THE CINCINNATI INSURANCE COMPANIES

Cincinnati Financial Corporation

Letter from the Chairman and the Chief Executive Officer

ABOUT THE COMPANY

Cincinnati Financial Corporation stands among the 25 largest property casualty insurers in the nation, based on premium volume. A select group of independent agencies in 37 states actively markets our property casualty insurance within their communities. These agents offer our standard market commercial lines policies in all 37 states; personal lines policies in 29 states; and excess and surplus lines policies in 36 states. Within this select group, we seek to become the life insurance carrier of choice and to help agents and their clients – our policyholders – by offering leasing and financing services.

Three competitive advantages distinguish our company, positioning us to build value and long-term success:

- Commitment to our network of professional independent insurance agencies and to their continued success
- Financial strength that lets us be a consistent market for our agents' business, supporting stability and confidence
- Operating structure that supports local decision making, showcasing our claims excellence and allowing us to balance growth with underwriting discipline

Learn more about where we are today and how we plan to create value for shareholders, agents, policyholders and associates by reviewing publications that we promptly post on *www.cinfin.com/Investors* as they are completed.

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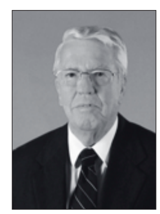
REMEMBERING ROBERT C. SCHIFF 1923 – 2010



Robert C. Schiff, director emeritus of Cincinnati Financial Corporation, died January 7. A charter director of both The Cincinnati Insurance Companies in 1950 and Cincinnati Financial Corporation in 1968, Bob was the last living of the company's four founding agents. He remained actively involved with the company as a board member until 2004.

In the early years, Bob emphasized what would become one of our enduring competitive advantages: to carefully select independent agents, then offer products and underwrite accounts giving those agents broad flexibility to adapt the policy to each client's needs.

TO OUR SHAREHOLDERS, FRIENDS AND ASSOCIATES:

FINANCIAL REVIEW

Your company reported $432 million of net income for 2009, up less than a percent from the 2008 result. Book value per share at December 31 reached $29.25, 14 percent above the year-end 2008 level. Property casualty surplus rose to $3.648 billion compared with $3.360 billion at year-end 2008. Shortly after our 2009 earnings announcements, A.M. Best affirmed its stable outlook and our A+ Superior insurer financial strength ratings, awarded to fewer than 11 percent of property casualty insurers.

John J. Schiff, Jr., CPCU (left), chairman of the board, with Kenneth W. Stecher, president and chief executive officer.

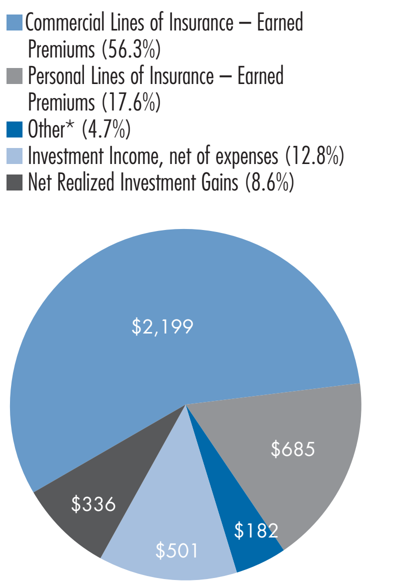
How we got to this point says much about your company and our cautious, fairly positive outlook on 2010 and beyond.

At the beginning of 2009, the crisis in the financial markets had taken its toll on our investment portfolio, reducing our income from stock dividends and our realized and unrealized investment gains. Broad economic weakness, together with a prolonged period of soft pricing for commercial insurance, pressured our premium revenues even as loss costs continued to rise. While our capital, liquidity, financial flexibility and capacity for future growth remained exceptionally strong, the declining profit trends were unsatisfactory.

We had put our enterprise risk management program into high gear in mid-2008, working to identify specific metrics that define our risk tolerance and specific plans to stay inside their boundaries. In early 2009, many initiatives already were under way to stabilize and conserve our capital, drive growth of our insurance business and improve profitability. Our sense of urgency was strong. Nevertheless, by the end of the first quarter, high catastrophe losses led to a large underwriting loss for property casualty insurance operations. The declining trends continued for investment income, for the investment portfolio and for our property casualty surplus.

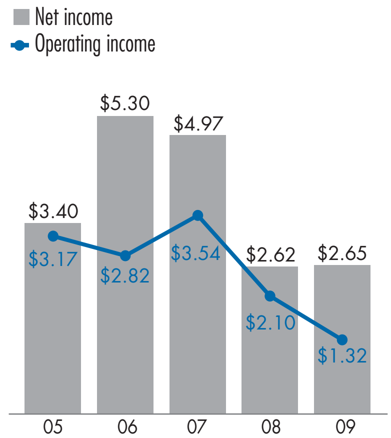
"ONE CARRIER OFFERED A CINCINNATI CLIENT COVERAGE AT A PREMIUM THAT WAS ALMOST 25 PERCENT LESS THAN CINCINNATI'S. THE CLIENT DECIDED THAT HIS CLAIMS REPRESENTATIVE AND CINCINNATI WERE WORTH THE EXTRA COST, EVEN IN THESE TOUGH ECONOMIC TIMES." — From a North Carolina Agent

2009 Consolidated Revenues
(In millions)



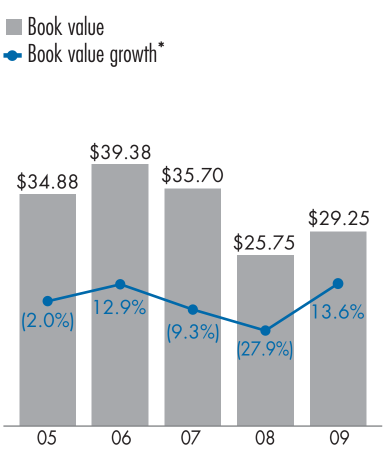
* Other includes life and surplus lines insurance earned premiums and other earned revenues.

