CINCINNATI FINANCIAL CORPORATION

Mailing Address: P.O. BOX 145496
CINCINNATI, OHIO 45250-5496
(513) 870-2000

February 17, 2005

To Our Shareholders, Associates and Friends:

Your company's strong financial results in the fourth quarter topped off another truly outstanding year. As you will read in the February 2 news release inside this letter, profits from insurance underwriting, income from the investment portfolio and your shareholders' equity reached record highs.

These are solid achievements, built by patiently and consistently applying long-term strategies rather than by taking short-term actions. That's why we believe we can continue, with the support of our agents and associates, to achieve steady growth and industry-leading profitability in 2005 and over the long term.

With 10 consecutive quarters of underwriting gains, your company is in a position of strength as we enter a period of growing competition in the insurance marketplace and changes in the interest rate environment.

Now that most property casualty insurance companies have recovered from underwriting losses, some have begun to compete for market share by reducing prices. To attract and retain high quality business, we are relying on our agents and underwriters to do what they do best—look case by case at the merits of each account, be flexible on selected risks and sell value before price. Your company stands to benefit from their established relationships, which help them identify value-oriented insurance clients who appreciate the advantages of the Cincinnati package: customized coverages, three-year commercial policies and local claims service with a personal touch—all provided by a carrier with the highest financial strength rating awarded by A.M. Best.

Since my last report to you in early December, we have continued to put the right people and programs in place:

- Selecting a highly respected, internal candidate to lead our force of local claims representatives
- Strengthening our property casualty group's reinsurance program, including the addition of a fourth partner
- Upgrading technology to make it easier for our agents to do business with us. The new personal lines system reached agents in a fifth state, Alabama. It now has processed $168 million of business. Our Web-based commercial policy quoting system reached Maryland and Nebraska, for a total of 20 states deployed.
- Traveling with an executive team to 25 cities for our annual sales meetings with agents. In addition to agenda items, we informally renew relationships, listening to agents' views on regional markets as well as the future directions of their agencies, our company and other carriers

Further, Cincinnati Financial's board has nominated a new director candidate for your election on April 23. John F. Steele, Jr. is a business owner whose values mirror those of our independent agent customers.

You will find details on those items in the following pages. One final item: On February 5, the board voted to increase your quarterly cash dividend and to grant a 5 percent stock dividend. That makes 2005 the second year in a row for a stock dividend, and the 45th consecutive year of increase in the indicated annual cash dividend. Results like those of the 2004 fourth quarter and full year make those increases possible. Going forward, we will continue to work with our independent agents to be mutually successful, thereby achieving solid results that create value for you, our shareholders.

Respectfully,

/S/ John J. Schiff, Jr.

John J. Schiff, Jr., CPCU
Chairman and Chief Executive Officer

Recent News Releases

Cincinnati Financial Corporation Increases Cash Dividend, Declares 5% Stock Dividend

- *15.0% rise in indicated annual cash dividend rate*
- *Board sets stage for 45th consecutive year of higher dividends*

Cincinnati, February 7, 2005 -- Cincinnati Financial Corporation (Nasdaq: CINF) today announced that the board of directors voted at its regular meeting on February 5, 2005, to increase the regular quarterly cash dividend 10.9 percent to 30½ cents per share, payable April 15, 2005, to shareholders of record on March 25, 2005.

In an additional action, the board declared a 5 percent stock dividend to be distributed April 26, 2005, on shares outstanding and of record on April 6, 2005. This is the 29th stock dividend or split declared over the past 48 years. After the stock dividend, one Cincinnati Insurance share purchased in 1950 will have grown to 2,146 Cincinnati Financial shares, with stock dividends retained and cash dividends not reinvested.

The board currently intends to continue the new 30½ cent per share quarterly dividend throughout 2005 on the higher number of shares outstanding following the stock dividend. After taking into account the 2005 stock dividend, the indicated annual dividend rate for this year will be $1.20½ per share. Adjusted for the 2005 stock dividend, cash dividends declared in 2004 were $1.05 per share, up from 90½ cents in 2003.

Chairman and Chief Executive Officer John J. Schiff, Jr., CPCU, commented, "Cincinnati Financial reported outstanding results for 2004, with net income rising 56.0 percent to a record $584 million. These results reflected the favorable market trends of the past several years, careful attention to underwriting and the sustained efforts of our independent agents and associates. The board of directors has long believed in following a dividend policy that rewards shareholders with steadily increasing cash dividends and stock splits and dividends. Today's actions signal the board's continuing confidence in the company's future."

Cincinnati Financial's common stock total return to shareholders over the five years ended December 31, 2004, was a positive 10.8 percent annually compared with a negative 2.3 percent annual total return for the Standard & Poor's 500 Index.

Cincinnati Financial Corporation Announces Board Actions

- *Named slate of nominees, including new candidate, for election by shareholders on April 23*
- *Affirmed Codes of Conduct and Ethics, Committee Charters and Governance Guidelines*

Cincinnati, February 7, 2005—Cincinnati Financial Corporation (Nasdaq:CINF)—The Cincinnati Financial board of directors, at its regular meeting on February 5, 2005, named a slate of nominees for election at the company's annual meeting of shareholders on April 23, 2005. Directors standing for re-election for three-year terms to expire in 2008 are: Kenneth C. Lichtendahl, W. Rodney McMullen, Thomas R. Schiff and Larry R. Webb, CPCU. New candidate John F. Steele, Jr. will round out the slate. As previously announced, Frank J. Schultheis, a current director, will not stand for re-election.

Steele, 51, is chairman and chief executive officer of Hilltop Basic Resources, Inc. Hilltop is a third-generation, family-owned aggregates and ready-mix concrete supplier to the construction industry, focusing on core markets in Cincinnati, Northern Kentucky and areas along the Ohio River and its tributaries. He also is a director of William Powell Co., an industrial valve manufacturer, and of the National Stone, Sand & Gravel Association.

Chairman and Chief Executive Officer John J. Schiff, Jr., CPCU, commented, "Like many of our independent agent customers and their clientele, John has experience leading a family business as it evolves to meet new customer needs, balancing growth and profitability. His addition will strengthen our board of directors, supporting our shared goal to create value for shareholders by serving our independent agent customers and their clients."

In other actions, the board approved the code of ethics for senior financial officers, the code of conduct for all company associates, board committee charters and corporate governance guidelines, which are reviewed annually by the nominating committee as stipulated in the governance guidelines.

