. Cincinnati Life does not offer variable or indexed products.
- $1 million or 7 percent improvement in second-quarter 2010 pre-tax profit as revenues outgrew expenses. Higher contract holders benefits reflect increased levels of policy reserves while net death claims remained within expectations. Underwriting expenses increased primarily due to commission expense.
- GAAP shareholders' equity for The Cincinnati Life Insurance Company increased during the second quarter of 2010 by $28 million, or 4 percent, to $729 million. Net after-tax unrealized gains were up $18 million.

Investment and Balance Sheet Highlights

Investment Operations

(Dollars in millions)	Three months ended June 30,			Six months ended June 30,		
	2010	2009	Change %	**2010**	2009	Change %
Total investment income, net of expenses, pre-tax	**$ 130**	$ 119	9	**$ 260**	$ 243	7
Investment interest credited to contract holders	**(20)**	(17)	(18)	**(39)**	(33)	(18)
Realized investment gains and losses summary:						
Realized investment gains and losses, net	**16**	23	(30)	**19**	75	(75)
Change in fair value of securities with embedded derivatives	**(5)**	11	nm	**1**	7	(86)
Other-than-temporary impairment charges	**(34)**	(52)	35	**(35)**	(102)	66
Total realized investment gains and losses, net	**(23)**	(18)	(28)	**(15)**	(20)	25
Investment operations income	**$ 87**	$ 84	4	**$ 206**	$ 190	8

(Dollars in millions)	Three months ended June 30,			Six months ended June 30,		
	2010	2009	Change %	**2010**	2009	Change %
Investment income:						
Interest	**$ 107**	$ 96	11	**$ 214**	$ 192	11
Dividends	**24**	24	0	**48**	50	(4)
Other	**1**	1	0	**2**	5	(60)
Investment expenses	**(2)**	(2)	0	**(4)**	(4)	0
Total investment income, net of expenses, pre-tax	**130**	119	9	**260**	243	7
Income taxes	**(32)**	(28)	(14)	**(64)**	(56)	(14)
Total investment income, net of expenses, after-tax	**$ 98**	$ 91	8	**$ 196**	$ 187	5
Effective tax rate	**24.5%**	23.2%		**24.5%**	23.2%	
Average yield pre-tax	**4.6%**	4.9%		**4.6%**	4.9%	
Average yield after-tax	**3.4%**	3.8%		**3.5%**	3.8%	

- 9 percent growth in second-quarter 2010 pre-tax investment income or 8 percent growth in after-tax net investment income, driven by higher interest income on bonds.
- $131 million or 12 percent second-quarter 2010 decrease in pre-tax unrealized investment portfolio gains, including a $123 million increase for the bond portfolio, offset by a $254 million decline in unrealized gains for the equity portfolio.

(Dollars in millions except share data)	At June 30, **2010**	At December 31, 2009
Balance sheet data		
Invested assets	**$ 11,032**	$ 10,643
Total assets	**14,607**	14,440
Short-term debt	**49**	49
Long-term debt	**790**	790
Shareholders' equity	**4,737**	4,760
Book value per share	**29.13**	28.25
Debt-to-capital ratio	**15.0 %**	15.0 %

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	**2010**	2009
Performance measures				
Value creation ratio	**(1.1)%**	8.4%	**2.3%**	2.0%

- $11.357 billion in cash and invested assets at June 30, 2010, up from $11.200 billion at December 31, 2009.
- $8.339 billion bond portfolio at June 30, 2010, with an average rating of A2/A and with a 3 percent increase in fair value during the second quarter of 2010.
- $2.611 billion equity portfolio was 23.7 percent of invested assets, including $495 million in pre-tax unrealized gains at June 30, 2010, after an 8 percent decline in fair value during the second quarter of 2010.
- $3.537 billion of statutory surplus for the property casualty insurance group at June 30, 2010, down from $3.648 billion at December 31, 2009. Ratio of net written premiums to property casualty statutory surplus for the 12 months ended June 30, 2010, of 0.8-to-1, unchanged from 0.8-to-1 for the 12 months ended December 31, 2009.
- Value creation ratio of negative 1.1 percent for the second quarter of 2010 is the sum of 1.3 percent from shareholder dividends plus negative 2.4 percent from change in book value per share.