Net and Operating* Income
Per common share



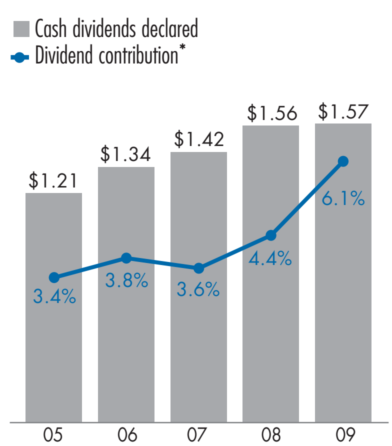
* The Definitions of Non-GAAP Information and Reconciliation to Comparable GAAP Measures on *www.cinfin.com* defines and reconciles measures presented in this report that are not based on GAAP or Statutory Accounting Principles.

Book Value
Per common share



* Year-over-year change in book value per share

Cash Dividends Declared
Per common share



* Calculated as dividends declared per share to beginning book value per share

The second quarter brought little relief. Book value and surplus rose on better securities valuations. However, higher pretax investment interest income only partially offset lower dividend income. High second-quarter catastrophe losses piled on top of the first-quarter losses, and we added to our reserves for prior period workers' compensation loss estimates. Fitch Ratings cited the unfavorable underwriting performance as it lowered our insurer ratings to A+(Strong), albeit raising the outlook to stable. We kept working on our initiatives.

Solid earnings and favorable balance sheet trends emerged in the second half. By year-end, we were able to report three consecutive quarters of increasing assets, book value and statutory surplus, as well as two consecutive quarters of property casualty underwriting profit. Mild weather prevailed, partially offsetting the effects of continued price competition and lower payrolls and sales for businesses that pay premiums based on those measures. Securities valuations rose, and in the fourth quarter, pretax investment income resumed a growth trend. Property casualty operations, life operations, investment income and investment gains all contributed during the second half to the rise in book value. While we are not yet satisfied, improving trends have returned to your company.

FOUNDATION FOR THE FUTURE

The insurance business is not for the faint-hearted who are distracted or discouraged by near-term events and results. Pushing negativity of the first half into the background, our leaders and associates kept in the foreground the initiatives that would position your company to grow profitably in years to come. Our 2009 progress was significant.

CAPITAL:

- Completed the rebalancing of our $10.562 billion investment portfolio, including the first-quarter sale of our remaining Fifth Third Bancorp shares and ongoing transactions to manage issue and sector concentrations within guidelines. At year-end, our equity holdings were 25.4 percent of invested assets. Our largest equity sector is healthcare, at 18 percent and our largest equity holding is Procter & Gamble, at 5.8 percent of our publicly traded common stock portfolio or 1.4 percent of the investment portfolio.

"UPLOAD WITH CINCINNATI IS BY FAR THE SMOOTHEST PROCESS OF ALL OF THE CARRIERS THAT OFFER IT TO US. I CAN COMPLETE SO MUCH MORE WORK IN THE SAME TIMEFRAME." – From a Michigan Agent

- Continued to build our bond portfolio with laddered maturities to protect against increasing interest rates and the corresponding decline of fair value. Our $7.855 billion bond portfolio had an average rating of A2/A at year-end and a 35 percent increase in fair value during 2009.
- Maintained parent company cash and invested assets of $1.040 billion at year-end to support financial flexibility for the insurance companies, liquidity to support dividend consistency and low debt leverage to support strong credit ratings.

AGENCY RELATIONSHIPS AND GROWTH:

- Demonstrated our commitment to agents by accelerating our major technology projects to increase their operating efficiency and by providing them with field, headquarters and online training options on the new systems. (See Serving Agents with Improved Technology on Page 4.)
- Expanded the size of our agency force, the product lines we offer those agencies and the geographical diversity of our operations. We established 87 new agency relationships in 2009, including our first agencies in Colorado and Wyoming. We staffed additional territories in Texas, which we just entered in late 2008.
- Increased local expertise available to agents and policyholders by adding to our staff of workers' compensation claims specialists and managers as well as loss control specialists.
- Responded promptly and fairly to more than 15,000 first-half catastrophe claims in Cincinnati style, earning policyholder loyalty to our company and agents.

PROFITABILITY:

- Developed predictive analytics and underwriter training to improve risk selection and pricing accuracy and adjusting rates and rate/credit structure – all actions designed to begin restoring profitability to our currently unprofitable homeowner and workers' compensation lines.

- Trimmed headquarters expenses by focusing on department level spending.
- Identified our risk tolerance for catastrophe exposures and acted where necessary to begin moving within the boundaries. Modeled projections demonstrated the effectiveness of these actions and plans, helping us to negotiate better terms on our 2010 catastrophe reinsurance agreements.

Taking service to the *next* level

Serving Agents with Improved Technology. We are streamlining our processes and systems to bring new efficiencies to our agency customers. Since October 2009, our new policy administration system for commercial package and auto coverages has deployed to agents in 14 states, with plans to add 16 more states in 2010. It features real-time quoting and policy issuance, a new direct billing option and interface capabilities to transfer selected policy data from agency management systems.

Early in 2010, we deployed the next version of our personal lines policy administration system to agencies in all 29 states where we market personal lines. This next generation, Web-based system prefills selected data, automatically orders third-party reports and offers quoting with some real-time rating and comparative vendors.

