CINCINNATI FINANCIAL CORPORATION

2010 FOURTH-QUARTER AND FULL-YEAR LETTER TO SHAREHOLDERS

February 25, 2011

To Our Shareholders, Friends and Associates:

The final quarter of 2010 was by far the best, remarkable not for any unusual events or trends, but rather for predictable seasonal weather, steady business practices and persistent execution of our plans.

Our property casualty insurance underwriting profitability rose on the emergence of mild fourth-quarter weather and favorable development of reserves established in prior periods. These factors moved our full-year results for catastrophe losses, reserve development and year-end reserve levels within historical ranges. Premiums also rose during the fourth quarter, reflecting cumulative benefits from expanding into and developing new marketing territories and independent agencies, as well as ongoing efforts to sharpen our pricing precision and to market increased value and service.

The ability to achieve underwriting gains assumes new urgency as investment income, historically our main source of profit growth, continues under pressure. While our pretax investment income rose slightly for full-year 2010 primarily because of higher growth in our average invested assets, it declined slightly for the fourth quarter on lower bond yields. To assure that our business creates value, we will continue as 2011 unfolds to emphasize our initiatives to grow and prosper on the insurance side of our operations. Consider that:

- By increasing our investment income 5 percent – quite a challenge in this environment – we could grow revenues by approximately $26 million.
- By improving our property casualty combined ratio just 1 percentage point – a feat we believe is more than doable – we could add approximately $29 million to underwriting profits.

Our 2010 results and our optimism run counter to some industry trends and predictions. A.M. Best recently reported that the estimated industry combined ratio deteriorated to 103.0 percent from 101.2 percent in 2009; they expect it to again rise, reaching a projected 103.5 percent in 2011 as the soft commercial insurance market persists and industry reserve releases decline. They think better personal lines results will be more than offset by weaker results in commercial lines, for which they project the estimated combined ratio will worsen to 110 percent in 2011 from 108.5 percent in 2010 and 103.0 percent in 2009.

In contrast, your company reported improving trends overall and for both commercial and personal lines in 2010, as you'll read in this report. We are looking forward to the opportunity 2011 brings to drive further improvement:

By nurturing and increasing our traditional areas of strength: We continue the same careful claims and reserving practices today that served us well in the past, regularly updating loss reserve estimate assumptions to account for emerging trends. Our track record of 22 consecutive years of favorable development on reserves for prior accident years demonstrates our consistent pattern of reserve adequacy. In 2010, we increased our actuarial staff, broadening expertise in several areas including reserving. Other staffing changes served to foster our strong independent agency relationships. Fully 30 percent of our total staff now lives and works in agents' communities, ready 24/7 to assist with claims, quotes and marketing, loss control services, inspections and audits. While our overall staffing grew leaner in 2010, field staffing increased.

By pushing hard on initiatives so early progress can further compound over time: We are leveraging predictive analytics and modeling as part of specific plans to turn around our weak results in the challenging workers' compensation and homeowner lines of business, and agents are responding positively as we ramp up loss control services and claim reporting speed for workers' compensation. Our agent relationships are developing well in newer states and agencies entered over the past few years. Typically, we earn the number one or two spot and 10 percent of an independent agency's business within the first 10 years of our relationship. In 2010, we entered two new states and appointed 93 new agencies in all states where we operate, with plans to appoint 120 in 2011. Agents in most states now are using our new policy administration systems that increase agency ease and efficiency in placing and processing business with us.

Going forward, we will work to remain predictable, steady and persistent in achieving progress and creating long-term value for our shareholders, agents, policyholders and associates. Thank you for your support.

Respectfully,

/s/ John J. Schiff, Jr.	/s/ Kenneth W. Stecher	/s/ Steven J. Johnston
John J. Schiff, Jr., CPCU	Kenneth W. Stecher	Steven J. Johnston, FCAS, MAAA, CFA
Chairman of the Board	President and Chief Executive Officer	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 actively markets our business, home and auto insurance within their communities. These agents offer our standard market commercial lines policies in 39 states, personal lines policies in 29 and excess and surplus lines policies in 38 of those same 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.

For 60 years, three competitive advantages have distinguished 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 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, many of whom are the company's independent agent representatives and associates of its subsidiaries, and for policyholders by reviewing publications that we promptly post on *www.cinfin.com/Investors* as they are completed.

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Cincinnati Financial Reports Fourth-Quarter and Full-Year 2010 Results

Cincinnati, February 2, 2011 – Cincinnati Financial Corporation (Nasdaq: CINF) today reported:

- Fourth-quarter 2010 net income of $126 million, or 77 cents per share, compared with $245 million, or $1.50 per share, in the fourth quarter of 2009; operating income* of $113 million, or 70 cents per share, up 32 percent compared with $86 million, or 53 cents per share.
- Full-year 2010 net income of $377 million, or $2.31 per share, compared with $432 million, or $2.65, in 2009. Operating income of $274 million, or $1.68 per share, up 27 percent compared with $215 million, or $1.32.
- $55 million decrease in full-year 2010 net income reflected the after-tax net effect of three major items: a $114 million decrease from net realized investment gains, partially offset by a $53 million improvement in property casualty underwriting results and $9 million growth in investment income. Net income and operating income for the fourth quarter of 2010 benefited from property casualty insurance results that were up by $26 million after taxes.
- $30.91 book value per share at December 31, 2010, up 6 percent for the year and less than 1 percent for the quarter.
- 11.1 percent value creation ratio for the year 2010.