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

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

(Dollars in millions)	June 30, 2010	December 31, 2009
Assets		
Investments	**$ 11,032**	$ 10,643
Cash and cash equivalents	**325**	557
Premiums receivable	**1,055**	995
Reinsurance receivable	**543**	675
Other assets	**1,652**	1,570
Total assets	**$ 14,607**	$ 14,440
Liabilities		
Insurance reserves	**$ 6,110**	$ 5,925
Unearned premiums	**1,572**	1,509
Long-term debt	**790**	790
Other liabilities	**1,398**	1,456
Total liabilities	**9,870**	9,680
Shareholders' Equity		
Common stock and paid-in capital	**1,477**	1,474
Retained earnings	**3,828**	3,862
Accumulated other comprehensive income	**636**	624
Treasury stock	**(1,204)**	(1,200)
Total shareholders' equity	**4,737**	4,760
Total liabilities and shareholders' equity	**$ 14,607**	$ 14,440

(Dollars in millions except share data)	Three months ended June 30, 2010	Three months ended June 30, 2009	Six months ended June 30, 2010	Six months ended June 30, 2009
Revenues				
Earned premiums	**$ 768**	$ 770	**$ 1,515**	$ 1,535
Investment income, net of expenses	**130**	119	**260**	243
Realized investment gains and losses	**(23)**	(18)	**(15)**	(20)
Other income	**3**	3	**5**	6
Total revenues	**878**	874	**1,765**	1,764
Benefits and Expenses				
Insurance losses and policyholder benefits	**595**	658	**1,111**	1,239
Underwriting, acquisition and insurance expenses	**246**	248	**514**	503
Other operating expenses	**3**	4	**7**	10
Interest expense	**13**	14	**27**	28
Total benefits and expenses	**857**	924	**1,659**	1,780
Income (loss) before income taxes	**21**	(50)	**106**	(16)
Provision (benefit) for income taxes	**(6)**	(31)	**11**	(33)
Net Income (loss)	**$ 27**	$ (19)	**$ 95**	$ 17
Per Common Share:				
Net income (loss) – basic	**$ 0.17**	$ (0.12)	**$ 0.59**	$ 0.10
Net income (loss) – diluted	**$ 0.17**	$ (0.12)	**$ 0.58**	$ 0.10

Definitions of Non-GAAP Information and Reconciliation to Comparable GAAP Measures (See attached tables for 2010 reconciliations; prior-period reconciliations available at www.cinfin.com/investors.)

Cincinnati Financial Corporation prepares its public financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Statutory data is prepared in accordance with statutory accounting rules as defined by the National Association of Insurance Commissioners' (NAIC) Accounting Practices and Procedures Manual and therefore is not reconciled to GAAP data.

Management uses certain non-GAAP and non-statutory financial measures to evaluate its primary business areas – property casualty insurance, life insurance and investments. Management uses these measures when analyzing both GAAP and non-GAAP measures to improve its understanding of trends in the underlying business and to help avoid incorrect or misleading assumptions and conclusions about the success or failure of company strategies. Management adjustments to GAAP measures generally: apply to non-recurring events that are unrelated to business performance and distort short-term results; involve values that fluctuate based on events outside of management's control; or relate to accounting refinements that affect comparability between periods, creating a need to analyze data on the same basis. Operating income:

- Operating income is calculated by excluding net realized investment gains and losses (defined as realized investment gains and losses after applicable federal and state income taxes) from net income. Management evaluates operating income to measure the success of pricing, rate and underwriting strategies. While realized investment gains (or losses) are integral to the company's insurance operations over the long term, the determination to realize investment gains or losses in any period may be subject to management's discretion and is independent of the insurance underwriting process. Also, under applicable GAAP accounting requirements, gains and losses can be recognized from certain changes in market values of securities without actual realization. Management believes that the level of realized investment gains or losses for any particular period, while it may be material, may not fully indicate the performance of ongoing underlying business operations in that period.
  For these reasons, many investors and shareholders consider operating income to be one of the more meaningful measures for evaluating insurance company performance. Equity analysts who report on the insurance industry and the company generally focus on this metric in their analyses. The company presents operating income so that all investors have what management believes to be a useful supplement to GAAP information.
- Statutory accounting rules: For public reporting, insurance companies prepare financial statements in accordance with GAAP. However, insurers also must calculate certain data according to statutory accounting rules as defined in the NAIC's Accounting Practices and Procedures Manual, which may be, and has been, modified by various state insurance departments. Statutory data is publicly available, and various organizations use it to calculate aggregate industry data, study industry trends and compare insurance companies.
- Written premium: Under statutory accounting rules, property casualty written premium is the amount recorded for policies issued and recognized on an annualized basis at the effective date of the policy. Management analyzes trends in written premium to assess business efforts. Earned premium, used in both statutory and GAAP accounting, is calculated ratably over the policy term. The difference between written and earned premium is unearned premium.

Cincinnati Financial Corporation
Balance Sheet Reconciliation

(Dollars are per share)	Three months ended June 30,		Six months ended June 30,	
	2010	2009	**2010**	2009
Value creation ratio				
End of period book value	**$ 29.13**	$ 25.49	**$ 29.13**	$ 25.49
Less beginning of period book value	**29.86**	23.88	**29.25**	25.75
Change in book value	**(0.73)**	1.61	**(0.12)**	(0.26)
Dividend paid to shareholders	**0.395**	0.39	**0.79**	0.78
Total contribution to value creation ratio	**$ (0.34)**	$ 2.00	**$ 0.67**	$ 0.52
Contribution to value creation ratio from change in book value*	**(2.4)%**	6.8%	**(0.4)%**	(1.0)%
Contribution to value creation ratio from dividends paid to shareholders**	**1.3**	1.6	**2.7**	3.0
Value creation ratio	**(1.1)%**	8.4%	**2.3%**	2.0%

* Change in book value divided by the beginning of period book value
** Dividend paid to shareholders divided by beginning of period book value

Net Income Reconciliation

(In millions, except per share data)	Three months ended June 30, 2010	Six months ended June 30, 2010
Net income	$ 27	$ 95
Net realized investment gains and losses	(15)	(10)
Operating income	42	105
Less catastrophe losses	(64)	(74)
Operating income before catastrophe losses	$ 106	$ 179
Diluted per share data:		
Net income	$ 0.17	$ 0.58
Net realized investment gains and losses	(0.09)	(0.06)
Operating income	0.26	0.64
Less catastrophe losses	(0.40)	(0.45)
Operating income before catastrophe losses	$ 0.66	$ 1.09

Property Casualty Reconciliation

(Dollars in millions)	Three months ended June 30, 2010		
	Consolidated*	Commercial	Personal
Premiums:			
Adjusted written premiums – statutory	$ 753	$ 536	$ 204
Written premium adjustment	(4)	(4)	0
Reported written premiums – statutory	749	532	204
Unearned premiums change	(21)	6	(25)
Earned premiums	$ 728	$ 538	$ 179
Statutory combined ratio:			
Statutory combined ratio	107.3%	102.0%	121.2%
Contribution from catastrophe losses	13.6	10.4	23.8
Statutory combined ratio excluding catastrophe losses	93.7%	91.6%	97.4%
Commission expense ratio	17.9%	17.6%	18.1%
Other expense ratio	13.4	14.1	12.0
Statutory expense ratio	31.3%	31.7%	30.1%
GAAP combined ratio:			
GAAP combined ratio	107.6%	101.7%	123.4%
Contribution from catastrophe losses	13.6	10.4	23.8
Prior accident years before catastrophe losses	(9.3)	(11.7)	(3.0)
GAAP combined ratio excluding catastrophe losses and prior years reserve development	103.3%	103.0%	102.6%