Cincinnati Financial Corporation Reports Record 2004 Results

- *Net income at $3.44 per share compared with $2.21*
- *Operating income* improved to $3.08 per share in 2004 from $2.28 before one-time software cost recovery in 2003*
- *Property casualty GAAP combined ratio at 89.8% for year and 82.6% for fourth quarter*
- *Property casualty net written premiums rose 6.5% for year and fourth quarter*
- *Total assets reached $16.1 billion with book value at $37.38 per share*

Cincinnati, February 2, 2005—Cincinnati Financial Corporation (Nasdaq: CINF) today reported record net income of $584 million, or $3.44 per diluted share, for 2004. Net income was $374 million, or $2.21 per share, in 2003. Net income per share included net realized investment gains of 36 cents per share in 2004 versus a loss of 16 cents in 2003. Net income for 2003 included $15 million, or 9 cents per share, from an after-tax software cost recovery. Per-share amounts for all periods have been adjusted for the 5 percent stock dividend paid June 15, 2004.

Total revenues advanced $433 million, or 13.6 percent, to a record $3.614 billion, reflecting 9.9 percent total earned premium growth and realized investment gains versus realized losses in 2003. Revenues from pretax investment income rose 5.7 percent to a record $492 million for 2004.

Results for both years benefited from the release of reserves for uninsured/underinsured motorist (UM/UIM) losses following a 2003 Ohio Supreme Court decision. Results for 2004 included the release of $32 million pretax ($21 million, or 12 cents per share, after tax). Results for 2003 included the release of $38 million pretax ($25 million, or 15 cents per share, after tax).

Financial Highlights*

(Dollars in millions, except share data)	Fourth Quarter Ended December 31,		Twelve Months Ended December 31,	
	2004	**2003**	**2004**	**2003**
Income Statement Data				
Net income	$ 192	$ 130	$ 584	$ 374
Negotiated settlement-software cost recovery	-	-	-	15
Net income before recovery*	$ 192	$ 130	$ 584	$ 359
Net realized investment gains and losses	24	2	60	(27)
Operating income before recovery*	$ 168	$ 128	$ 524	$ 386
Per Share Data (diluted)				
Net income	$ 1.14	$ 0.76	$ 3.44	$ 2.21
Negotiated settlement-software cost recovery	-	-	-	0.09
Net income before recovery*	$ 1.14	$ 0.76	$ 3.44	$ 2.12
Net realized investment gains and losses	0.15	0.01	0.36	(0.16)
Operating income before recovery*	$ 0.99	$ 0.75	$ 3.08	$ 2.28
Cash dividend declared	0.275	0.238	1.10	0.95
Book value	-	-	37.38	36.85
Average shares outstanding	169,534,477	170,326,520	169,882,713	169,802,140

* The reconciliation of non-GAAP financial information on the Financials & Analysis tab of the Investors page of *www.cinfin.com* defines and reconciles measures presented in this release that are not based on Generally Accepted Accounting Principles (non-GAAP).

Chairman and Chief Executive Officer John J. Schiff, Jr., CPCU, commented, "Favorable market trends of the past several years, careful attention to underwriting and sustained efforts of our independent agents and associates all played a part in the record results we achieved in 2004. A highlight was the property casualty underwriting profit of $298 million pretax, more than double last year's level. Looking across our business, we see many trends that we believe will help us continue to provide high quality insurance products for policyholders and long-term value for shareholders.

"As we noted last quarter, our agents' and associates' underwriting skills and good habits are helping us meet increasing competition in the commercial insurance marketplace from a position of strength. Their actions also are leading to gradual progress in personal lines performance, with a return to profitability anticipated for full-year 2005. Strong cash flow and excellent results support our investment strategy, letting us invest for both short-term income and long-term appreciation. That, in turn, provides the financial flexibility that is so valuable to our policyholders, independent agent representatives and shareholders.

"Despite 5.1 percentage points from catastrophe losses, our full-year GAAP combined ratio was ahead of even our expectations at 89.8 percent. 2004 results benefited from higher than normal savings due to favorable loss reserve development from prior accident years. As we look into 2005, we believe the GAAP combined ratio will be in the range of 91 percent. That target

assumes favorable loss reserve development closer to our historical levels and catastrophe losses in the more normal range of 3.5 percentage points on the combined ratio," Schiff added.

Catastrophe Loss Summary

Total 2004 catastrophe losses were $148 million, net of reinsurance, compared with $97 million in 2003. Catastrophe losses for the fourth quarter of 2004 were $16 million, reflecting losses from winter storms that affected policyholders in Illinois, Indiana, Kentucky and Ohio in late December as well as additional losses from Hurricane Charley in August.

(Dollars in millions, net of reinsurance)	Fourth Quarter Ended December 31,		Twelve Months Ended December 31,	
	2004	2003	2004	2003
Catastrophe losses (pretax)	$ 16	$ 7	$ 148	$ 97
Catastrophe losses per fully diluted share (after tax)	$ 0.06	$ 0.03	$ 0.57	$ 0.37
Combined ratio impact of catastrophe losses (percentage points)	2.1	1.0	5.1	3.6

Schiff noted, "Events of 2004 showed the value of our catastrophe reinsurance program. For the year, total gross losses from hurricanes and other severe weather exceeded $231 million compared with $103 million in 2003."

The company's reinsurance program limits its losses from catastrophe events such as wind, hail, hurricanes or earthquakes. To restore affected layers of the property catastrophe reinsurance program following Hurricane Ivan in September 2004, the company incurred an $11 million reinsurance reinstatement premium in the third quarter.

Fourth-Quarter Results

Net income for the fourth quarter of 2004 was $192 million, or $1.14 per diluted share, compared with $130 million, or 76 cents per share, in the fourth quarter of 2003, which benefited from the UM/UIM reserve release. Net income per share included net realized investment gains of 15 cents per share in 2004 versus a gain of 1 cent in the fourth quarter of 2003.

Total revenues advanced $103 million, or 12.2 percent, to $942 million, reflecting 8.3 percent total earned premium growth and higher realized investment gains in this year's fourth quarter. Revenues from pretax investment income rose 7.3 percent to $127 million for the fourth quarter.

Property Casualty Insurance Operations

(Dollars in millions - GAAP)	Fourth Quarter Ended December 31,		Twelve Months Ended December 31,	
	2004	2003	2004	2003
Income Statement Data				
Earned premiums	$ 754	$ 690	$ 2,919	$ 2,653
Loss and loss expenses excluding catastrophes	383	408	1,605	1,700
Catastrophe loss and loss expenses	16	7	148	97
Commission expenses	138	127	583	507
Underwriting expenses	86	73	285	209
Underwriting profit	$ 131	$ 75	$ 298	$ 140
Underwriting profit before recovery*	$ 131	$ 75	$ 298	$ 117
Ratio Data				
Loss and loss expenses excluding catastrophes	50.8%	59.1%	55.0%	64.1%
Catastrophe loss and loss expenses	2.1	1.0	5.1	3.6
Commission expenses	18.3	18.5	20.0	19.1
Underwriting expenses	11.4	10.5	9.7	7.9
Combined ratio	82.6%	89.1%	89.8%	94.7%
Combined ratio before recovery*	82.6%	89.1%	89.8%	95.5%

* The reconciliation of non-GAAP financial information on the Financials & Analysis tab of the Investors page of *www.cinfin.com* defines and reconciles measures presented in this release that are not based on Generally Accepted Accounting Principles (non-GAAP).