Interface technology makes it easy for agents to work on our policies within their agency systems, without logging on to our system or rekeying data. Cincinnati received the 2009 Agency Interface Award from Applied Systems® Client Network for achievements in this area.

Our excess and surplus lines company continued expanding its processing system to handle new products and states in 2009. Agents appreciate the system's delivery of electronic copies of policies within minutes of underwriting approval and policy issue. Cincinnati Specialty Underwriters was recognized as a Celent Model Insurer in the area of service for successfully leveraging a previous implementation to quickly enter a new market in 2009.

- Protected our balance sheets by accurately setting case reserves and by increasing total reserves for workers' compensation estimated losses when new information caused assumptions in our calculations to change. Our overall reserve development for prior periods was again favorable in 2009, reflecting the consistency of our conservative reserving practices. Overall reserves remain well into the upper half of the actuarial range.

We were buoyed by a strong sense of accomplishment even before the bad weather subsided in the third quarter. Most of the impacts from this work in 2009 will accumulate over time, increasing the stability of our investment and underwriting results and cementing the agent relationships that distinguish your company and help build long-term shareholder value.

TRANSITIONS, CONTINUITY AND STRATEGY

Your company's longstanding record of annual dividend increases is a key contributor to that shareholder value. As many public companies decreased or suspended their dividends in 2008 and early 2009, our board continued ours then

“THE REASON THIS CLIENT WANTED AN ANNUITY FROM CINCINNATI LIFE RATHER THAN ANOTHER OF MY CARRIERS IS HOW WELL THE CLIENT HAD BEEN SERVED BY YOUR CLAIMS REPRESENTATIVE DURING A CATASTROPHE AND AUTO CLAIM.”

— From an Ohio Agent

Taking service to the *next* level

Serving Shareholders. Now you can manage your Cincinnati Financial shares online by setting up your My Shareholder Account. Securely complete address changes, view your recent transactions or shareholder account statements and manage your participation in the Shareholder Investment Plan on your schedule. Once enrolled in that plan, you can buy shares directly from the company by making one-time purchases, monthly withdrawals from your bank account or reinvesting your quarterly dividends. Get started by going to Shareholder Information at *www.cinfin.com/investors.*

Shareholders who reinvest dividends compound your returns over time. Our 49-year record of consecutive dividend increases is matched by only a handful of companies. Your company qualified again in 2009 as an S&P 500 Dividend Aristocrat and a Mergent’s Dividend Achiever.

Now shareholders of record can choose to hold shares in book entry instead of keeping track of paper certificates. This service protects you from the effort and cost to replace any misplaced certificates. To convert your certificated shares to book entry or request other services, please e-mail *Shareholder_inquiries@cinfin.com* or call our new toll-free shareholder line, 866-638-6443.

Reducing paper use supports our efforts to be green. Rankings published in *Newsweek* (September 2009) gave your company’s operations a green score of 97.4 percent in the environmental impact category, the 16th most favorable score among 500 large companies evaluated.

acted in the third quarter of 2009 to increase it. Your new indicated annual dividend was $1.58 per share, up 2 cents, signaling the board’s confidence in our financial strength and flexibility and management’s ability to position the company for future performance.

This action also signaled our values of consistency, predictability and a long-term perspective – values that create steadiness in our management of market cycles, trust in our insurance relationships with agents and policyholders and transparency in our communications with investors. Those are values that have characterized your company since its founding in 1950 by four independent agents. We regretfully note the passing in early 2010 of our last living founder, Bob Schiff. (See our tribute on the inside front cover.)

The composition of our board was unchanged in 2009, with a new independent director joining us early in 2010. Linda W. Clement-Holmes is a talented and high-achieving Procter & Gamble executive with extensive leadership experience in technology strategy, management and implementation. She brings expertise that complements that of other directors, rounding out our board. Linda is serving on a new, 14th board seat and on the board’s independent audit committee.

Our vice chairman and retired president, Jim Benoski is not standing for re-election at this year’s annual meeting of shareholders, as previously announced. With his departure, the number of board

Taking service to the *next* level

Serving Policyholders. We made more payment options available in 2009 to the growing number of policyholders directly billed by Cincinnati rather than by their agencies. They can pay for home, auto and other personal property and casualty policies online or by telephone, using credit cards or bank account transfers. They can choose annual, semi-annual or quarterly pay plans or monthly electronic funds transfers. Soon, we will expand our online services to offer all personal lines policyholders view and print capability for policy declarations pages and auto identification cards.

Pay plans for directly billed commercial package policyholders also expanded this year, now including monthly direct invoicing or electronic funds transfer for all payment plans. We have heightened our responsiveness to our commercial workers' compensation policyholders and claimants, adding 24/7 toll-free direct claim reporting with prompt agent notifications, more workers' compensation claims specialists and field claims managers, and more loss control specialists and services. We believe employers, injured employees and the company all benefit from timely, personal attention to safety and claims.

In an independent survey of 8,693 independent agents who evaluated 200 insurers, Cincinnati was the top performer for handling claims fairly (*Deep Customer Connections,* October 2009).

"WE PLACED OUR FIRST BUSINESS WITH CSU PRODUCER RESOURCES. THE EASE OF DOING BUSINESS, TIMELY RATING PROCESS AND UNDERWRITER WERE ALL UP TO CINCINNATI'S HIGH STANDARDS. E&S FROM CINCINNATI WILL DEFINITELY BE GOOD FOR AGENTS."

— From a Florida Agent

seats will return to 13. (See our tribute on Page 13.)