Financial Highlights

(Dollars in millions except share data)	Three months ended December 31,			Twelve months ended December 31,		
	2010	2009	Change %	**2010**	2009	Change %
Revenue Highlights						
Earned premiums	**$ 783**	$ 752	4	**$ 3,082**	$ 3,054	1
Investment income, pre-tax	**130**	131	(1)	**518**	501	3
Total revenues	**936**	1,133	(17)	**3,772**	3,903	(3)
Income Statement Data						
Net income	**$ 126**	$ 245	(49)	**$ 377**	$ 432	(13)
Net realized investment gains and losses	**13**	159	(92)	**103**	217	(53)
Operating income*	**$ 113**	$ 86	32	**$ 274**	$ 215	27
Per Share Data (diluted)						
Net income	**$ 0.77**	$ 1.50	(49)	**$ 2.31**	$ 2.65	(13)
Net realized investment gains and losses	**0.07**	0.97	(92)	**0.63**	1.33	(53)
Operating income*	**$ 0.70**	$ 0.53	32	**$ 1.68**	$ 1.32	27
Book value				**$ 30.91**	$ 29.25	6
Cash dividend declared	**$ 0.40**	$ 0.395	1	**$ 1.59**	$ 1.57	1
Diluted weighted average shares outstanding	**163,392,133**	163,092,882	0	**163,274,491**	162,866,863	0

Insurance Operations Fourth-Quarter Highlights

- 93.1 percent fourth-quarter 2010 property casualty combined ratio and 6 percent increase in net written premiums, including personal lines segment growth of 10 percent. Full-year 2010 property casualty combined ratio at 101.7 percent, with 2 percent increase in net written premiums, including personal lines segment growth of 9 percent.
- $107 million fourth-quarter and $414 million full-year 2010 property casualty new business written by agencies, up $13 million and $9 million, respectively. The full-year increase included $15 million from personal lines.
- 8 cents per share contribution from life insurance operating income to fourth-quarter results, up 2 cents from 2009. Full-year contribution to operating income from life insurance was 23 cents per share, up 1 cent.

Investment and Balance Sheet Highlights

- 1 percent decline in fourth-quarter 2010 after-tax investment income. 2 percent growth on a full-year basis, driven by pre-tax interest income growth of 5 percent.
- 6 percent full-year increase in fair value of invested assets plus cash at December 31, 2010, including fourth-quarter equity portfolio growth of 10 percent partially offset by a decline for the bond portfolio of 1 percent.
- $1.042 billion parent company cash and marketable securities at December 31, 2010, up almost 5 percent from a year ago.

* 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 13).

Higher Operating Income and Book Value

Kenneth W. Stecher, president and chief executive officer, commented, “Results from our property casualty insurance business trended positively in the fourth quarter, significantly improving our full-year 2010 performance. We achieved our best quarterly results of the year, with the highest written premium growth, lowest catastrophe losses and best combined ratio.

“Healthy underwriting gains for the fourth quarter surpassed the gain in 2009’s final quarter and partially offset underwriting losses in earlier 2010 quarters. Underwriting results continued to benefit in the fourth quarter and full year 2010 from our commitment to maintain consistent, careful reserving practices and from our initiatives to grow and to improve price precision.

“The full-year combined ratio improved 2.8 percentage points from last year. While weather-related catastrophes accounted for 0.6 percentage points of the improvement, the remainder reflects adequate reserving and quality underwriting that we believe will continue to improve. Prudent expense management has always been part of our culture, and we managed to trim expenses in some areas while investing in other areas of strategic importance, such as information technology, loss control and expansion into new markets. The net effect was a property casualty underwriting expense ratio that was even with 2009, in line with flat earned premiums for the year.

“Investment income, our primary source of profits, held steady. Along with the underwriting gains, they contributed to operating income that reached the highest quarterly level since fourth quarter 2007. Net income, which includes net realized investment gains, declined compared with the 2009 fourth quarter and full year, largely because we chose to take large gains in the 2009 periods from opportunistic sales of equity securities in our investment portfolio.

“During the 2010 fourth quarter, unrealized investment gains due to capital appreciation of our equity portfolio rose 30 percent. We chose to hold most of these unrealized gains in the portfolio, raising our property casualty surplus 4 percent and taking book value per share to its highest level since 2008’s first quarter, as equity gains largely offset lower valuations in our bond portfolio. Book value rose $1.66 per share since December 2009, and we paid shareholders $1.59 in cash dividends, which have steadily increased for 50 consecutive years.

“While our higher mix of equities relative to other insurer portfolios can contribute to variability of several balance sheet-related measures, we have the financial strength to absorb short-term effects, allowing equity gains to contribute to higher shareholders’ equity and book value over time. Our larger allocation to equities has the added benefit of potentially increasing dividends, and therefore investment income.”

Executing on Our Plans

Stecher noted, “We are rising to the challenges of the current environment, as demonstrated by our fourth-quarter progress on both the insurance and the investment sides of our business. To help offset the unfavorable premium revenue effect of commercial insurance pricing declines in the low single digits, we continued our expansion initiatives in the fourth quarter by appointing our first Connecticut and Oregon agencies and adding new agency relationships there and in many of our 37 other states. We expanded our product offerings in targeted markets and excess and surplus lines, and improved our mix of business in personal lines by continuing to refine our rates. We completed the 30-state rollout of our new policy administration system for commercial packages, on time and on budget.

“In 2010 and going forward, we continue to develop business data to support underwriting, pricing and business decisions. Pricing precision helps maintain adequate pricing for individual risks even when overall market pricing is declining. While we generally market on an account basis, preferring to package most or all of a policyholder’s property casualty coverages, we seek to write each line of business to be independently profitable. We now use predictive analytics tools to model and manage our capital and enterprise risk, and to increase pricing precision and improve loss ratios in lines of business including workers’ compensation, homeowners and, most recently, personal auto. In 2011, we will integrate predictive tools for general liability and commercial property into our policy administration systems. With improved data capabilities and tools, we expect to enhance our planning support for agency-level profitability and enhance internal processes for added efficiency, cost savings and accountability.

“These ongoing efforts are strengthening our competitive position, adding to the advantages we provide to our independent agent representatives and their clients. Being agency-centered was the strategy of our founders when the first Cincinnati policy was issued in January 1951. Sixty years later, we see that same strategy bringing great opportunity for growth, profits and shareholder value as the economy and the commercial insurance marketplace begin to improve.”