For full-year 2004, statutory net written premiums of the property casualty insurance affiliates rose 6.5 percent to a record $2.997 billion compared with $2.815 billion last year. The $11 million reinsurance reinstatement premium reduced both net written and net earned premium for 2004. As a result, the growth rate of full-year 2004 net written premium was lowered by 0.4 percentage points. For the fourth quarter, statutory net written premiums also rose 6.5 percent to $723 million compared with $679 million in last year's fourth quarter.

Full-year new business written directly by agencies was $330 million compared with $328 million last year. Fourth-quarter new business written directly by agencies was $77 million, including $67 million in commercial lines new business and $10 million in personal lines new business. Total new business was $87 million in last year's fourth quarter.

The full-year 2004 GAAP combined ratio of 89.8 percent included a 1.1 percentage-point benefit from the first-quarter release of UM/UIM reserves. Before the software cost recovery, the 2003 ratio was 95.5 percent including a 1.4 percentage-point benefit from the release of UM/UIM reserves. The fourth-quarter 2004 GAAP combined ratio of 82.6 percent included a benefit of 9.8 percentage points for favorable loss reserve development from prior accident years. The ratio improved 6.5 percentage points over 89.1 percent reported in 2003, which included a benefit of 1.4 percentage points for favorable loss reserve development and 5.5 percentage points from the release of UM/UIM reserves.

Schiff commented, "We finished 2004 with 92 property casualty field marketing territories, up from 87 at year-end 2003. We anticipate reaching 100 territories in 2005. The higher level of service we can provide in subdivided territories is a proven means of earning more business from the independent agencies that currently represent us. Smaller territories also allow us to appoint additional, high-caliber agencies in markets where we see opportunities to attract new policyholders who value Cincinnati's financial strength and stability, service and products. Forty-eight agencies were appointed in 2004, bringing total agency relationships to 986 after some closings and consolidations. We anticipate appointing another 100 agencies during 2005 and 2006.

"By offering both commercial and personal insurance, we aim to be a potential market for our agents' typical accounts, helping them develop the multiple relationships that we believe increase policyholder retention. This strategy has produced strong results over time," Schiff noted. "But the challenges are different in commercial lines and personal lines, as we discuss below."

Commercial Lines

(Dollars in millions - GAAP)	Fourth Quarter Ended December 31,		Twelve Months Ended December 31,	
	2004	**2003**	**2004**	**2003**
Income Statement Data				
Earned premiums	$ 551	$ 498	$ 2,126	$ 1,908
Loss and loss expenses excluding catastrophes	257	282	1,083	1,176
Catastrophe loss and loss expenses	7	14	71	42
Commission expenses	99	90	423	361
Underwriting expenses	68	55	211	162
Underwriting profit	$ 120	$ 57	$ 338	$ 167
Underwriting profit before recovery*	$ 120	$ 57	$ 338	$ 152
Ratio Data				
Loss and loss expenses excluding catastrophes	46.5%	56.5%	50.9%	61.6%
Catastrophe loss and loss expenses	1.3	2.9	3.4	2.2
Commission expenses	18.0	18.1	19.9	18.9
Underwriting expenses	12.4	11.0	9.9	8.5
Combined ratio	78.2%	88.5%	84.1%	91.2%
Combined ratio before recovery*	78.2%	88.5%	84.1%	92.0%

* The reconciliation of non-GAAP financial information on the Financials & Analysis tab of the Investors page of *www.cinfin.com* defines and reconciles measures presented in this release that are not based on Generally Accepted Accounting Principles (non-GAAP).

For full-year 2004, statutory net written premiums for commercial lines of insurance rose 7.6 percent to $2.186 billion, compared with $2.031 billion in 2003. The $6 million commercial lines reinsurance reinstatement premium reduced the full-year growth rate by 0.3 percentage points. Full-year new commercial lines business written directly by agencies rose 5.2 percent to $282 million from $268 million in 2003. The commercial lines GAAP combined ratio for 2004 was 84.1 percent, including favorable loss reserve development from prior accident years and a 1.5 percentage-point benefit from the release of UM/UIM reserves. Before the recovery, the 2003 ratio was 92.0 percent, including a 2.0 percentage-point benefit from the release of UM/UIM reserves.

For the fourth quarter, statutory net written premiums rose 8.3 percent to $532 million, compared with $491 million in last year's fourth quarter. New commercial lines business was $67 million for the fourth quarter compared with $72 million last year. The fourth-quarter 2004 commercial lines GAAP combined ratio was 78.2 percent, reflecting favorable loss reserve development from prior accident years. This was a 10.3 percentage-point improvement over the fourth-quarter 2003 ratio, which included a 7.7 percentage-point benefit from the UM/UIM reserve release.

Schiff commented, "Our agents, field marketing representatives and headquarters underwriters have experienced the value of proper underwriting as their efforts have generated positive results for the commercial lines area. They continue the efforts that

have brought us to where we are today, taking advantage of our local market presence as, together with our agents, we conduct renewal reviews and personally inspect risks.

"As competition in our commercial markets increased over the past several quarters, we have been maintaining our pricing discipline for both renewal and new business. While our agents reported only modest pressure on renewal pricing in the fourth quarter, they are communicating that winning new business will require more pricing flexibility and careful risk selection. We want to remain our agents' first choice for their quality business and believe that our case-by-case approach gives us a clear advantage. Our field marketing associates and agents will work together to select risks and respond appropriately to local pricing trends. They have proven they are capable of balancing risk and price to achieve growth in new business over the longer term."

Schiff noted, "We believe our three-year commercial policies are somewhat less price sensitive thanks to our agents' selection of quality-conscious insurance buyers. For three years, or even over relationships that last decades, those policyholders have experienced Cincinnati's personal claims service, benefited from our coverage packages and relied on our high financial strength ratings. Customized insurance programs on a three-year term complement the relationships these policyholders have with their agents and with Cincinnati. They may be less inclined to shop their accounts annually."