(Dollars in millions)	Three months ended June 30, 2010		
	Consolidated*	Commercial	Personal
Premiums:			
Adjusted written premiums – statutory	$ 1,489	$ 1,104	$ 359
Written premium adjustment	16	16	0
Reported written premiums – statutory	1,505	1,120	359
Unearned premiums change	(69)	(59)	(6)
Earned premiums	$ 1,436	$ 1,061	$ 353
Statutory ratio:			
Statutory combined ratio	104.3%	100.7%	113.2%
Contribution from catastrophe losses	8.0	6.2	13.6
Statutory combined ratio excluding catastrophe losses	96.3%	94.5%	99.6%
Commission expense ratio	18.1%	17.4%	20.0%
Other expense ratio	14.6	14.4	15.3
Statutory expense ratio	32.7%	31.8%	35.3%
GAAP ratio:			
GAAP combined ratio	105.2%	101.9%	113.1%
Contribution from catastrophe losses	8.0	6.2	13.6
Prior accident years before catastrophe losses	(7.0)	(8.7)	(2.7)
GAAP combined ratio excluding catastrophe losses and prior years reserve development	104.2%	104.4%	102.2%

Dollar amounts shown are rounded to millions; certain amounts may not add due to rounding. Ratios are calculated based on whole dollar amounts.
* Consolidated property casualty data includes results from our surplus line of business.

Other News Releases

Cincinnati Financial Corporation Announces Second-Quarter Catastrophe Losses

Cincinnati, June 14, 2010 – Cincinnati Financial Corporation (Nasdaq: CINF) today said that as of June 10, 2010, it estimates incurred second-quarter pre-tax catastrophe losses from severe weather at approximately $65 million for its property casualty insurance operations through The Cincinnati Insurance Companies. Catastrophe losses affect property casualty insurance underwriting income, one of the sources of consolidated net income, along with profits from investment operations and life insurance operations.

Kenneth W. Stecher, president and chief executive officer, commented, "Our storm losses typically rise in the second quarter, averaging 7.7 percentage points over the past 10 years compared with a full-year average of 4.2 percentage points. If no additional catastrophe losses are incurred beyond those we estimated through June 10, our 2010 second-quarter estimate would stand at approximately 9 percentage points, bringing our early estimate for the first half to approximately 5.6 percentage points. Catastrophe losses can vary significantly from quarter to quarter, as shown by our below-average contribution of only 2.1 percentage points in the first quarter of 2010.

"Our agents and policyholders know they can depend on Cincinnati Insurance to provide the highest quality service for claims involving storms or other insured loss events. A total of eight events, including a storm in June that primarily affected our policyholders in northern Ohio, together accounted for approximately half of our policyholders' estimated second-quarter catastrophe losses. The other half was largely due to claims in Nashville, Tennessee, for water-damaged business equipment and related business interruption. Policyholders can purchase all-risk coverage for some types of equipment and expanded coverage for business interruption as options with our commercial multi-peril policy."

Representatives of Cincinnati Financial Corporation management will review progress on strategic initiatives for improving profitability and driving premium growth at the Macquarie Small & Mid-Cap conference on June 15, 2010, as previously announced. Stecher concluded, "We continue during the second quarter to execute on these initiatives, including preparations for entry to two new states outside of our Midwest footprint, increased pricing precision and introduction of our Educational Institutions Program – the first product release from our new target markets unit. In May, we received the Vanguards in Insurance Best Practices first-place award, recognizing our delivery of real time technology that increases agency efficiency. We are on track with plans to further deploy and improve our new policy administration systems. By continuing to strengthen service and respond fully to the needs of our agents and policyholders, we plan to create value over the long term for shareholders."

Cincinnati Financial Corporation Increases Regular Quarterly Cash Dividend

- *Sets stage for 50th consecutive year of higher dividends with 1 percent increase in indicated annual dividend rate*

Cincinnati, August 16, 2010 – Cincinnati Financial Corporation (Nasdaq: CINF) today announced that the board of directors voted at its regular meeting on August 13, 2010, to increase the regular quarterly cash dividend from 39.5 cents to 40 cents per share, payable October 15, 2010, to shareholders of record as of September 22, 2010.

At the new level, the indicated annual dividend is $1.60 per share. In 2009, cash dividends paid were $1.565 per share and dividends declared were $1.57 per share.