Consolidated Property Casualty Insurance Operations

(Dollars in millions)	Three months ended December 31,			Twelve months ended December 31,		
	2010	2009	Change %	**2010**	2009	Change %
Agency renewal written premiums	**$ 648**	$ 635	2	**$ 2,692**	$ 2,665	1
Agency new business written premiums	**107**	94	14	**414**	405	2
Other written premiums	**(33)**	(49)	33	**(143)**	(159)	10
Net written premiums	**722**	680	6	**2,963**	2,911	2
Unearned premium change	**23**	33	(30)	**(39)**	0	nm
Earned premiums	**745**	713	4	**2,924**	2,911	0
Fee revenues	**1**	1	0	**4**	3	33
Total premiums and fee revenues	**746**	714	4	**2,928**	2,914	0
Loss and loss expenses	**455**	464	(2)	**2,015**	2,086	(3)
Underwriting expenses	**240**	239	0	**960**	956	0
Underwriting profit (loss)	**$ 51**	$ 11	364	**$ (47)**	$ (128)	63

Ratios as a percent of earned premiums:			Pt. Change			Pt. Change
Current accident year before catastrophe losses	**77.6 %**	77.0 %	0.6	**73.6 %**	72.2 %	1.4
Current accident year catastrophe losses	**0.9**	(1.6)	2.5	**5.6**	5.9	(0.3)
Prior accident years before catastrophe losses	**(17.4)**	(10.3)	(7.1)	**(9.8)**	(6.2)	(3.6)
Prior accident years catastrophe losses	**(0.2)**	(0.1)	(0.1)	**(0.5)**	(0.2)	(0.3)
Total loss and loss expenses	**60.9**	65.0	(4.1)	**68.9**	71.7	(2.8)
Underwriting expenses	**32.2**	33.6	(1.4)	**32.8**	32.8	0.0
Combined ratio	**93.1 %**	98.6 %	(5.5)	**101.7 %**	104.5 %	(2.8)
Contribution from catastrophe losses and prior years reserve development	**(16.7)**	(12.0)	(4.7)	**(4.7)**	(0.5)	(4.2)
Combined ratio before catastrophe losses and prior years reserve development	**109.8 %**	110.6 %	(0.8)	**106.4 %**	105.0 %	1.4

- 6 percent and 2 percent increase in fourth-quarter and full-year 2010 property casualty net written premiums. Full-year growth of $52 million largely reflects targeted growth initiatives including $59 million from personal lines and $19 million from excess and surplus lines, partially offset by a decline in commercial lines net written premiums.
- $9 million increase to $414 million in 2010 new business written by agencies reflected the contribution from new agency appointments and other growth initiatives in recent years. $29 million of the increase was from standard market property casualty new business produced by agencies appointed since the beginning of 2009.
- 1,245 agency relationships in 1,544 reporting locations marketing standard market property casualty insurance products at December 31, 2010, compared with 1,180 agency relationships in 1,463 reporting locations at year-end 2009. Ninety-three new agency appointments were made during 2010, exceeding the initial full-year target of 65. The company now markets in 39 states including Oregon, where its first agency was appointed in November.
- 5.5 percentage-point fourth-quarter 2010 improvement and 2.8 percentage-point full-year improvement in the combined ratio, driven primarily by a higher level of benefit from favorable prior accident year reserve development.
- Underwriting results benefited from favorable prior accident year reserve development of $131 million for the fourth quarter and $304 for the full year, compared with $74 million and $188 million for the same periods of 2009.
- Expense management efforts helped keep the full-year underwriting expense ratio even despite flat earned premiums.

The following table shows incurred catastrophe losses for 2010 and 2009.

(In millions, net of reinsurance)			Three months ended December 31,				Twelve months ended December 31,			
Dates	Cause of loss	Region	Commercial lines	Personal lines	E&S lines	Total	Commercial lines	Personal lines	E&S lines	Total
2010										
First quarter catastrophes			**$ -**	**$ -**	**$ -**	**$ -**	**$ 13**	**$ 5**	**$ -**	**$ 18**
Second quarter catastrophes			**(5)**	**(3)**	**-**	**(8)**	**52**	**41**	**1**	**94**
Third quarter catastrophes			**(1)**	**(1)**	**-**	**(2)**	**24**	**12**	**-**	**36**
Oct. 4-6	Flood, hail, wind	South	**6**	**1**	**-**	**7**	**6**	**1**	**-**	**7**
Oct. 26-28	Flood, hail, tornado, wind	Midwest	**6**	**4**	**-**	**10**	**6**	**4**	**-**	**10**
All other fourth quarter 2010 catastrophes			**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Development on 2009 and prior catastrophes			**-**	**(2)**	**-**	**(2)**	**(12)**	**(5)**	**-**	**(17)**
Calendar year incurred total			**$ 6**	**$ (1)**	**$ -**	**$ 5**	**$ 89**	**$ 58**	**$ 1**	**$ 148**
2009										
First quarter catastrophes			$ (1)	$ -	$ -	$ (1)	$ 20	$ 49	$ -	$ 69
Second quarter catastrophes			(10)	(2)	-	(12)	37	50	-	87
Third quarter catastrophes			3	(1)	-	2	9	7	-	16
Fourth quarter catastrophes			-	-	-	-	-	-	-	-
Development on 2008 and prior catastrophes			(2)	1	-	(1)	(12)	5	-	(7)
Calendar year incurred total			$ (10)	$ (2)	$ -	$ (12)	$ 54	$ 111	$ -	$ 165

Insurance Operations Highlights

Commercial Lines Insurance Operations

(Dollars in millions)	Three months ended December 31, 2010	2009	Change %	Twelve months ended December 31, 2010	2009	Change %
Agency renewal written premiums	**$ 474**	$ 478	(1)	**$ 1,978**	$ 2,013	(2)
Agency new business written premiums	**76**	67	13	**289**	298	(3)
Other written premiums	**(26)**	(42)	38	**(112)**	(130)	14
Net written premiums	**524**	503	4	**2,155**	2,181	(1)
Unearned premium change	**22**	29	(24)	**(1)**	18	nm
Earned premiums	**546**	532	3	**2,154**	2,199	(2)
Fee revenues	**-**	-	nm	**2**	2	0
Total premiums and fee revenues	**546**	532	3	**2,156**	2,201	(2)
Loss and loss expenses	**319**	356	(10)	**1,437**	1,515	(5)
Underwriting expenses	**175**	180	(3)	**704**	719	(2)
Underwriting profit (loss)	**$ 52**	$ (4)	nm	**$ 15**	$ (33)	nm