Personal Lines

(Dollars in millions - GAAP)	Fourth Quarter Ended December 31,		Twelve Months Ended December 31,	
	2004	**2003**	**2004**	**2003**
Income Statement Data				
Earned premiums	$ 203	$ 192	$ 793	$ 745
Loss and loss expenses excluding catastrophes	126	126	522	524
Catastrophe loss and loss expenses	9	(7)	77	55
Commission expenses	39	37	160	146
Underwriting expenses	18	18	74	47
Underwriting profit (loss)	$ 11	$ 18	$ (40)	$ (27)
Underwriting profit (loss) before recovery*	$ 11	$ 18	$ (40)	$ (35)
Ratio Data				
Loss and loss expenses excluding catastrophes	62.4%	65.8%	65.9%	70.3%
Catastrophe loss and loss expenses	4.2	(3.9)	9.7	7.3
Commission expenses	19.1	19.4	20.1	19.5
Underwriting expenses	8.8	9.4	9.3	6.5
Combined ratio	94.5%	90.7%	105.0%	103.6%
Combined ratio before recovery*	94.5%	90.7%	105.0%	104.7%

* The reconciliation of non-GAAP financial information on the Financials & Analysis tab of the Investors page of *www.cinfin.com* defines and reconciles measures presented in this release that are not based on Generally Accepted Accounting Principles (non-GAAP).

For full-year 2004, statutory net written premiums for personal lines of insurance rose 3.4 percent to $811 million, compared with $784 million last year. The $5 million personal lines reinsurance reinstatement premium reduced the full-year growth rate by 0.6 percentage points. Personal lines new business written directly by agencies for 2004 was $48 million, compared with $60 million in 2003. The personal lines GAAP combined ratio for 2004 was 105.0 percent, including 9.7 percentage points from catastrophe losses. Before the recovery, the 2003 ratio was 104.7 percent, including 7.3 percentage points from catastrophe losses.

Fourth-quarter statutory net written premiums rose 1.8 percent to $191 million compared with $188 million in fourth quarter 2003. Fourth-quarter new personal lines business was $10 million, compared with $14 million in last year's fourth quarter. The fourth-quarter 2004 personal lines GAAP combined ratio was 94.5 percent, including 4.2 percentage points from catastrophe losses. For the comparable 2003 period, the ratio was 90.7 percent, benefiting by 3.9 percentage points from the change in prior-period catastrophe loss estimates.

Schiff commented, "During the fourth quarter, we moved several steps closer to achieving our two key personal lines objectives: returning to profitability and deploying Diamond, our personal lines policy processing system, to all states where we market personal lines."

Looking at the progress toward personal lines profitability, Schiff noted, "We are reaching important milestones on the timetable we had established. Every percentage point improvement in the personal lines combined ratio takes 0.3 percentage points off the annual consolidated property casualty combined ratio and adds about 3 cents to annual earnings per share.

"The personal lines loss and loss expense ratio excluding catastrophe losses improved 4.4 percentage-points for the full year, due to improved performance in both the personal auto and homeowner lines of business. Some of the improvement in loss

trends was masked by high catastrophe losses, the reinsurance reinstatement premium and the lopsided expense comparison reflecting the software cost recovery in 2003 and the expensing of Diamond costs in 2004.

"Personal auto results reached their best level in the past five years, with the loss and loss expense ratio excluding catastrophe losses at 65.1 percent compared with 70.1 percent in 2003. Homeowner progress remains slow because some three-year policies have yet to renew with one-year policy terms. However, the homeowner line reported continued improvement in the full-year loss and loss expense ratio excluding catastrophe losses to 69.3 percent compared with 72.8 percent in 2003. Rate changes scheduled to become effective starting mid-2005 in many territories should position our personal lines products appropriately in the marketplace. The homeowner line remains on track to become profitable in 2006."

Commenting on the rollout of the Diamond system, Schiff added, "By year-end 2004, training was complete and Diamond was in use in agencies in Alabama, Indiana, Kansas, Michigan and Ohio. These five states accounted for 59 percent of personal lines earned premium volume in 2004. By year-end 2005, we expect to have Diamond in place in states representing more than 90 percent of personal lines premiums."

Life Insurance Operations

(In millions - GAAP)	Fourth Quarter Ended December 31,		Twelve Months Ended December 31,	
	2004	**2003**	**2004**	**2003**
Earned premiums	$ 24	$ 28	$ 101	$ 95
Investment income, net of expenses	23	22	91	89
Other income	1	1	3	2
Total revenues excluding realized investment gains and losses	$ 48	$ 51	$ 195	$ 186
Policyholder benefits	24	26	95	91
Expenses	13	17	53	53
Total benefits and expenses	$ 37	$ 43	$ 148	$ 144
Income before income tax and realized investment gains and losses	$ 11	$ 8	$ 47	$ 42
Income tax	2	3	14	14
Income before realized investment gains and losses*	$ 9	$ 5	$ 33	$ 28

* The reconciliation of non-GAAP financial information on the Financials & Analysis tab of the Investors page of *www.cinfin.com* defines and reconciles measures presented in this release that are not based on Generally Accepted Accounting Principles (non-GAAP).

For 2004, The Cincinnati Life Insurance Company's earned premiums increased 5.5 percent to $101 million from $95 million last year. Net income before realized investment gains and losses increased 13.8 percent over 2003. For the year, net income including net realized investment gains and losses – a performance indicator for Cincinnati Life – rose to $38 million from $22 million for 2003. Cincinnati Life's investment portfolio had realized gains of $6 million in 2004 compared with realized losses of $7 million in 2003.

Cincinnati Life's fourth-quarter 2004 earned premiums were $24 million compared with $28 million in last year's fourth quarter. Net income before realized investment gains and losses increased 59.2 percent over the fourth quarter of 2003. Net income including net realized investment gains and losses rose 90.0 percent to $14 million for the fourth quarter from $7 million for the comparable 2003 period.

Cincinnati Life President David H. Popplewell, FALU, LLIF, commented, "During 2004, policy face amounts in force grew 16.7 percent in strong response to our current product portfolio and underwriting and policy issue services. Worksite marketing is a growing activity for the property casualty agencies that also represent Cincinnati Life, providing these agencies with cross-serving opportunities for their current and prospective commercial accounts. We expect increased interest in worksite marketing, with the addition in 2004 of a new disability income product and an enhanced life insurance portfolio."

"We continue building our relationships with the company's independent property casualty agencies. In 2005, we will introduce sales modules that support agents as they concentrate on fulfilling the insurance needs of specific types of clients and prospects. This program makes it easy for our property casualty agencies to offer life, disability income and annuities through Cincinnati Life."

Investment Operations

(In millions, pretax)	Fourth Quarter Ended December 31,		Twelve Months Ended December 31,	
	2004	2003	2004	2003
Investment income:				
Interest	$ 64	$ 60	$ 252	$ 235
Dividends	63	58	239	227
Other	1	1	6	8
Investment expenses	(1)	(1)	(5)	(5)
Investment income, net of expenses	$ 127	$ 118	$ 492	$ 465
Net realized investment gains and losses:				
Other-than-temporary impairment charges	$ (1)	$ (3)	$ (9)	$ (80)
Realized investment gains and losses	19	7	90	30
Change in valuation of embedded derivatives	17	0	10	9
Net realized investment gains and losses	$ 35	$ 4	$ 91	$ (41)

Consolidated pretax investment income rose 7.3 percent for the fourth quarter and 5.7 percent for full-year 2004, benefiting from higher interest income due to cash flow invested in the fixed-income portfolio and from dividend increases by companies in the equity portfolio. Dividend increases announced during 2004 by Fifth Third Bancorp and another 32 of the 51 equity holdings in the portfolio are expected to add $15 million to investment income in 2005.