Kenneth W. Stecher, president and chief executive officer, commented, "The company has consistently increased dividends for 49 years, and the board of directors chose to continue that record for the benefit of our shareholders. This action demonstrates their confidence in our strong capital, liquidity and in our initiatives to improve earnings performance. Our capital management philosophy continues to consider the balance between future capital requirements to grow our business and returning capital to shareholders over time.

"In the first half of 2010, our profits were pressured by continuing price competition in the insurance marketplace and high catastrophe losses incurred by our policyholders. Year-to-date, shareholders have received cash dividends totaling more than our current earnings, and for their benefit, we also repurchased $10 million of our own shares. We believe our performance prospects are improving as we begin to realize benefits from our current growth and profitability initiatives. Our long-term perspective drives our long-term commitment through all market and economic cycles to create value for shareholders by investing in and expanding our insurance operations."

Inside Cincinnati

The subsidiary board executive committees announced two officer changes during their regular meeting on August 13, 2010. Directors elected Tony Dunn, CPCU, CPA, CIA, to vice president of The Cincinnati Insurance Company and its two standard market subsidiaries and The Cincinnati Life Insurance Company. Tony has led our Internal Audit department since 2007 and contributed in this area since 2002.

Directors also elected Frank Obermeyer, CPA, CISA, PMP, to assistant vice president of the same companies effective September 7, when he joins us to fill the position of internal audit manager. Frank brings more than 16 years of experience, most recently working as a senior manager with enterprise risk services for Deloitte & Touche LLP.

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

The Cincinnati Insurance Companies:
Agency Service & Field Support
Senior Manager – **Shelly Zorb, AIM**
Senior Account Records Specialist – **Amy Gamble, AIS**

Bond & Executive Risk
Systems Coordinator – **Greg Aumann**
Underwriting Director – **Mark Kleemeier**
Senior Underwriting Specialist – **Laura Lee Gayfield, CPCU, ARM**
Underwriting Specialists – **Ben Bessler, RPLU; Sean Ernst**
Underwriting Superintendent – **Mike Noe**
Senior Underwriter – **Craig Cashen**
Field Underwriters – **Bradley Purnhagen, John Junker III**

Commercial Lines
Senior Underwriting Managers – **Scott Ratliff, AIM; Walter Sauerwein, CPCU, AIM, AU**
Underwriting Managers – **Douglas Greer, AIM, AIS, AINS; Joe Yannetti, CPCU, AIM; Scott Zemberi, CPCU, AIM, ARe, AU**
Underwriting Directors – **Amy Schoch; Donna Offen**
Chief Underwriting Specialists – **Lynnette Beach, AU; Chris Byers, AU; Dana Brown, AIM; Marcie Caudill; Kevin Hagedorn; Jason Laub, AIM; Nancy Liebowitz, CPCU, AU; Kurt McKenna, AIS; Brad McLaughlin; Matt Miller, CPCU, AIM, API, AU; Dawn Woodrick, CPCU**
Underwriting Superintendents – **Michele Baker, AIS; Jennifer Bartos, AU; Connie Caudill, AIM, AIS; Alan Everson; Angela Halpin, CPCU, AIM, API, ASLI, AU; Seddrick Hubbard, AIS; Stephanie McLaughlin; Brett Meadors; Scott Meyer, ARM; Matthew Miller; Mike Mirizzi, CPCU; Mary Muench; Jim Murphy; Darren Richter, ARM; Jeffrey Sousa; Damian Stark, CPCU, AIM, API, AU; Mary Thomas; Sherell Walker**
Underwriting Specialists – **Dumesha Dubose; Kristen Campbell, CPCU; La'Brina Love; Stephanie Miller, AIS, AU; Sean Patrick, AU; Ryan Rhoads; Emily Sullivan; Brian Sunderman, AIC, AIM**
Systems Support Supervisor – **Karen Oliver**
Senior Underwriters – **Lindsey Dean; Lauren Dowd; Joy Duesing; Jinene Enders; Kevin Fancher, AIM; Matthew Fullan; Noah Goodwin, AIM, AU; Bridget Hamann; Sara Hauenstein; Tia Hauser; Venetta Jones; Jim Koerner; Erin Lievestro; Samantha Logan; Christine Montgomery; David Noonan; Angela Ogden; Trish Perry; Melissa Piecuch; Justin Roberts; Jennifer Santel; David Siebert; Sarah Skidmore, AU; Gerald Southard, AU; Kelly Thompson; Rosemarie Thrasher; Kasey Trimboli**