	2010	2009	Pt. Change	2010	2009	Pt. Change
Ratios as a percent of earned premiums:						
Current accident year before catastrophe losses	**78.5 %**	79.5 %	(1.0)	**74.5 %**	72.5 %	2.0
Current accident year catastrophe losses	**1.0**	(1.5)	2.5	**4.7**	3.0	1.7
Prior accident years before catastrophe losses	**(21.0)**	(10.8)	(10.2)	**(11.9)**	(6.1)	(5.8)
Prior accident years catastrophe losses	**0.0**	(0.3)	0.3	**(0.6)**	(0.5)	(0.1)
Total loss and loss expenses	**58.5**	66.9	(8.4)	**66.7**	68.9	(2.2)
Underwriting expenses	**32.1**	33.9	(1.8)	**32.7**	32.7	0.0
Combined ratio	**90.6 %**	100.8 %	(10.2)	**99.4 %**	101.6 %	(2.2)
Contribution from catastrophe losses and prior years reserve development	**(20.0)**	(12.6)	(7.4)	**(7.8)**	(3.6)	(4.2)
Combined ratio before catastrophe losses and prior years reserve development	**110.6 %**	113.4 %	(2.8)	**107.2 %**	105.2 %	2.0

- 1 percent decline in full-year 2010 commercial lines net written premiums reflected low-single-digit pricing declines for renewals and a 3 percent decline in new business. Fourth-quarter net written premium growth benefited from a larger adjustment for estimated premiums of policies in effect but not yet processed.
- $9 million increase to $76 million in fourth-quarter 2010 new business premiums, returning to approximately the fourth-quarter average of $78 million for 2005 through 2008.
- $2 million full-year fee revenues, primarily from premium installment fees collected. Similar fees apply to personal lines. Fee revenues are included in underwriting profit or loss but are not included in the combined ratio.
- 10.2 percentage-point fourth-quarter 2010 combined ratio improvement primarily due to a greater amount of favorable loss reserve development for prior accident years. Loss reserving practices remain consistent with the past.
- 2.2 percentage-point full-year 2010 combined ratio improvement primarily due to a greater amount of favorable loss reserve development for prior accident years. The combined ratio was below 100 percent despite 4.1 percentage points in catastrophe losses that were 1.4 percentage points higher than the average for the previous 10 years.

Personal Lines Insurance Operations

(Dollars in millions)	Three months ended December 31, 2010	2009	Change %	Twelve months ended December 31, 2010	2009	Change %
Agency renewal written premiums	**$ 166**	$ 153	8	**$ 685**	$ 642	7
Agency new business written premiums	**23**	20	15	**90**	75	20
Other written premiums	**(6)**	(6)	0	**(25)**	(26)	4
Net written premiums	**183**	167	10	**750**	691	9
Unearned premium change	**3**	5	(40)	**(29)**	(6)	(383)
Earned premiums	**186**	172	8	**721**	685	5
Fee revenues	**1**	-	nm	**2**	1	100
Total premiums and fee revenues	**187**	172	9	**723**	686	5
Loss and loss expenses	**130**	102	27	**537**	551	(3)
Underwriting expenses	**60**	54	11	**240**	215	12
Underwriting (loss) profit	**$ (3)**	$ 16	(119)	**$ (54)**	$ (80)	33

Ratios as a percent of earned premiums:			Pt. Change			Pt. Change
Current accident year before catastrophe losses	**77.2 %**	69.6 %	7.6	**70.4 %**	70.9 %	(0.5)
Current accident year catastrophe losses	**0.5**	(1.7)	2.2	**8.8**	15.4	(6.6)
Prior accident years before catastrophe losses	**(7.0)**	(9.0)	2.0	**(4.1)**	(6.6)	2.5
Prior accident years catastrophe losses	**(0.8)**	0.3	(1.1)	**(0.7)**	0.7	(1.4)
Total loss and loss expenses	**69.9**	59.2	10.7	**74.4**	80.4	(6.0)
Underwriting expenses	**32.0**	31.7	0.3	**33.3**	31.4	1.9
Combined ratio	**101.9 %**	90.9 %	11.0	**107.7 %**	111.8 %	(4.1)
Contribution from catastrophe losses and prior years reserve development	**(7.3)**	(10.4)	3.1	**4.0**	9.5	(5.5)
Combined ratio before catastrophe losses and prior years reserve development	**109.2 %**	101.3 %	7.9	**103.7 %**	102.3 %	1.4

- 10 percent and 9 percent growth in fourth-quarter and full-year 2010 personal lines net written premiums, largely driven by higher renewal and new business written premiums that reflected improved pricing.
- 11.0 point rise in fourth-quarter combined ratio primarily due to a higher level of large losses and weather-related losses.
- 4.1 percentage-point full-year combined ratio improvement driven by lower losses, primarily from weather-related catastrophes, but also other losses that included the effect of improved pricing.