During the fourth quarter, the company made approximately $310 million in net new investments using cash flow and existing cash balances. Purchases were almost entirely fixed income securities, including corporate and municipal bonds. The market value of consolidated fixed-maturity investments rose 21.5 percent to $5.141 billion at year-end 2004 from $4.232 billion at year-end 2003. The market value of consolidated equity securities was $7.498 billion at year-end 2004, down from $8.217 billion at year-end 2003. The decline resulted from $350 million in net equity sales in the second quarter of 2004, as well as market value fluctuations of the company's holdings, including a decline in the market value of Fifth Third, the company's largest common stock holding.

Schiff commented, "Proceeds from the equity sales were reinvested in fixed income securities during the second and third quarters. The current allocation of new investment dollars to fixed-income securities since mid-year added to investment income growth. Over the long term, we remain committed to the allocation of approximately 25 percent to 35 percent of new money to equities. As part of our previously announced actions to support our high property casualty surplus, however, we anticipate continuing to invest primarily in fixed-income securities through mid-2005. Our equity approach will remain the center of our total return investment strategy, as we seek to balance the opportunity for short-term income and long-term appreciation."

Net realized investment gains were $35 million pretax in this year's fourth quarter, including $1 million in other-than-temporary impairment charges. In last year's fourth quarter, net realized investment gains were $4 million, including $3 million in other-than-temporary impairment charges. Fluctuation of market values of options embedded in convertible securities resulted in $17 million in net realized gains in this year's fourth quarter.

The company repurchased 1,000,000 shares of Cincinnati Financial common stock at a total cost of $43 million, or $43.02 per share, during the fourth quarter. For the full-year, the company repurchased 1,571,800 shares at a total cost of $67 million. Approximately 3.7 million shares remain authorized by the board of directors for repurchase.

Balance Sheet

(Dollars in millions)	Fourth Quarter Ended December 31,		Twelve Months Ended December 31,	
	2004	2003	2004	2003
Balance Sheet Data				
Total assets	-	-	$ 16,107	$ 15,509
Invested assets	-	-	12,677	12,485
Shareholders' equity	-	-	6,249	6,204
Ratio Data				
Return on equity (fourth quarter annualized)	12.5%	8.7%	9.4%	6.3%
Return on equity based on comprehensive income (fourth quarter annualized)	16.4	32.3	4.6	13.8

At year-end 2004, consolidated assets were $16.107 billion compared with $15.509 billion at year-end 2003. Shareholders' equity was $6.249 billion, or $37.38 per share, compared with $6.204 billion, or $36.85 per share, at year-end 2003, with strong profits partially offset by lower unrealized gains in the investment portfolio. Total debt rose to $791 million due to the fourth-quarter sale of $375 million aggregate principal amount of 6.125% senior notes due 2034. The ratio of investment securities held at the holding-company level to total holding-company-only assets was 36.3 percent at December 31, 2004, in line with management's target, following the transfer of $1.600 billion in equity securities to The Cincinnati Insurance Company from the parent company in August 2004.

Schiff noted, "A portion of the $368 million in net proceeds from the debt offering was used to pay off short-term lines of credit, decreasing our sensitivity to a rising interest rate environment. In addition, proceeds are available for general corporate purposes and for funding the expansion of our headquarters, which began recently.

"The company's healthy overall financial position continues to improve. In recent weeks, we formalized our 2005 property casualty reinsurance program, looking once again to maintain our investment strategy in the event of larger losses. The new reinsurance program, which adds Partner Re as a fourth reinsurance partner, is substantially the same as last year's. Essentially all of the ceded premium increase was due to our growth."

Statutory surplus for the property casualty insurance group was $4.196 billion at year-end 2004, up $1.416 billion from year-end 2003, primarily because of the transfer of equity securities in August 2004. The property casualty insurance group's ratio of common stock holdings to statutory surplus was 99.4 percent at year-end 2004 compared with 114.7 percent at year-end 2003.

2005 Looks to Be Strong Year

"2004 was an outstanding year for Cincinnati Financial. We believe we are primed for continued strong performance as we balance growth with profitability," Schiff commented. "Commercial lines should continue to achieve excellent results, with written premium growth of approximately 4 percent to 6 percent and a combined ratio near 90 percent. In addition, we believe personal lines written premium growth will be in the mid-single digits with a combined ratio in the range of 95 percent, assuming catastrophe losses are within our typical range.

"Overall, we anticipate mid-single-digit growth for the property casualty operations with the combined ratio in the range of 91 percent, assuming favorable loss reserve development closer to historical levels and catastrophe losses at a more normal 3.5 percentage points on the combined ratio," Schiff said.

"With investment income continuing to benefit from the allocation of new investment dollars to fixed-income securities, we are estimating 2005 investment income growth in the range of 5 percent to 6 percent. Partially offsetting these improvements will be slightly higher interest expense due to the increase in long-term debt."

Schiff noted, "For the first quarter of 2005, the series of winter storms that have hit across the Midwest and Northeast during January has caused approximately $5 million in catastrophe losses for our policyholders. In addition, we currently are estimating that first-quarter 2005 results will include an initial reserve of $22 million, net of reinsurance, for a single large loss in January that was insufficiently covered through our facultative reinsurance programs.

"We will meet the challenges of 2005 with optimism. Our agencies are growing and remain excited about the advantages Cincinnati brings to their policyholders. We expect to continue to grow with these agencies, while making purposeful decisions to remain an industry profitability leader over the longer term," Schiff concluded.

Cincinnati Financial Corporation
Consolidated Balance Sheets

(Dollars in millions except per share data)	**December 31, 2004** (unaudited)	December 31, 2003
Assets		
Investments		
Fixed maturities, at fair value (amortized cost: 2004—$4,862; 2003—$3,940)	**$ 5,141**	$ 4,232
Equity securities, at fair value (cost: 2004—$1,945; 2003—$2,216)	**7,498**	8,217
Other invested assets	**38**	36
Cash	**306**	91
Investment income receivable	**107**	99
Finance receivable	**95**	81
Premiums receivable	**1,119**	1,060
Reinsurance receivable	**680**	623
Prepaid reinsurance premiums	**15**	13
Deferred policy acquisition costs	**400**	372
Property and equipment, net, for company use (accumulated depreciation: 2004—$206; 2003—$181)	**156**	153
Other assets	**75**	69
Separate accounts	**477**	463
Total assets	**$ 16,107**	$ 15,509
Liabilities		
Insurance reserves		
Losses and loss expense	**$ 3,549**	$ 3,415
Life policy reserves	**1,194**	1,025
Unearned premiums	**1,539**	1,446
Other liabilities	**474**	404
Deferred income tax	**1,834**	1,949
Notes payable	**0**	183
6.125% senior debenture due 2034	**371**	0
6.9% senior debenture due 2028	**420**	420
Separate accounts	**477**	463
Total liabilities	**9,858**	9,305
Shareholders' equity		
Common stock, par value—$2 per share; authorized 200 million shares; issued: 2004—185 million shares, 2003—176 million shares	**370**	352
Paid-in capital	**618**	306
Retained earnings	**2,057**	1,986
Accumulated other comprehensive income—unrealized gains on investments and derivatives	**3,787**	4,084
Treasury stock at cost (2004—18 million shares, 2003—16 million shares)	**(583)**	(524)
Total shareholders' equity	**6,249**	6,204
Total liabilities and shareholders' equity	**$ 16,107**	$ 15,509