Corporate Accounting
Property/Casualty Accountant – **Eric Lievestro**
Senior Manager – **Michael Wood, CPCU, AIAF, CPA, CIA, CFE**
Direct Bill Accountant – **Rob Gross**

Field Claims
Field Claims Coordinator – **Wanda Perlinski**
Field Claims Superintendents – **Ted Ellis, AIC, AIM; Mark Kovacs, AIC; John Maris, AIC; Jay McElhaney, AIC, AIM, AIS, ARM**
Senior Claims Representatives – **Matt Brown, AFSB, AIC, APA, API, AU, CLU; Darren Brubacher; Scott Campbell, AIC, FLMI; Dave Crews, AIC; Julie Didier, AIC; Terri Dodrill, AIC; Justin Eskew, AIC, AIM, AIS; Connie Garrett; Amy Mathews, AIC; Kelly Sacks, AIC; Kelly Ward, AIC; Vicki Wisniewski**
Senior Claims Specialists – **Lisa Dill; Lori Dixon, AIC; Adam Goerges, AIC; John Hayes; Cory Jensen, AIC; Erica Jones, AIC; Jeff Kendrick, AIC; Kevin Niswonger, AIC; Joe Pavlik, AIC; Amanda Porter; Todd Solon, AIC; Kelly Lynn Ward, AIC; Carl Wolf, AIC**
Claims Specialists – **Leah Ashley; Brian Battaglia; Joey Burke, CPCU, AIC, AU; Theresa Cain, AIC; Edward Fowler; Melissa Gascot, AIC; Kirk Geise; Trisha Haskin; Jessica Hawkins; Marcie Jelf, AIC; Leslie Mann; Christopher Mitchell, AIC; Scott Molnar; Stephanie Osterhage; Steve Putney; Cathy Scharpf; Terry Sizemore, AIC; Jim Smith; Phillip Sorrentino; Derick Splitt; Brian Williams; Mark Workman**

Headquarters Claims
Superintendent, Operations – **Anne Balfour, AIC**
Superintendent, Casualty Claims – **Steve Fogle**
Superintendent, Claims Recovery – **Theresa Guy, AIC**
Associate Superintendent, Claims Operations – **Richard Osborn, AIM**
Associate Superintendents, Casualty Claims – **Hank Faglie, Jr., CPCU, AIC, AIM; Gary Gluck, AIC, AIM; Dan Mullen**
Associate Superintendent, Executive Risk Claims – **Ben Sanderson**
Supervisor, Casualty Claims – **Paul Braden**
Supervising Examiner, Casualty Claims – **Brooke Bruce, AIC**
Supervising Examiner, Workers' Compensation – **Leslie Rodgers**
Senior Claims Examiner – **Maureen Walsh**
Claims Examiner – **Katy Comer, AIC, AIS, AU**
Claims Examiner, Workers' Compensation – **Michelle Estell, AIC, AIS**

Information Technology
Senior Group Managers – **Jason Hoog, AIM, AIT; Laura Mize**
Group Managers – **Paul Deffinger; Diane Roberts; Karen Sanders; Donna Williams**
Senior Project Manager – **Carolyn MacDonald**
Project Manager – **Tina Williams**
Application Architect – **Alok Soni**
Senior Architect – **D.J. Owens**
Senior Systems Engineer – **John Kelly**
Senior Systems Analyst – **Patty Deaton**
Systems Engineer – **Mary Pero**
Database Engineer – **Gary Trenker, Jr.**
Senior Database Administrator – **Michael Klare**
Senior Systems Programmer – **Mike Schmalfuss**
Senior Programmer Analysts – **Maggie Biederman; Sunil Gangireddygari; Casey Linnig; Radha Reddy; Brenda Rommel**
Senior Programmer – **Debbie Maita**
Systems Administrators – **Dexter Grant; Shawn Kennedy; Brian Welch**
Senior Project Analyst – **Lisa Austin**
Specialists – **Israel Carter; Kate Sander, AIS; Doronna Vickers**
Senior Network Administrators – **Bill Debbane; Paul Holden**
Senior Analyst – **Nathan Kellett**
Senior IT Developer – **LaTasha Johnson**
IT Developer – **James Foster; Judy Merritt**