Life Insurance Operations

(In millions)	Three months ended December 31, 2010	2009	Change %	Twelve months ended December 31, 2010	2009	Change %
Term life insurance	**$ 24**	$ 22	9	**$ 96**	$ 86	12
Universal life insurance	**6**	8	(25)	**35**	28	25
Other life insurance, annuity, and disability income products	**8**	9	(11)	**27**	29	(7)
Earned premiums	**38**	39	(3)	**158**	143	10
Investment income, net of expenses	**32**	32	0	**129**	122	6
Other income	**-**	-	nm	**1**	-	nm
Total revenues, excluding realized investment gains and losses	**70**	71	(1)	**288**	265	9
Contract holders benefits	**41**	42	(2)	**170**	160	6
Underwriting expenses	**10**	15	(33)	**61**	50	22
Total benefits and expenses	**51**	57	(11)	**231**	210	10
Net income before income tax and realized investment gains and losses	**19**	14	36	**57**	55	4
Income tax	**7**	5	40	**20**	19	5
Net income before realized investment gains and losses	**$ 12**	$ 9	33	**$ 37**	$ 36	3

- $15 million or 10 percent growth in full-year 2010 earned premiums, including 12 percent for term life insurance, our largest life insurance product line. 6 percent rise in face amount of life policies in force to $74.124 billion at December 31, 2010, from $69.815 billion at year-end 2009.
- $20 million or 11 percent growth to $201 million in full-year 2010 fixed annuity deposits received. Cincinnati Life does not offer variable or indexed products.
- $82 million or 12 percent full-year 2010 growth to $748 million in GAAP shareholders' equity for The Cincinnati Life Insurance Company.

Investment and Balance Sheet Highlights

Investment Operations

(In millions)	Three months ended December 31, 2010	2009	Change %	Twelve months ended December 31, 2010	2009	Change %
Total investment income, net of expenses, pre-tax	**$ 130**	$ 131	(1)	**$ 518**	$ 501	3
Investment interest credited to contract holders	**(19)**	(18)	(5)	**(79)**	(69)	(13)
Realized investment gains and losses summary:						
Realized investment gains and losses, net	**15**	261	(94)	**185**	440	(58)
Change in fair value of securities with embedded derivatives	**4**	4	0	**10**	27	(63)
Other-than-temporary impairment charges	**-**	(18)	nm	**(36)**	(131)	264
Total realized investment gains and losses, net	**19**	247	(92)	**159**	336	(53)
Investment operations income	**$ 130**	$ 360	(64)	**$ 598**	$ 768	(22)

(In millions)	Three months ended December 31, 2010	2009	Change %	Twelve months ended December 31, 2010	2009	Change %
Investment income:						
Interest	**$ 105**	$ 105	0	**$ 423**	$ 402	5
Dividends	**26**	27	(4)	**99**	100	(1)
Other	**1**	1	0	**4**	7	(43)
Investment expenses	**(2)**	(2)	0	**(8)**	(8)	0
Total investment income, net of expenses, pre-tax	**130**	131	(1)	**518**	501	3
Income taxes	**(32)**	(32)	0	**(126)**	(118)	(6)
Total investment income, net of expenses, after-tax	**$ 98**	$ 99	(1)	**$ 392**	$ 383	2
Effective tax rate	**24.2%**	24.1%		**24.4%**	23.6%	
Average yield pre-tax	**4.4%**	4.7%		**4.5%**	4.7%	
Average yield after-tax	**3.3%**	3.6%		**3.4%**	3.6%	

- 1 percent fourth-quarter 2010 decline in pre-tax investment income lagged 3 percent growth for the full year. A year-over-year decline in bond yields drove the current quarter decline while relatively higher growth in average invested assets offset lower bond yields for the full-year period.
- $224 million or 22 percent full-year 2010 increase in pre-tax unrealized investment portfolio gains, including $70 million for the equity portfolio. $185 million of realized gains were harvested from the investment portfolio during 2010, including $174 from the equity portfolio.

(Dollars in millions except share data)	**At December 31, 2010**	At December 31, 2009
Balance sheet data		
Invested assets	**$ 11,508**	$ 10,643
Total assets	**15,095**	14,440
Short-term debt	**49**	49
Long-term debt	**790**	790
Shareholders' equity	**5,032**	4,760
Book value per share	**30.91**	29.25
Debt-to-total-capital ratio	**14.3 %**	15.0 %

	Three months ended December 31, 2010	2009	Twelve months ended December 31, 2010	2009
Performance measure				
Value creation ratio	**1.7%**	4.2%	**11.1%**	19.7%

- $11.893 billion in cash and invested assets at December 31, 2010, up 6 percent from $11.200 billion at December 31, 2009.
- $8.383 billion bond portfolio at December 31, 2010, with an average rating of A2/A. 7 percent full-year 2010 growth in fair value.
- $3.041 billion equity portfolio was 26.4 percent of invested assets, including $755 million in pre-tax net unrealized gains at December 31, 2010. 13 percent full-year 2010 growth in fair value.
- $3.777 billion of statutory surplus for the property casualty insurance group at December 31, 2010, up 4 percent from $3.648 billion a year ago despite returning $210 million or 6 percent through dividends to the parent company. Ratio of net written premiums to property casualty statutory surplus for the 12 months ended December 31, 2010, of 0.8-to-1, unchanged from the 12 months ended December 31, 2009.
- Value creation ratio of 11.1 percent for the year 2010 is the sum of 5.4 percent from shareholder dividends plus 5.7 percent from growth in book value per share.

For additional information or to hear a replay of our February 3 conference call webcast, please visit *www.cinfin.com/investors*.

Cincinnati Financial Corporation

Consolidated Balance Sheets (unaudited)

(In millions except per share data)	**December 31, 2010**	December 31, 2009
ASSETS		
Investments		
Fixed maturities, at fair value (amortized cost: 2010—$7,888; 2009—$7,514)	**$ 8,383**	$ 7,855
Equity securities, at fair value (cost: 2010—$2,286; 2009—$2,016)	**3,041**	2,701
Short-term investments, at fair value (amortized cost: 2010—$0; 2009—$6)	**-**	6
Other invested assets	**84**	81
Total investments	**11,508**	10,643
Cash and cash equivalents	**385**	557
Investment income receivable	**119**	118
Finance receivable	**73**	75
Premiums receivable	**1,015**	995
Reinsurance receivable	**572**	675
Prepaid reinsurance premiums	**18**	15
Deferred policy acquisition costs	**488**	481
Land, building and equipment, net, for company use (accumulated depreciation: 2010—$352; 2009—$335)	**229**	251
Other assets	**67**	45
Separate accounts	**621**	585
Total assets	**$ 15,095**	$ 14,440
LIABILITIES		
Insurance reserves		
Loss and loss expense reserves	**$ 4,200**	$ 4,142
Life policy reserves	**2,034**	1,783
Unearned premiums	**1,553**	1,509
Other liabilities	**556**	670
Deferred income tax	**260**	152
Note payable	**49**	49
Long-term debt	**790**	790
Separate accounts	**621**	585
Total liabilities	**10,063**	9,680
SHAREHOLDERS' EQUITY		
Common stock, par value—$2 per share; (authorized: 2010—500 million shares, 2009—500 million shares; issued: 2010—196 million shares, 2009—196 million shares)	**393**	393
Paid-in capital	**1,091**	1,081
Retained earnings	**3,980**	3,862
Accumulated other comprehensive income	**769**	624
Treasury stock at cost (2010—34 million shares, 2009—34 million shares)	**(1,201)**	(1,200)
Total shareholders' equity	**5,032**	4,760
Total liabilities and shareholders' equity	**$ 15,095**	$ 14,440