The board has approved our enterprise strategic plan for 2010. They will measure our success executing the plan in several ways. The value creation ratio is our primary measure of progress. We believe it captures the contribution of our insurance operations, the success of our investment strategy and the importance we place on paying cash dividends to shareholders.

It has two components: 1) our rate of growth in book value per share plus 2) the ratio of dividends declared per share to beginning book value per share. For the period 2010 through 2014, we continue to target an annual value creation ratio averaging 12 percent to 15 percent.

Several goals are the keys to increasing our book value and achieving that target: 1) year-over-year property casualty premium growth exceeding the industry average of our insurance business; 2) a combined ratio consistently under 100 percent; 3) total return on the equity portfolio exceeding total return on the S&P 500 Index; and 4) year-over-year growth of investment income.

Those are ambitious goals, and we'll stretch to meet them. We will act in 2010 to manage capital, to make it easier for agents to do business with us and to enhance our ability to improve and sustain profitability. While many of the same initiatives described above are ongoing, some new initiatives are notable.

MANAGING CAPITAL

We will again work to maintain a diversified investment portfolio, applying our risk management guidelines and balancing our needs for current income and long-term appreciation. We'll also further develop our comprehensive, enterprise-level catastrophe management program, including regional guidelines that work with our underwriting and reinsurance efforts.

EXCEEDING AGENT EXPECTATIONS

Our most important point of differentiation and competitive advantage is our agent relationships. Our 2010 emphasis is squarely on service, and on our commitment to make it easier for agents to do business with us. In 2010, we will develop short- and long-term technology plans, also gathering and acting on data that measures agent satisfaction with our systems and service. We will develop department level service improvement plans and customer service training programs for associates. We'll provide direct policyholder services that our agents say they want for their clients. By taking service to the next level, we aim to be the carrier of choice for each agency's best business. (See Serving Agents with Improved Technology on Page 4 and Serving Policyholders on Page 6.)

Taking service to the *next* level

Serving Agents with a Full Range of Products. By meeting our agents' needs, we win an average of 16.7 percent of premiums in agency reporting locations that have represented us for 10 or more years. To increase that share and help diversify their revenue sources, we are expanding our product offerings.

We have developed personal lines automation for more states and refined our rates, attracting agencies that previously marketed only our commercial products. An additional 133 agencies gained the ability in 2009 to cross-serve commercial clients who already know about Cincinnati's superior claims service.

In just two years of writing excess and surplus lines we have expanded product availability to include excess casualty in addition to general liability, property and dozens of classes of professional errors and omissions insurance.

Recent additions to our commercial product portfolio include Educational Institution Legal Liability and Internet Security, both available as endorsements to our Blue Chip Policy for directors and officers. New commercial package endorsements include Internet Liability Coverage and Utility Services with Overhead Transmission and Distribution Line Coverage – Direct Damage and Time Element, which is incorporated into two new coverage bundles, the CinciPlus® Commercial Property Power XC® and XC+®. In 2010, our new Target Markets area is forming to identify specific commercial classes of business for which we will develop expertise, tailored coverage and marketing support.

Cincinnati is the 24th largest of approximately 2,000 U.S. property casualty insurers based on 2008 direct premiums. According to A.M. Best data, our market share is 0.9 percent of industry premiums, indicating plenty of room to grow. Other direct written premium rankings and market shares: Commercial multiple peril – 12th place and 3 percent; commercial auto – 16th place and 1.5 percent; workers' compensation – 23rd place and 0.9 percent; homeowners multiple peril – 25th place and 0.5 percent.

DRIVING GROWTH

To grow our insurance business, we will focus our resources on markets where our penetration is low and opportunities are high. We expect to appoint 65 new professional agencies in 2010, in a range of sizes and with aggregate annual premiums of about $1 billion with all carriers they represent. We will give our product portfolio attention, further broadening and diversifying the types of commercial products offered (See Serving Our Agents with a Full Range of Products on Page 7).

IMPROVING PROFITABILITY

To sustain underwriting profitability through all cycles, we are continuing in 2010 to develop pricing capabilities for each line of business and remediation plans for each underperforming line of business. We also expect to develop more expertise for larger, complex risks. We'll reduce and manage expenses, moving toward operational budgets at the department level to help managers maximize use of resources. For each of these efforts, we'll provide improved management and associate training and establish metrics that ensure accountability.

"OUR CLIENT REVIEWED FOUR QUOTES THAT WERE LOWER IN PREMIUM, BUT HE RENEWED WITH CINCINNATI BECAUSE OF HIS PAST CLAIM EXPERIENCE AND THE LOSS CONTROL ASSISTANCE YOU HAVE PROVIDED. THE CLIENT RECOGNIZED YOUR SERVICE AND THE VALUE IT ADDS." — From a Montana Agent

ACCOUNTABILITY

Our 2010 plans and metrics fully support accountability of executives to the board and shareholders, of managers to department heads and of associates to supervisors. Additionally, shareholders approved the Annual Incentive Compensation Plan of 2009 at last year's Annual Meeting of Shareholders. The board of directors recently adjusted the balance of compensation components for executive officers, implementing this plan that makes the vesting of awards contingent on attainment of specific company performance metrics. In turn, except in unusual circumstances, the executive officers no longer will receive nonperformance-based, discretionary bonuses that other associates continue to receive.

Regardless of any economic upturn or market cycle changes that may or may not occur in 2010, we are confident in our ability to build on the improving trends and significant achievements of 2009. We thank our loyal shareholders for the opportunities to accomplish more for you in 2010.