Internal Audit
Internal Auditor Specialist – **Jerry Braun, CPCU**
Internal Auditor – **Joseph Haas, CPCU, AIM, API, ARe, CIA**

Learning & Development
Learning Consultants – **Jason Estes; Brian Roach, AINS**

Legal Trial Division
Associate Counsel – **Lou DeMarco**

Loss Control Field
Loss Control Field Directors – **Charley Monahan, ARM; Denny Ray, CPCU, AIM, ARM, CRM; Randal Tuszka**

Loss Control
Senior Loss Control Representative – **Mike Mitchell**
Senior Loss Control Technical Consultant – **Chris Sewell, ARM**

Machinery & Equipment Specialties Field
Senior Machinery & Equipment Specialist – **Mike Miller**

Personal Lines
Senior Underwriting Manager – **Jen Atkinson, AIM, API**
Senior Managers, Personal Lines Support – **Christopher Gilbert, CPCU, AIM, API; Susanne Stewart, CPCU, API**
Chief Underwriting Specialist – **Carrie McKitrick, CPCU, AIM, AIT**
Underwriting Superintendent – **Stephanie Borg**
Senior Personal Lines Marketing Representatives – **Scott Fitzharris, CPCU, AIM, API, CIC; Dave Foster**
Underwriting Specialists – **Scott Cupp, CPCU, API; Melissa James, API; Sean Jones; Danielle Willman**
Senior Underwriters – **Chris Collins, API; Scott Hirsch, API; David Theobald, CPCU, API; Carolynn Billman; Brett Dailey; Carolan Deutch, API; Michael Smith**
Systems Specialists – **Carrie Harper; Denise Slatter; Karen Wright, API**
Diamond Specialist – **Leslie Fredricks**
Senior Diamond Support Analysts – **Mandi Adkins, API; Kay Owens, API; Linda Wilkirson, AIM, AIT, API**
Diamond Support Specialists – **Cindy Noll**

Premium Audit Field
Field Audit Superintendent – **Matt Hambright, CPCU, APA**

Sales Field
Field Director – **Roger Whitescarver II, AIS, CIC**
Regional Directors – **Tye Fickling, CPCU, ASLI, CIC, CRM; Shawn Murphy, CPCU, AU; Curt Shumaker, CPCU, AU, CIC**
State Agents – **Brian Bessler; Russ Blessing, AIS; Mike Henry; Aaron Hunsinger; Brad Kenney; Mark Lauman; Ken Mattison; Brian Moore, API**

Special Investigations Field
Associate Regional Manager – **Joe Cunningham**

Staff Underwriting
Associate Actuary – **Rajesh Thurairatnam**
Senior Actuarial Analyst – **Andy Kwon**
P&C Actuarial Analyst – **Daniel Price**
Senior Filings Specialist – **Jean Sterwerf**
Rate Filing Specialist – **Jason Campbell**
Senior Rate Analyst – **Kamila McKnight, AIM, API**
Filings Specialist – **Allison Timmers**

The Cincinnati Life Insurance Company:
Assistant Director, Advanced Sales –
Tyson Dailey, CPCU, AU, ChFC, CLU
Senior Life Regional Director – **Doug Stammler, CLU**
Life Field Directors – **Dane Albright, ChFC, CLU;**
Norm Alms, CLU
Senior Worksite Marketing Field Representative –
Cindy Stubblefield, FLMI, ACS, AIAA
Senior Superintendent, Reinsurance – **Nieata Bailey, ACS, ARA**
Underwriting Superintendent – **Jeremy Singer, CLU, FALU, FLMI**
Underwriting Specialist – **Gary Miller**