Cincinnati Financial Corporation

Consolidated Statements of Income (unaudited)

(In millions except per share data)	Three months ended December 31, 2010	Three months ended December 31, 2009	Twelve months ended December 31, 2010	Twelve months ended December 31, 2009
REVENUES				
Earned premiums	**$ 783**	$ 752	**$ 3,082**	$ 3,054
Investment income, net of expenses	**130**	131	**518**	501
Realized investment gains and losses	**19**	247	**159**	336
Fee revenues	**1**	1	**4**	3
Other revenues	**3**	2	**9**	9
Total revenues	**936**	1,133	**3,772**	3,903
BENEFITS AND EXPENSES				
Insurance losses and policyholder benefits	**494**	505	**2,180**	2,242
Underwriting, acquisition and insurance expenses	**249**	254	**1,021**	1,004
Other operating expenses	**5**	6	**16**	20
Interest expense	**14**	13	**54**	55
Total benefits and expenses	**762**	778	**3,271**	3,321
INCOME BEFORE INCOME TAXES	**174**	355	**501**	582
PROVISION FOR INCOME TAXES				
Current	**10**	73	**94**	79
Deferred	**38**	37	**30**	71
Total provision for income taxes	**48**	110	**124**	150
NET INCOME	**$ 126**	$ 245	**$ 377**	$ 432
PER COMMON SHARE				
Net income—basic	**$ 0.78**	$ 1.50	**$ 2.32**	$ 2.66
Net income—diluted	**$ 0.77**	$ 1.50	**$ 2.31**	$ 2.65

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 December 31,		Twelve months ended December 31	
	2010	2009	**2010**	2009
Value creation ratio				
End of period book value	**$ 30.91**	$ 29.25	**$ 30.91**	$ 29.25
Less beginning of period book value	**30.80**	28.44	**29.25**	25.75
Change in book value	**0.11**	0.81	**1.66**	3.50
Dividend declared to shareholders	**0.40**	0.395	**1.59**	1.57
Total contribution to value creation ratio	**$ 0.51**	$ 1.21	**$ 3.25**	$ 5.07
Contribution to value creation ratio from change in book value*	**0.4 %**	2.8 %	**5.7 %**	13.6 %
Contribution to value creation ratio from dividends declared to shareholders**	**1.3**	1.4	**5.4**	6.1
Value creation ratio	**1.7 %**	4.2 %	**11.1 %**	19.7 %

* Change in book value divided by the beginning of period book value

** Dividend declared to shareholders divided by beginning of period book value

Cincinnati Financial Corporation

Net Income Reconciliation

(In millions except per share data)	Three months ended December 31, 2010	Twelve months ended December 31, 2010
Net income	$ 126	$ 377
Net realized investment gains and losses	13	103
Operating income	113	274
Less catastrophe losses	(3)	(96)
Operating income before catastrophe losses	$ 116	$ 370
Diluted per share data:		
Net income	$ 0.77	$ 2.31
Net realized investment gains and losses	0.07	0.63
Operating income	0.70	1.68
Less catastrophe losses	(0.02)	(0.59)
Operating income before catastrophe losses	$ 0.72	$ 2.27

Property Casualty Reconciliation

	Three months ended December 31, 2010		
	Consolidated*	Commercial	Personal
Statutory ratio:			
Statutory combined ratio	94.2 %	91.9 %	102.5 %
Contribution from catastrophe losses	0.7	1.0	(0.3)
Statutory combined ratio excluding catastrophe losses	93.5 %	90.9 %	102.8 %
Commission expense ratio	19.9 %	19.0 %	21.7 %
Other expense ratio	13.4	14.4	10.9
Statutory expense ratio	33.3 %	33.4 %	32.6 %
GAAP ratio:			
GAAP combined ratio	93.1 %	90.6 %	101.9 %
Contribution from catastrophe losses	0.7	1.0	(0.3)
Prior accident years before catastrophe losses	(17.4)	(21.0)	(7.0)
GAAP combined ratio excluding catastrophe losses and prior years reserve development	109.8 %	110.6 %	109.2 %

	Twelve months ended December 31, 2010		
	Consolidated*	Commercial	Personal
Statutory ratio:			
Statutory combined ratio	101.8 %	99.6 %	107.1 %
Contribution from catastrophe losses	5.1	4.1	8.1
Statutory combined ratio excluding catastrophe losses	96.7 %	95.5 %	99.0 %
Commission expense ratio	18.7 %	18.1 %	19.6 %
Other expense ratio	14.2	14.8	13.1
Statutory expense ratio	32.9 %	32.9 %	32.7 %
GAAP ratio:			
GAAP combined ratio	101.7 %	99.4 %	107.7 %
Contribution from catastrophe losses	5.1	4.1	8.1
Prior accident years before catastrophe losses	(9.8)	(11.9)	(4.1)
GAAP combined ratio excluding catastrophe losses and prior years reserve development	106.4 %	107.2 %	103.7 %

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 include results from our excess and surplus line of business.