Respectfully,

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

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

CONDENSED BALANCE SHEETS AND INCOME STATEMENTS

Cincinnati Financial Corporation and Subsidiaries

(In millions)	At December 31, 2009	2008
Assets		
Investments	**$ 10,643**	$ 8,890
Cash and cash equivalents	**557**	1,009
Premiums receivable	**995**	1,059
Reinsurance receivable	**675**	759
Deferred income tax	**–**	126
Other assets	**1,570**	1,526
Total assets	**$ 14,440**	$ 13,369
Liabilities		
Insurance reserves	**$ 5,925**	$ 5,637
Unearned premiums	**1,509**	1,544
Deferred income tax	**152**	–
6.125% senior notes due 2034	**371**	371
6.9% senior debentures due 2028	**28**	28
6.92% senior debentures due 2028	**391**	392
Other liabilities	**1,304**	1,215
Total liabilities	**9,680**	9,187
Shareholders' Equity		
Common stock and paid-in capital	**1,474**	1,462
Retained earnings	**3,862**	3,579
Accumulated other comprehensive income	**624**	347
Treasury stock	**(1,200)**	(1,206)
Total shareholders' equity	**4,760**	4,182
Total liabilities and shareholders' equity	**$ 14,440**	$ 13,369

(Dollars in millions except per share data)	Years ended December 31, 2009	2008	2007
Revenues			
Earned premiums	**$ 3,054**	$ 3,136	$ 3,250
Investment income, net of expenses	**501**	537	608
Realized investment gains and losses	**336**	138	382
Other income	**12**	13	19
Total revenues	**3,903**	3,824	4,259
Benefits and Expenses			
Insurance losses and policyholder benefits	**2,242**	2,193	1,963
Underwriting, acquisition and insurance expenses	**1,004**	1,016	1,039
Other operating expenses	**20**	22	13
Interest expense	**55**	53	52
Total benefits and expenses	**3,321**	3,284	3,067
Income Before Income Taxes	**582**	540	1,192
Provision for Income Taxes	**150**	111	337
Net Income	**$ 432**	$ 429	$ 855
Per Common Share:			
Net income—basic	**$ 2.66**	$ 2.63	$ 5.01
Net income—diluted	**$ 2.65**	$ 2.62	$ 4.97

SIX-YEAR SUMMARY FINANCIAL INFORMATION

Cincinnati Financial Corporation and Subsidiaries

(Dollars in millions except per share data)	2009	2008	2007	2006	2005	2004
	Years ended December 31,					
Financial Highlights						
Net income	**$ 432**	$ 429	$ 855	$ 930	$ 602	$ 584
Net realized investment gains and losses, after tax	**217**	85	245	434	40	60
Operating income	**$ 215**	$ 344	$ 610	$ 496	$ 562	$ 524
Per Share Data (diluted)						
Net income	**$ 2.65**	$ 2.62	$ 4.97	$ 5.30	$ 3.40	$ 3.28
Net realized investment gains and losses, after tax	**1.33**	0.52	1.43	2.48	0.23	0.34
Operating income	**$ 1.32**	$ 2.10	$ 3.54	$ 2.82	$ 3.17	$ 2.94
Cash dividends declared	**1.57**	1.56	1.42	1.34	1.21	1.04
Book value	**29.25**	25.75	35.70	39.38	34.88	35.60
Ratio Data						
Debt-to-capital	**15.0%**	16.7%	12.7%	11.0%	11.5%	11.2%
Book value growth	**13.6**	(27.9)	(9.3)	12.9	(2.0)	1.4
Cash dividends declared to beginning book value	**6.1**	4.4	3.6	3.8	3.4	3.0
Value creation ratio	**19.7**	(23.5)	(5.7)	16.7	1.4	4.4
Consolidated Property Casualty Insurance Operations (Statutory)						
Agency renewal written premiums	**$ 2,665**	$ 2,828	$ 2,960	$ 2,931	$ 2,897	$ 2,793
Agency new business written premiums	**405**	368	325	357	313	330
Written premiums	**2,911**	3,010	3,117	3,178	3,076	2,997
Earned premiums	**2,911**	3,010	3,125	3,164	3,058	2,919
Current accident year before catastrophe losses	**$ 2,102**	$ 2,174	$ 2,030	$ 1,947	$ 1,854	$ 1,797
Current accident year catastrophe losses	**172**	205	47	176	118	153
Prior accident years before catastrophe losses	**(181)**	(321)	(224)	(113)	(169)	(191)
Prior accident year catastrophe losses	**(7)**	(2)	(21)	(2)	9	(5)
Total loss and loss expenses	**$ 2,086**	$ 2,056	$ 1,832	$ 2,008	$ 1,812	$ 1,754
Underwriting expenses	**953**	965	988	965	914	878
Net underwriting gain (loss)	**(128)**	(11)	305	191	332	287
Loss ratio	**58.6%**	57.7%	46.6%	51.9%	49.2%	49.8%
Loss expense ratio	**13.1**	10.6	12.0	11.6	10.0	10.3
Underwriting expense ratio	**32.7**	32.1	31.7	30.4	29.8	29.3
Combined ratio	**104.4%**	100.4%	90.3%	93.9%	89.0%	89.4%
Policyholders' surplus	**$ 3,648**	$ 3,360	$ 4,307	$ 4,750	$ 4,194	$ 4,191
Net written premiums to surplus	**0.80**	0.90	0.72	0.67	0.73	0.71
Commercial Lines Property Casualty Insurance Operations (Statutory)						
Written premiums	**$ 2,181**	$ 2,311	$ 2,413	$ 2,442	$ 2,290	$ 2,186
Earned premiums	**2,199**	2,316	2,411	2,402	2,254	2,126
Loss ratio	**55.1%**	54.2%	44.8%	48.4%	46.6%	43.4%
Loss expense ratio	**13.8**	10.7	13.1	12.7	11.0	10.9
Underwriting expense ratio	**32.9**	31.7	31.3	29.7	29.5	29.4
Combined ratio	**101.8%**	96.6%	89.2%	90.8%	87.1%	83.7%
Personal Lines Property Casualty Insurance Operations (Statutory)						
Written premiums	**$ 691**	$ 685	$ 704	$ 736	$ 786	$ 811
Earned premiums	**685**	689	714	762	804	793
Loss ratio	**70.2%**	69.0%	53.2%	62.9%	56.7%	66.7%
Loss expense ratio	**10.2**	10.4	8.1	8.3	7.2	8.9
Underwriting expense ratio	**31.0**	32.2	32.8	32.4	30.4	29.0
Combined ratio	**111.4%**	111.6%	94.1%	103.6%	94.3%	104.6%
Life Insurance Operations (Statutory)						
Written premiums	**$ 346**	$ 185	$ 167	$ 161	$ 205	$ 193
Net income before realized investment gains and losses	**11**	(18)	7	(1)	10	26
Net income	**15**	(70)	39	28	21	28
Gross life insurance face amount in force	**69,814**	65,887	61,873	56,971	51,493	44,921
Admitted assets excluding separate account business	**2,260**	1,930	2,029	2,026	1,882	1,713
Risk-based capital						
Total adjusted capital	**316**	290	506	556	518	491
Authorized control level risk-based capital	**40**	37	66	67	53	47