Cincinnati Financial Corporation
Consolidated Statements of Income

(In millions except per share data)	Years Ended December 31, 2004	2003
	(unaudited)	
Revenues		
Earned premiums		
Property casualty	**$ 2,919**	$ 2,653
Life	**101**	95
Investment income, net of expenses	**492**	465
Realized investment gains and losses	**91**	(41)
Other income	**11**	9
Total revenues	**3,614**	3,181
Benefits and expenses		
Insurance losses and policyholder benefits	**1,846**	1,887
Commissions	**615**	536
Other operating expenses	**260**	204
Taxes, licenses and fees	**75**	67
Increase in deferred policy acquisition costs	**(30)**	(42)
Interest expense	**38**	34
Other expenses	**10**	15
Total benefits and expenses	**2,814**	2,701
Income before income taxes	**800**	480
Provision (benefit) for income taxes		
Current	**171**	130
Deferred	**45**	(24)
Total provision (benefit) for income taxes	**216**	106
Net income	**$ 584**	$ 374
Per common share		
Net income -- basic	**$ 3.48**	$ 2.22
Net income -- diluted	**$ 3.44**	$ 2.21

Since 1996, Cincinnati Financial has disclosed the estimated impact of stock options on net income and earnings per share in a Note to the Financial Statements. For 2004 and 2003, diluted net income would have been reduced by less than 6 cents per share, if option expense, calculated using the binomial option-pricing model, were included as an expense.

Cincinnati Financial Corporation's Subsidiaries Announce Appointments

- *Directors, Officers and Counsel*

Cincinnati, February 7, 2005—Cincinnati Financial Corporation (Nasdaq:CINF)—Cincinnati Financial Corporation announced today that the boards of its subsidiary companies appointed directors, officers and counsel at their regular meetings on February 5, 2005.

New appointments to boards of all three property casualty insurance subsidiaries and the life insurance subsidiary included three current directors of the parent company: William F. Bahl, CFA, chairman of Bahl & Gaynor, Inc.; W. Rodney McMullen, vice chairman of The Kroger Co.; and E. Anthony Woods, chairman of Deaconess Associations, Inc. Also appointed to the board of The Cincinnati Life Insurance Company was Glenn D. Nicholson, LLIF, senior vice president and senior marketing officer of the life insurance subsidiary. The president of CinFin Capital Management Company, Kenneth S. Miller, CLU, ChFC, was appointed to the board of the asset management subsidiary. He also serves as chief investment officer and vice president of the parent company.

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

Property Casualty Insurance Subsidiaries:

The Cincinnati Insurance Company
The Cincinnati Casualty Company
The Cincinnati Indemnity Company
Carl C. Gaede, CPCU, AFSB, Vice President—Bond & Executive Risk
Martin F. Hollenbeck, CFA, Vice President—Investments
Robert L. Laymon, Vice President—Bond & Executive Risk
Richard L. Mathews, CPCU, Vice President—Information Technology
Michael A. Rouse, Vice President—Commercial Lines
Scott K. Smith, CPCU, ARM, AIM, Vice President—Commercial Lines
Steven A. Soloria, CFA, Vice President—Investments
Charles P. Stoneburner II, CPCU, Vice President—Field Claims
Heather J. Wietzel, Vice President—Investor Relations

Jeffrey M. Barnes, AIM, Assistant Vice President—Commercial Lines
Bradley N. DeLaney, CPCU, AIM, Assistant Vice President—Education & Training
William J. Geier, CPCU, CLU, ChFC, FLMI, AIM, HIAA, Assistant Vice President—Information Technology
Allen J. Matheny, CFE, FCLS, CIFI, Assistant Vice President—Headquarters Claims
David E. McKinney, AIM, Assistant Vice President—Commercial Lines
Michael K. O'Connor, CFA, AFSB, Assistant Vice President—Investments
Debra K. Smith, Assistant Vice President—Commercial Lines
Michael B. Wedig, CPA, Assistant Vice President—Corporate Accounting
Brian K. Wood, CPCU, AIM, Assistant Vice President—Personnel

Michael K. Dockery, Secretary—Information Security
Ted W. Doughman, CPCU, RPLU, AFSB, Secretary—Bond & Executive Risk
Philip T. Kramer, CIC, Secretary—Sales & Marketing
Gregory J. Schloemer, Secretary—Bond & Executive Risk
Charlotte A. Tungate, AIC, Secretary—Headquarters Claims

Matthew R. Barton, CPCU, AIM, ARe, AU, ARM, Assistant Secretary—Commercial Lines
Robert E. Bernard, CPCU, AIM, Assistant Secretary—Personal Lines
Jason B. Couch, RPLU, AFSB, Assistant Secretary—Bond & Executive Risk
Scott M. Donovan, Assistant Secretary—Bond & Executive Risk
Anthony W. Dunn, CPA, Assistant Secretary—Internal Audit
Karen L. Hock, Assistant Secretary—Meetings & Travel
Michelle L. Kyle, Assistant Secretary—Information Technology
Blake D. Slater, Assistant Treasurer—Corporate Accounting
Stephen M. Spray, Assistant Secretary—Sales & Marketing
Stephen G. Stockwell, CPCU, AMIM, Assistant Secretary—Commercial Lines
Patrick S. Corrigan, Associate Counsel
Robert J. Janes, Associate Counsel
Helen Kyrios, Associate Counsel
Mary S. Peterson, Associate Counsel

The Cincinnati Life Insurance Company:
Brad E. Behringer, Senior Vice President and Chief Underwriter
Martin F. Hollenbeck*
Richard L. Mathews*
Steven A. Soloria*
William J. Geier*
Michael K. O'Connor*
Brian K. Wood*
Michael K. Dockery*
Anthony W. Dunn*
Michelle L. Kyle*
Kevin C. Smith, Assistant Treasurer—Corporate Accounting

Patrick S. Corrigan*
Robert J. Janes*
Helen Kyrios*
Mary S. Peterson*

CFC Investment Company:
Blake D. Slater*

*Title as listed above

The Cincinnati Insurance Companies Name New Manager of Field Claims Operations

- ***Charles P. Stoneburner, CPCU, succeeds retiring Senior Vice President Dean W. Dicke***

Cincinnati, January 31, 2005—Cincinnati Financial Corporation (Nasdaq:CINF)—The Cincinnati Insurance Companies announced today that Charles P. Stoneburner has been appointed manager of field claims, effective immediately. In this position, he will lead the Field Claims department, which continues as a division of Operations reporting to Senior Vice President Timothy L. Timmel. Field Claims operates through a 750-strong force of field claims representatives who respond to policyholder claims in communities across 31 states.