Cincinnati Financial Corporation Declares Regular Quarterly Cash Dividend

Cincinnati, January 31, 2011 – Cincinnati Financial Corporation (Nasdaq: CINF) today announced that at its regular meeting on January 28, 2011, the board of directors declared a 40-cents-per-share regular quarterly cash dividend payable April 15, 2011, to shareholders of record as of March 23, 2011. This quarterly dividend continues at the same level paid in October, which marked the 50th consecutive year of increase in the company's annual cash dividend. Cash dividends paid during 2010 totaled $1.585 per share, and the indicated annual dividend is $1.60.

Kenneth W. Stecher, president and chief executive officer, commented, "With our exceptional financial strength, loyal agents and talented associates, we are confident that we are well positioned to grow our business. The board of directors continues to favor regular dividends as the primary means of returning capital to shareholders. This approach brings current rewards to shareholders while also building strong capital to create long-term shareholder value."

Cincinnati Financial Corporation Subsidiaries Announce Appointments and Promotions

Cincinnati, January 31, 2011 – Cincinnati Financial Corporation (Nasdaq:CINF) announced today that boards of its subsidiary companies appointed directors, officers and counsel at their regular meetings on January 28, 2011.

Roger A. Brown, FSA, MAAA, Vice President – Actuarial, was named to The Cincinnati Life Insurance Company's board of directors and executive committee.

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

Property Casualty Insurance – Standard Market:
The Cincinnati Insurance Company
The Cincinnati Casualty Company
The Cincinnati Indemnity Company

Promoted to Vice President:
Anthony E. Henn, CPCU, AAM, AIM, AIT, ARe – Commercial Lines
Dennis E. McDaniel, CPCU, CPA, CFM, CMA – Investor Relations Officer
William H. Thomas, CPCU, AIM – Commercial Lines

Promoted to Assistant Vice President:
David F. Hartkemeier – Bond & Executive Risk
Thomas J. Lupinetti, CPCU, AIM, ALCM, CSP – Loss Control
Timothy D. Morris, CPCU, APA – Premium Audit
David A. Rice, SCLA – Field Claims

Promoted to Secretary:
Pamela J. Cooper, CPCU, AIM, AIT – Commercial Lines
Ronald C. Klimkowski, AIC, CIC – Sales & Marketing
Troy M. Reichers – Headquarters Claims
James R. Richards, CPCU, AIC – Headquarters Claims
Brett J. Starr, CPCU, AIAF, API, CISA – Business Intelligence Competency

New Appointments to Assistant Secretary:
Melissa A. Brunner, CPA – Corporate Tax
Stephen M. Corbly, CPCU, AIM – Commercial Lines
Elizabeth E. Ertel, CPCU, AIM, AINS, API – Corporate Communications
Vicki L. Long – Commercial Lines
John C. Nutter, CPCU, AIC, AIM – Headquarters Claims
Dale A. Prisco – Headquarters Claims
Bobby G. Rice – Information Technology
Gary P. Williams – Information Technology

New Appointments to Associate Counsel:
Jeanne F. Johnson
Brian A. Newberg

The Cincinnati Life Insurance Company:

Promoted to Vice President:
Dennis E. McDaniel*

Promoted to Secretary:
Brett J. Starr*

New Appointments to Assistant Secretary:
Melissa A. Brunner*
Mark A. McPheron, CLU, FALU – Life Underwriting
Bobby G. Rice*
Gary P. Williams*

New Appointments to Associate Counsel:
Jeanne F. Johnson*
Brian A. Newberg*

*Title as listed above

Inside Cincinnati

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

Bond & Executive Risk
Field Director – **Chris Rittenhouse**
Regional Directors – **Russ Hall; Chuck LaRose, Jr., CPCU, AFSB**
State Agent – **Joseph Black, CPCU**
Underwriting Specialist – **Mark Huff**
Senior Underwriter – **Tim Swarts**

CLIC Accounting
Senior Accountant – **Joe Wurzelbacher**

Commercial Lines
Underwriting Managers – **Chris Beckman, CPCU; Jeff Hemphill, AIC**
Senior Product Manager – **Mark Rutherford, CPCU**
Systems Technical Manager – **Traci Stamper**
Underwriting Director – **Joanna Hensley**
Chief Underwriting Specialists – **Holly Moorhead; Aaron Schaefer**
Underwriting Superintendents – **Ben Case, AU; Ike Kirch, CPCU, AIM, ARM, AU; John Kucia; Katie Poggi; Brian Reisert, CPCU, AINS; Michelle Shaffer; Terri Sunderman**
Underwriting Specialists – **Emily Busold; Mike Cassady; Bryan Gutzwiller; Angelia Hansbauer; Chrissy Harmon; Amanda Klaus, CPCU, AIS, AU; Stephanie McCord; Jen Williams; Cheryl Wisler; Heidi Ziegler**
Senior Systems Analyst – **Christine Kuhlmann**
Senior Underwriter – **Emily Korra, AINS, AIS**

Corporate Communications
Chief Communications Analyst – **Kirsten Faherty**
Senior Marketing Communications Analyst – **Madeline Johnson**

CSU Administration
Supervisor – **Justin Eskew, AIC, AIM, AIS**

Field Claims
Field Claims Coordinator – **Craig Jenkins, AIC, AIM**
Field Claims Superintendents – **Dereck Hopkins, AIC; Randy Pierce, AIC**
Senior Claims Representatives – **Jill Baran, AIC; John Homan, AIC; Jennifer Porter; Brent Showalter, AIC, AIS; Craig Stutzman**
Senior Claims Specialists – **Brian Crawford, AIC, AIM; Melissa Donovan, AIC; Daniel Duran; Cindy Gallaher; Dennis Phelps, AIC**
Claims Specialists – **Bob Bernhart, Jr.; Michael Blair, AIC; Suzanne Cressman; Cathy Cukovecki; Amy Henke; Jerry Hurst; Cory Ims, AIC; Tammy Karenbauer; Josh Knorovsky, AIC; Andrew Linder, AIC; Aaron Paddock, AIC, ARM**