* The Definitions of Non-GAAP Information and Reconciliation to Comparable GAAP Measures on www.cinfin.com defines and reconciles measures presented in this report that are not based on GAAP or Statutory Accounting Principles.

CINCINNATI FINANCIAL CORPORATION
SAFE HARBOR STATEMENT

This is our "Safe Harbor" statement under the Private Securities Litigation Reform Act of 1995. Our business is subject to certain risks and uncertainties that may cause actual results to differ materially from those suggested by the forward-looking statements in this report. Some of those risks and uncertainties are discussed in our 2009 Annual Report on Form 10-K, Item 1A, Risk Factors, Page 23. Although we often review or update our forward-looking statements when events warrant, we caution our readers that we undertake no obligation to do so.

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

- Unusually high levels of catastrophe losses due to risk concentrations, changes in weather patterns, environmental events, terrorism incidents or other causes
- Increased frequency and/or severity of claims
- Inadequate estimates or assumptions used for critical accounting estimates
- Recession or other economic conditions resulting in lower demand for insurance products or increased payment delinquencies
- Delays in adoption and implementation of underwriting and pricing methods that could increase our pricing accuracy, underwriting profit and competitiveness
- Inability to defer policy acquisition costs for any business segment if pricing and loss trends would lead management to conclude that segment could not achieve sustainable profitability
- Declines in overall stock market values negatively affecting the company's equity portfolio and book value
- Events, such as the credit crisis, followed by prolonged periods of economic instability or recession, that lead to:
  - 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:
  - Multi-notch downgrades of the company's financial strength ratings
  - Concerns that doing business with the company is too difficult
  - Perceptions that the company's level of service, particularly claims service, is no longer a distinguishing characteristic in the marketplace
  - Delays or inadequacies in the development, implementation, performance and benefits of technology projects and enhancements
- Actions of insurance departments, state attorneys general or other regulatory agencies, including a change to a federal system of regulation from a state-based system, that:
  - Restrict our ability to exit or reduce writings of unprofitable coverages or lines of business
  - Place the insurance industry under greater regulatory scrutiny or result in new statutes, rules and regulations
  - Increase our expenses
  - Add assessments for guaranty funds, other insurance related assessments or mandatory reinsurance arrangements; or that impair our ability to recover such assessments through future surcharges or other rate changes
  - Limit our ability to set fair, adequate and reasonable rates
  - Place us at a disadvantage in the marketplace
  - Restrict our ability to execute our business model, including the way we compensate agents
- Adverse outcomes from litigation or administrative proceedings
- Events or actions, including unauthorized intentional circumvention of controls, that reduce the company's future ability to maintain effective internal control over financial reporting under the Sarbanes-Oxley Act of 2002
- Unforeseen departure of certain executive officers or other key employees due to retirement, health or other causes that could interrupt progress toward important strategic goals or diminish the effectiveness of certain longstanding relationships with insurance agents and others
- Events, such as an epidemic, natural catastrophe or terrorism, that could hamper our ability to assemble our workforce at our headquarters location
- Difficulties with technology or data security breaches could negatively affect our ability to conduct business and our relationships with agents, policyholders and others

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

SUBSIDIARY OFFICERS AND DIRECTORS

As of March 3, 2010, listed alphabetically
The Cincinnati Insurance Company (CIC)
The Cincinnati Indemnity Company (CID)
The Cincinnati Casualty Company (CCC)
The Cincinnati Specialty Underwriters Insurance Company (CSU)
The Cincinnati Life Insurance Company (CLIC)
CSU Producer Resources Inc. (C-SUPR)
CFC Investment Company (CFC-I)

EXECUTIVE OFFICERS

Donald J. Doyle, Jr., CPCU, AIM
CIC, CID, CCC, CSU, C-SUPR Senior Vice President – Excess & Surplus Lines
CIC, CID, CCC, CSU Director

Craig W. Forrester, CLU
CIC, CID, CCC, CLIC, Senior Vice President – Information Technology