Stoneburner continues to serve as assistant vice president of The Cincinnati Insurance Company and its subsidiaries, The Cincinnati Casualty Company and The Cincinnati Indemnity Company, which together form the company's property casualty group. Stoneburner's recent responsibilities as regional manager in the Headquarters Claims department have included supervising property claims. He advanced through the ranks, serving as field claims manager for southwestern Virginia before joining the Headquarters Claims department in 1990. Stoneburner holds a degree in management from Virginia Tech and earned the Chartered Property Casualty Underwriter (CPCU) professional designation in 1994.

His predecessor, Senior Vice President Dean W. Dicke, retired this month after 35 years with the company and 15 years managing the Field Claims department.

Chairman and Chief Executive Officer John J. Schiff, Jr., CPCU, commented, "Bud Stoneburner has the talent and experience to maintain and build on Dean's high standards for this strategic service group. Dean developed a superbly trained field claims staff with a national reputation for excellence among independent agents, policyholders and claimants. Bud shares with him the commitment to manage claims professionally, with a human touch."

Inside Cincinnati

Since the December 2004 *Letter to Shareholders*, the following staff members of The Cincinnati Insurance Companies merited promotions

Charlene Adams, Senior Claims Examiner
Linda Adams, CPCU, AU, AIS, Underwriting Specialist
Gifty Addai, Senior Underwriter
Joe Ambrosiano, AIM, Chief Underwriting Specialist
Brian Archdeacon, Associate Actuary
Christopher Barger, CPCU, Underwriting Manager
Matt Barger, Senior Group Manager
Mark Blessing, Customer Support Specialist
Mike Boden, API, Chief Underwriting Specialist
Gary Boyer, Senior Loss Control Consultant
Jim Brame, AIC, Senior Claims Representative
Holly Brobst, CPCU, Underwriting Specialist
Geraldine Brown, Director, Agency Accounting Reconciliation
Bill Broxterman, Senior Underwriter
Tracy Burkett, AIC, Senior Claims Examiner
Matt Burns, Underwriting Specialist
Melissa Butler, Filings Specialist
Anthony Carlisle, API, Underwriting Superintendent

Continued

Kelly Chasteen, Senior Manager, Corporate Accounting
Chad Cioban, Claims Specialist
Mike Collins, Loss Control Consultant
Rebecca Compton, Programmer
Dave Crews, Senior Claims Specialist
Julian Deese, Underwriting Specialist
Randy Deskins, AFSB, Senior Regional Director
Lisa Dill, Claims Specialist
Jennifer Dooley, Programmer Analyst
Gary Douty, Senior Claims Specialist
Barb Drook, Regional Director
Shelly Dye, AIC, Senior Claims Representative
Steve Elchynski, AIM, Senior Underwriting Manager
Erin Engelkamp, Senior Underwriter
Kevin Finn, Senior Underwriter
Martha Firnhaber, CPCU, CIC, State Agent
Carolyn Foster, Claims Specialist
James Green, CPCU, AU, AIM, Underwriting Manager
Jim Gron, CIC, Field Director
Laura Grote, Senior Claims Specialist
Lisa Hall, CIC, Field Director
Chris Hatcher, Programmer Analyst
Stephanie Haun, Senior Programmer
Jeff Hemphill, Senior Underwriter
Joanna Hensley, Underwriting Superintendent
John Himmelmann, Senior Underwriter
Diane Hoffman, CIC, Senior Field Auditor
John Homan, AIC, Claims Specialist
Phil Howard, Regional Director
Harold Huston, Claims Specialist
James Johnson, Senior Machinery & Equipment Specialist
Tracey Jones, API, Underwriting Specialist
Damon Kaiser, Network Administrator
Dave Keller, AFSB, Senior Regional Director
Kevin Klatt, AIC, Senior Claims Specialist
Matt Koch, AIC, Senior Claims Specialist
Bernadette LaGory, Programmer Analyst
Mike Lally, CPCU, AIC, Superintendent—Casualty Claims
Michael Lane, AIT, AIM, API, Project Manager
Jeffrey Leininger, CPCU, AIM, Underwriting Superintendent
Marcia Leininger, Underwriting Superintendent
Jason Lewis, Senior Underwriter
Mike Luebbe, CPCU, AIM, Senior Underwriting Manager
Kara Maguire, Senior Programmer Analyst
Jill Malay, Senior Underwriter
Regina Maringer, Underwriting Specialist
Diane Martin, Claims Specialist
Gregory McCrary, AIC, Senior Claims Representative
Debbie McDonnell, Regional Director
Phil Metzger, Chief Underwriting Specialist
Robert Miller, Senior Personnel Specialist
Chris Monahan, AIM, Senior Regional Director
Steven Mosure, Claims Specialist
Vickie Murphy, Senior Claims Representative
Todd Musch, Supervising Underwriter
Marshall Muse, CLU, ChFC, Senior Life Regional Director
Carl Musselman, Machinery & Equipment Specialist
Mike Neubert, AIC, Senior Claims Specialist
Brad Notestein, AIC, Claims Specialist
Janet Ostendorf, CPCU, Chief Filing Specialist
Kay Patch, Senior Claims Specialist
Pat Peters, Senior Loss Control Consultant
Connie Petertonjes, AFSB, RPLU, Senior Filing Specialist
Washita Powell, Senior Programmer
Clint Puskarich, AIC, Claims Specialist
Tom Radeke, Stage Agent
Tracy Reese, CPCU, CIC, Senior Regional Director
Bobby Rice, Division Manager, IT—P&C Administration
Bob Rook, Underwriting Specialist
Tony Rose, Senior Programmer
Tom Ryder, Regional Director
Karen Sanders, Project Manager
Matt Sarvak, Requirement Analyst
Jim Schengber, Senior Project Controller
Ted Schulte, Underwriting Specialist
Brent Showalter, Claims Specialist
Ericka Smith, Senior Underwriter
Larry Snyder, Programming Group Manager
Tim Sorial, Programmer
Brad Spicer, AIC, Superintendent—Casualty Claims
Gina Spradling, AIM, Underwriting Specialist
Jerry Stephenson, Senior Machinery & Equipment Representative
Chuck Stoddard, Machinery & Equipment Specialist
Lou Stroeer, Application Architect
Susan Sturgeon, FLMI, ACS, Senior Systems Analyst
Craig Stutzman, AIC, Claims Specialist
Tim Sunderman, API, Senior Underwriter
Carey Taylor, Underwriting Superintendent
Julie Trudel, Underwriting Superintendent
Larry Weary, CPCU, AIM, AIC, Field Claims Manager
Elizabeth Weitz, Senior Underwriter
James Wells, AIC, Senior Claims Representative
Brad Zimmerman, AIC, Senior Claims Examiner

A committee of peers recently granted quarterly *Above and Beyond the Call* (ABC) *Awards* to four associates: Ryan McAninch, IT Customer Support; Darlene Sevier, Meetings & Travel; Tim Sunderman, Personal Lines; and Jason Vernatter, Printing. The *ABC Award* recognizes exemplary productivity, service and quality.