Headquarters Claims
Superintendent, Claims Operations – **Lynn Schmitt, AIC, AIM**
Superintendents, Casualty Claims – **Marle Billman; Sheri Bugher, AIC**
Supervising Claims Examiners – **Charlene Adams, AINS; Ann Bastian, AIC**

Information Technology
Architects – **Alok Sinhasan; Lei Zhao**
Specialists – **Peggy Raum; Patti Thole, AIS**
Information Security Analyst – **Lisa Dysert, AINS**
Project Analyst – **Peter Gillespie, AIM, AIT, API**
Systems Analyst – **Jason Flynn; Debbie Wittich**
Senior IT Developer – **Subha Karthikeyan**
Senior Systems Engineer – **Heide Dennis**
Senior Database Administrator – **Jeanne Gray**
Senior Programmer Analyst – **Scott Harrington**
Senior Systems Programmers – **Bryan Hitch; Miriam Jennings; Brian Wilder**
Senior Programmers – **Scott Chapman; Adam Kadish, AINS**

Internal Audit
Internal Auditor Specialist – **Teresa Cogar, CISA**

Life Field Services
Life Field Services Representative – **Amy Robinson**

Life Sales Field
Life Field Representative – **Scott McConkey, CLU, LUTCF**

P&C Accounting
Senior Accountant – **Jason Hardesty, AIAF**

Personal Lines
Underwriting Managers – **Tom Bier, CPCU, AIM, API; Eric Borg, CPCU, AIM, API**
Senior Manager – **Nancy Tebbe, CPCU, API**
Underwriting Superintendents – **Mel Ducklo, API; Erin Hayes, API; Laura Lewis, CPCU, AIM, AIS, API, ARe**
Chief Underwriting Specialist – **Rhonda Napper, AIM, AIS**
Underwriting Specialist – **Trisha Meece, API**
Senior Personal Lines Marketing Representatives – **Don Child; Susan Williams, AIM, AIS, API**
Senior Underwriters – **Anthony Peter; Amy Trujillo, AINS**

Personnel
Compensation & Benefits Manager – **Dave Karas, AIM**
Personnel Superintendent – **Jennifer Whitmer, AIS**

Sales Field
Senior Regional Director – **Mike Otis**
Regional Directors – **Kevin Gullette, CIC; Robert Young, CPCU, CIC, CRM**
State Agents – **Bud Leister, Jr.; Greg Weisner, CPCU; Tim Wright, CPCU, AIM**

(continued on Page 14)

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 Item 1A, Risk Factors, Page 24. 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:
  - Significant or prolonged decline in the value of a particular security or group of securities and impairment of the asset(s)
  - Significant decline in investment income due to reduced or eliminated dividend payouts from a particular security or group of securities
  - Significant rise in losses from surety and director and officer policies written for financial institutions
- Prolonged low interest rate environment or other factors that limit the company's ability to generate growth in investment income or interest rate fluctuations that result in declining values of fixed-maturity investments, including declines in accounts in which we hold bank-owned life insurance contract assets
- Increased competition that could result in a significant reduction in the company's premium volume
- Changing consumer insurance-buying habits and consolidation of independent insurance agencies that could alter our competitive advantages
- 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:
  - Downgrades of the company's financial strength ratings
  - Concerns that doing business with the company is too difficult
  - Perceptions that the company's level of service, particularly claims service, is no longer a distinguishing characteristic in the marketplace
  - Delays or inadequacies in the development, implementation, performance and benefits of technology projects and enhancements
- Actions of insurance departments, state attorneys general or other regulatory agencies, including a change to a federal system of regulation from a state-based system, that:
  - Restrict our ability to exit or reduce writings of unprofitable coverages or lines of business
  - Place the insurance industry under greater regulatory scrutiny or result in new statutes, rules and regulations
  - 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
  - Increase our provision for federal income taxes due to changes in tax law
  - Increase our other expenses
  - Limit our ability to set fair, adequate and reasonable rates
  - Place us at a disadvantage in the marketplace
  - Restrict our ability to execute our business model, including the way we compensate agents
- Adverse outcomes from litigation or administrative proceedings
- Events or actions, including unauthorized intentional circumvention of controls, that reduce the company's future ability to maintain effective internal control over financial reporting under the Sarbanes-Oxley Act of 2002
- Unforeseen departure of certain executive officers or other key employees due to retirement, health or other causes that could interrupt progress toward important strategic goals or diminish the effectiveness of certain longstanding relationships with insurance agents and others
- Events, such as an epidemic, natural catastrophe or terrorism, that could hamper our ability to assemble our workforce at our headquarters location
- Difficulties with technology or data security breaches that 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.

Inside Cincinnati *(continued from Page 12)*

Professional Development
In May, your company will start a new producer's training program. This nine-month program provides new, licensed producers from our agency customers with insurance knowledge and a foundation in prospecting and selling skills to help them effectively solicit, write and maintain small- to midsized-commercial accounts.

Through a combination of online learning, virtual classroom sessions and two weeks of classroom training at Cincinnati's headquarters, the new producers receive basic and advanced training on topics including our commercial package, business owners and other policies; rating and classifying risks; prospecting and selling; and partnering with our field representatives to build solid relationships.

Professional Designations
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 associates who completed a series of courses to earn a major designation: **Marcia Dean**, **Kim Garner**, **Brian McClure**, **Wayne McElroy**, **Laura Peters**, **Miriam Pope**, **Michael Sams** and **Kelby Wyse**, Chartered Property and Casualty Underwriter (CPCU); **John Bradburn** and **Todd Wing**, Chartered Life Underwriter (CLU); **Adam Davis**, Certified Insurance Counselor (CIC).

Above and Beyond the Call
The Above and Beyond the Call (ABC) Award recognizes exemplary productivity, service and quality in associates. Congratulations to quarterly 2011 ABC Award recipients **Rick Harlan III**, AIT, Senior Systems Engineer, IT Enterprise Content Management; and **Edith Hudson**, Senior Systems Analyst, IT Data Management & Reporting.

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 – 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

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The Cincinnati Indemnity Company
The Cincinnati Specialty Underwriters Insurance Company
The Cincinnati Life Insurance Company
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