Martin F. Hollenbeck, CFA, CPCU
CIC, CID, CCC, CSU, CLIC Senior Vice President and Chief Investment Officer
CFC-I President and Chief Operating Officer
CIC, CID, CCC, CLIC, CFC-I, CSU Director

Steven J. Johnston, FCAS, MAAA, CFA
CIC, CID, CCC, CLIC, CFC-I, CSU, C-SUPR Chief Financial Officer, Senior Vice President and Secretary
CSU, C-SUPR – Treasurer
Director of all subsidiaries

Thomas A. Joseph, CPCU
CCC President
CIC, CID Senior Vice President – Personal Lines
CIC, CID, CCC, CSU Director

Eric N. Mathews, CPCU, AIAF
CIC, CID, CCC, CLIC Senior Vice President – Corporate Accounting

Martin J. Mullen, CPCU
CIC, CID, CCC Senior Vice President and Chief Claims Officer
CIC, CID, CCC, CLIC, CSU Director

David H. Popplewell, FALU, LLIF
CLIC President and Chief Operating Officer; Director

J. F. Scherer
CIC, CID, CCC, CLIC Executive Vice President – Sales & Marketing
CIC, CID, CCC, CSU, CLIC, CFC-I Director

John J. Schiff, Jr., CPCU
CIC, CID, CCC, CSU, CLIC, C-SUPR Chairman of the Board
Director of all subsidiaries

Joan O. Shevchik, CPCU, CLU
CIC, CID, CCC Senior Vice President – Corporate Communications

Kenneth W. Stecher
CIC, CID, CSU, C-SUPR President and Chief Executive Officer
CCC, CLIC, CFC-I Chief Executive Officer
Director of all subsidiaries

Charles P. Stoneburner II, CPCU, AIM
CIC, CID, CCC Senior Vice President – Commercial Lines
CIC, CID, CCC, CSU Director

Timothy L. Timmel
CIC, CID, CCC, CLIC, CFC-I Senior Vice President – Operations
CIC, CID, CCC, CSU, CLIC, CFC-I Director

SENIOR OFFICERS

Michael R. Abrams
CIC, CID, CCC, CLIC Vice President – Investments

Dawn M. Alcorn
CIC, CID, CCC Vice President – Administrative Services

Brad E. Behringer
CLIC Senior Vice President and Chief Underwriter

Roger A. Brown, FSA, MAAA
CLIC Vice President – Actuarial

David L. Burbrink
CLIC Vice President – Life Field Services

Teresa C. Cracas
CIC, CID, CCC, CLIC Vice President – Planning & Risk Management

Richard W. Cumming, ChFC, CLU, FSA, MAAA
CIC, CID, CCC, CLIC Senior Vice President and Chief Actuary
CLIC Director

Joel W. Davenport, CPCU, AAI
CIC, CID, CCC Vice President – Commercial Lines

J. Michael Dempsey, CLU
CLIC Vice President – Life Marketing Administration

Mark R. DesJardins, CPCU, AIM, AIC, ARP
CIC, CID, CCC Vice President – Learning & Development

W. Dane Donham, AIM
CIC, CID, CCC Vice President – Commercial Lines

Harold L. Eggers, CLU, FLMI, FALU, HIAA
CLIC Vice President – Life Policy Issue

Frederick A. Ferris
CIC, CID, CCC Vice President – Commercial Lines

Carl C. Gaede, CPCU, AFSB
CIC, CID, CCC Vice President – Bond & Executive Risk

William J. Geier, CPCU, CLU, ChFC, FLMI, AIM, HIAA
CIC, CID, CCC, CLIC Vice President – Information Technology

Scott A. Gilliam
CIC, CID, CCC, CLIC Vice President and Government Relations Officer

Gary B. Givler
CIC, CID, CCC Vice President – Headquarters Claims

David T. Groff, CPCU, FCAS, MAAA
CIC, CID, CCC Vice President – Staff Underwriting

Kevin E. Guilfoyle
CFC-I Senior Vice President – Leasing

David L. Helmers, CPCU, API, ARe, AIM
CIC, CID, CCC Vice President – Personal Lines

Theresa A. Hoffer
CIC, CID, CCC, CLIC Vice President – Corporate Accounting
CIC, CID, CCC Treasurer

Timothy D. Huntington, CPCU, AU
CIC, CID, CCC Vice President – Commercial Lines

Thomas H. Kelly
CIC, CID, CCC Vice President – Bond & Executive Risk

Christopher O. Kendall, CPCU, AIT, AIM, ARe, ARM, ARP
CIC, CID, CCC Vice President – Commercial Lines

Gary J. Kline, CPCU
CIC, CID, CCC Vice President – Commercial Lines

Steven W. Leibel, CPCU, AIM
CIC, CID, CCC Vice President – Personal Lines

Jerry L. Litton
CFC-I Treasurer

Richard L. Mathews, CPCU
CIC, CID, CCC, CLIC Vice President – Information Technology

Richard P. Matson
CIC, CID, CCC, CLIC, CFC-I Vice President – Purchasing/Fleet

David E. McKinney, CPCU, AIM
CIC, CID, CCC Vice President – Commercial Lines

Robyn C. Muhlberg
CIC, CID, CCC, CLIC Vice President – Information Technology

Gary A. Nichols
CIC, CID, CCC Vice President – Headquarters Claims

Glenn D. Nicholson, LLIF
CLIC Senior Vice President and Senior Marketing Officer; Director

Michael K. O'Connor, CFA, CPCU, AFSB
CIC, CID, CCC, CLIC Vice President – Investments

Todd H. Pendery, FLMI
CIC, CID, CCC, CLIC Vice President – Corporate Accounting
CLIC Treasurer