We encourage and reward associates who continue their professional insurance education, earning credentials by meeting high academic, length-of-experience and ethical standards. Several associates recently qualified for prestigious designations. Congratulations to Duane Cantrell, Dawn Eschenback, and Michael Leininger who earned the Chartered Property Casualty Underwriter (CPCU) designation; to John Barnett who qualified for the Certified Insurance Counselor (CIC) designation; to Dane Albright and Jim Boulware who earned the Chartered Financial Consultant (ChFC) designation; to Jeremy Singer and Cindy Stubblefield who earned the Fellow Life Management Institute (FLMI) designation; to Kevin Yuenger who earned the Life Underwriting Training Council Fellowship (LUTCF) designation; to Rob Scott who completed the Chartered Financial Analyst (CFA) designation; to Jim Vermeesch who earned the Certified Fraud Examiner (CFE) designation; and to Tom McMackin who earned the Certified Master Arbitrator (CMSA) designation.

In January, agents and their staff members gained access to our online Learning Center on CinciLink, our Web site through which they access Cincinnati's Web-based business systems. They now can take courses from any Internet-enabled computer, on their own schedules, to learn about Cincinnati products and services or sharpen their desktop computing skills.

Cincinnati associates organized to make generous personal donations for tsunami relief in January. In February, more than 1,000 associates gathered in front of CFC Headquarters to welcome home 200 members of the 216th Engineering Battalion, who spent a year in Iraq.

Safe Harbor

This is a "Safe Harbor" statement under the Private Securities Litigation Reform Act of 1995. Certain forward-looking statements contained herein involve potential risks and uncertainties. The company's future results could differ materially from those discussed. Factors that could cause or contribute to such differences include, but are not limited to:

- unusually high levels of catastrophe losses due to changes in weather patterns, environmental events, terrorism incidents or other causes
- ability to obtain adequate reinsurance on acceptable terms, amount of reinsurance purchased and financial strength of reinsurers
- increased frequency and/or severity of claims
- 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:
    - downgrade of the company's financial strength ratings,
    - concerns that doing business with the company is too difficult or
    - perceptions that the company's level of service, particularly claims service, is no longer a distinguishing characteristic in the marketplace
- insurance regulatory actions, legislation or court decisions or legal actions that increase expenses or place us at a disadvantage in the marketplace
- delays in the development, implementation, performance and benefits of technology projects and enhancements
- inaccurate estimates or assumptions used for critical accounting estimates, including loss reserves
- results and timely completion of assessment and remediation of internal controls for financial reporting under the Sarbanes-Oxley Act of 2002
- recession or other economic conditions or regulatory, accounting or tax changes resulting in lower demand for insurance products
- sustained decline in overall stock market values negatively affecting the company's equity portfolio, in particular a sustained decline in the market value of Fifth Third Bancorp shares, a significant equity holding
- events that lead to a significant decline in the market value of a particular security and impairment of the asset
- prolonged low interest rate environment or other factors that limit the company's ability to generate growth in investment income
- adverse outcomes from litigation or administrative proceedings
- effect on the insurance industry as a whole, and thus on the company's business, of the suit brought by the Attorney General of the State of New York against participants in the insurance industry, as well as any increased regulatory oversight that might result from the suit
- limited flexibility in conducting investment activities if the restrictions imposed by the Investment Company Act of 1940 become applicable to us

Further, the company's insurance businesses are subject to the effects of changing social, economic and regulatory environments. Public and regulatory initiatives have included efforts to adversely influence and restrict premium rates, restrict the ability to cancel policies, impose underwriting standards and expand overall regulation. The company also is subject to public and regulatory initiatives that can affect the market value for its common stock, such as recent measures affecting corporate financial reporting and governance. The ultimate changes and eventual effects, if any, of these initiatives are uncertain.

Readers are cautioned that the company undertakes no obligation to review or update the forward-looking statements included herein.

Cincinnati Financial Corporation offers property and casualty insurance, its main business, through The Cincinnati Insurance Company, The Cincinnati Indemnity Company and The Cincinnati Casualty Company. The Cincinnati Life Insurance Company markets life and disability income insurance and annuities. CFC Investment Company offers commercial leasing and financing services. CinFin Capital Management Company provides asset management services to institutions, corporations and individuals. For additional information, please visit the company's Web site at www.cinfin.com.

Electronic Delivery

Cincinnati Financial Corporation is pleased to offer the convenience of electronic delivery of shareholder communication, including annual reports, interim letters to shareholders and proxy statements—even proxy voting online. With your consent and at no cost to you, we can notify you by e-mail when these materials become available on the Internet at *www.cinfin.com*.

Electronic delivery benefits you and your company:

Immediate availability
Immediate availability of important information—no more waiting for the mail to arrive.

Less clutter
The average consumer is receiving more mail today than ever, making it easy to miss important information.

Cost savings
Electronic delivery saves money for Cincinnati Financial—your company.

Plus, it's better for the environment

You can benefit from electronic delivery whether you directly hold registered shares or hold your investments through a participating brokerage/financial institution. You will need to provide an e-mail address, account number(s) and the last four digits of the Social Security number of the account holder. If you provide this information, you can give your consent for electronic delivery immediately. While you may cancel your consent for electronic delivery at any time, we are confident that you will find this option an efficient and effective way to receive important information about your investment.

To enroll, select Electronic Delivery from the Investors page of *www.cinfin.com.* If you hold multiple accounts directly or through a broker, you will need to separately enroll each account—including joint tenant and custodial accounts—to stop paper mailings.

Enroll Today

For Further Information:

Shareholder Contact: Jerry L. Litton
(513) 870-2639

Investor Contact: Heather J. Wietzel
(513) 870-2768

Media Contact: Joan O. Shevchik
(513) 603-5323

THE CINCINNATI INSURANCE COMPANIES ®

www.cinfin.com