The Cincinnati Specialty Underwriters Insurance Company:
Underwriting Manager, Excess & Surplus – **Joe Dempsey, AIM**
Superintendent, Claims Excess & Surplus Lines – **Richard Hill**
Underwriter Directors – **Tracy Ernst; Tammy Lienberger, CPCU**
Underwriting Superintendent – **Angie Mosher, AIC, ASLI**
Underwriting Specialist – **Brian Rawlings, AIM, AIS, ASLI, AU**
Senior Underwriter – **Tim Mikesell, ASLI, AU**

Learning & Development

Independent agents and their staff use different software for each carrier they work with; understanding the details of each application can be a challenge. To help our agents understand the many features of our key commercial lines systems, we are taking the training to them. This year, Learning & Development associates are hosting hands-on, laptop-based classroom automation seminars. Reviewing a sample commercial account through the entire process, agents learn:

- how to use each type of software needed to rate, quote and issue a policy
- the tips and shortcuts to make business processing even easier
- how real-time offerings through CinciBridge® work
- more about billing options through CinciBill™
- how to access claims data

We encourage and reward associates to continue their professional insurance education, earning credentials by meeting high academic, ethical and length-of-experience standards. Congratulations to associates who completed a series of courses to earn a major designation: **Scott Cupp**, **Melissa Kamp**, **Amanda Klaus**, **Lynne Leslie**, **Chris Lewis**, **Wayne Pinney**, **Tom Ruth**, **David Theobald and Julia Wilking**, Chartered Property Casualty Underwriter (CPCU); **Matt Broerman, Bernie Kistler** and **Sharon Taylor**, Chartered Life Underwriter (CLU); **Molly Grimm**, Certified Equity Professional (CEP); **Mindy Bockewitz**, **Christopher Coffaro**, **Ken Mattison** and **Todd Ward**, Certified Insurance Counselor (CIC); **Jeremy Singer**, Fellow Associate Life Underwriter (FALU).

The Above and Beyond the Call (ABC) Award recognizes exemplary productivity, service and quality in exceptional associates. Congratulations to quarterly 2010 ABC Award recipients **Lori DeBord, API**, lead data service coordinator, Staff Underwriting; **Erica Ostendorf**, senior programmer analyst, IT Life Financials; and **Sandy Prewitt**, senior switchboard operator, Switchboard.

Public Responsibility

Congress recently passed the Dodd-Frank Act, H.R. 4173, to address concerns with regulation of the banking and investment sectors of the financial services industry. Although the legislation left state regulation of insurance mostly intact, several provisions could impact our industry: 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.

How these changes will ultimately affect consumers and the industry will depend on how the federal agency rulemaking process unfolds. Your company will urge federal regulators to consider the strengths of state-based insurance regulation as they implement the Dodd-Frank Act:

- 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 subjects 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 2009 Annual Report on Form 10-K, Item 1A, Risk Factors, Page 23. 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 any business segment if pricing and loss trends would lead management to conclude that 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:
  - o Significant or prolonged decline in the value of a particular security or group of securities and impairment of the asset(s)
  - o Significant decline in investment income due to reduced or eliminated dividend payouts from a particular security or group of securities
  - o 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
- Inability 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:
  - o Downgrades of the company's financial strength ratings
  - o Concerns that doing business with the company is too difficult
  - o Perceptions that the company's level of service, particularly claims service, is no longer a distinguishing characteristic in the marketplace
  - o 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:
  - o Restrict our ability to exit or reduce writings of unprofitable coverages or lines of business
  - o Place the insurance industry under greater regulatory scrutiny or result in new statutes, rules and regulations
  - o Increase our expenses
  - o 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
  - o Limit our ability to set fair, adequate and reasonable rates
  - o Place us at a disadvantage in the marketplace
  - o 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
- Difficulties with technology or data security breaches could negatively affect our ability to conduct business and our relationships with agents, policyholders and others

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 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 Cincinnati Financial Corporation's secretary, Steven J. Johnston, FCAS, MAAA, CFA, chief financial officer, are shared with the appropriate individual(s). Or, you may directly access services:

Investors: Investor Relations responds to investor inquiries about the company 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 the company 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