Marc C. Phillips, CPCU, AIM
CIC, CCC, CID Vice President – Commercial Lines

Ronald L. Robinson
CIC, CID, CCC Vice President – Field Claims

Michael A. Rouse
CIC, CID, CCC Vice President – Commercial Lines

Thomas J. Scheid
CIC, CID, CCC, CLIC Vice President – Inspection Services & Facilities

Gregory D. Schmidt, CPCU, ARP, CPP, ACP, ARC
CIC, CID, CCC, CLIC Vice President – Staff Underwriting

J. B. Shockey, CPCU, CIC, CLU
CIC, CID, CCC Vice President – Sales & Marketing

David W. Sloan
CFC-I Vice President – Leasing

Debra K. Smith
CIC, CID, CCC Vice President – Commercial Lines

Scott K. Smith, CPCU, ARM, AIM, AU, AAI
CIC, CID, CCC Vice President – Commercial Lines

Steven A. Soloria, CFA, CPCU
CIC, CID, CCC, CLIC Vice President – Investments

Stephen M. Spray
CIC, CID, CCC Vice President – Target Markets

Douglas W. Stang, FCAS, MAAA
CIC, CID, CCC Vice President – Staff Underwriting

James E. Streicher, CPCU, AIM, AIT, ARe, ASLI
CIC, CID, CCC Vice President – Personal Lines

Duane I. Swanson, CIC
CIC, CID, CCC Vice President – Sales & Marketing

Scott L. Unger
CIC, CID, CCC Vice President – Bond & Executive Risk

Philip J. Van Houten, CFE, FCLS
CIC, CID, CCC Vice President – Special Investigations

Stephen A. Ventre, CPCU
CIC, CID, CCC Vice President – Commercial Lines

Jody L. Wainscott
CIC, CID, CCC Vice President – Target Markets

Michael B. Wedig, CPA
CIC, CID, CCC, CLIC Vice President – Corporate Accounting

Paul W. Wells
CIC, CID, CCC Vice President – Bond & Executive Risk

Mark A. Welsh
CIC, CID, CCC, CLIC Vice President – Regulatory & Consumer Relations

Mark S. Wietmarschen
CIC, CID, CCC Vice President – Commercial Lines

Brian K. Wood, CPCU, AIM
CIC, CID, CCC, CLIC Vice President – Personnel & Community Relations

Gregory J. Ziegler
CIC, CID, CCC, CLIC, CFC-I Vice President – Personnel & Community Relations

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Teresa C. Cracas
CIC, CID, CCC, CLIC Counsel

Eugene M. Gelfand
CIC, CID, CCC, CLIC Counsel

Mark J. Huller
CIC, CID, CCC, CLIC Senior Counsel

G. Gregory Lewis
CIC, CID, CCC, CLIC Counsel

Lisa A. Love
CIC, CID, CCC, CLIC Senior Counsel

Stephen C. Roach
CIC, CID, CCC, CLIC Counsel

NON-OFFICER DIRECTORS

William F. Bahl, CFA, CIC
CIC, CID, CCC, CSU, CLIC

James E. Benoski
Director of all subsidiaries

Gregory T. Bier, CPA (Ret.)
CIC, CID, CCC, CSU, CLIC

W. Rodney McMullen
CIC, CID, CCC, CSU, CLIC

Thomas R. Schiff
CIC, CID, CCC, CSU, CLIC

John F. Steele, Jr.
CIC, CID, CCC, CSU

Larry R. Webb, CPCU
CIC, CID, CCC, CSU

E. Anthony Woods
CIC, CID, CCC, CSU, CLIC

CIC DIRECTORS EMERITI

Vincent H. Beckman
Robert J. Driehaus
Richard L. Hildbold, CPCU
William H. Zimmer

SHAREHOLDER INFORMATION

Cincinnati Financial Corporation had approximately 13,000 shareholders of record and approximately 36,000 beneficial shareholders as of December 31, 2009. Many of the company's independent agent representatives and most of the 4,170 associates of its subsidiaries own the company's common stock.

COMMON STOCK PRICE AND DIVIDEND DATA

Common shares are traded under the symbol CINF on the NASDAQ Global Select Market.

(Source: Nasdaq Global Select Market)

	2009				2008			
Quarter:	**1st**	**2nd**	**3rd**	**4th**	1st	2nd	3rd	4th
High close	**$ 29.66**	**$ 26.94**	**$ 26.31**	**$ 26.89**	$ 39.71	$ 39.97	$ 33.60	$ 31.71
Low close	**17.84**	**21.40**	**21.30**	**25.05**	35.10	25.40	21.83	18.80
Period-end close	**22.87**	**22.35**	**25.99**	**26.24**	38.04	25.40	28.44	29.07
Cash dividends declared	**0.39**	**0.39**	**0.395**	**0.395**	0.39	0.39	0.39	0.39

ANNUAL MEETING

Shareholders are invited to attend the Annual Meeting of Shareholders of Cincinnati Financial Corporation at 9:30 a.m. on Saturday, May 1, 2010, at the Cincinnati Art Museum in Eden Park, Cincinnati, Ohio. You may listen to an audio webcast of the event by visiting *www.cinfin.com/investors.*

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Deloitte & Touche LLP
250 East Fifth Street
Cincinnati, Ohio 45202-5109

CONTACT INFORMATION

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

Investors: Investor Relations responds to investor inquiries about the company and its performance.
Dennis E. McDaniel, CPA, CMA, CFM, CPCU – Assistant Vice President, Investor Relations
513-870-2768 or *investor_inquiries@cinfin.com*

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

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

CINCINNATI FINANCIAL CORPORATION

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

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