Cincinnati Financial Corporation

2014 ANNUAL LETTER
FROM THE CHAIRMAN AND
THE CHIEF EXECUTIVE OFFICER

Everything Insurance Should Be®

ABOUT THE COMPANY

Cincinnati Financial Corporation stands among the 25 largest property casualty insurers in the nation, based on net written premiums. A select group of independent agencies actively markets our business, home and auto insurance within their communities. These agents offer our standard market and excess and surplus commercial lines policies in 39 states and our personal lines policies in 30 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 to fulfill our promises and be a consistent market for our agents' business, supporting stability and confidence
- Operating structure that supports local decision making, showcasing the strength of our field claims service, field underwriting and field support services

These advantages help us to become *Everything Insurance Should Be®* for the professional independent insurance agents who represent us and for the people and businesses in their communities. 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 *cinfin.com/investors* as they are completed.

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TO OUR SHAREHOLDERS:

Steven J. Johnston (left), president and chief executive officer, with Kenneth W. Stecher, chairman of the board.

Insurance should...

Your company continues a commitment to be the best insurance company serving independent agents, evolving with the times to support that vision with new products, services and tools. In the highlighted parts of this letter, you will read about how we partner with and support independent agents so that together, we can be *Everything Insurance Should Be* for the people and businesses they serve.

Everything Insurance Should Be®

FINANCIAL HIGHLIGHTS

Your company returned a total of $315 million to shareholders in 2013, paying out cash dividends and repurchasing one million shares. To return capital to shareholders, we favor cash dividends; and we have increased them in each of the past 53 years. Already in January 2014, the board of directors has set the stage for a 54th consecutive year, a streak we believe is matched by only nine other companies.

The 4.8 percent increase in the quarterly dividend payable in April 2014 reflects our solid 2013 performance and the strong capital that supports future growth of our insurance operations. Shareholders' equity rose to more than $6 billion at year-end, benefiting from higher fair value of our equity portfolio and net income that reached $517 million, up 23 percent year over year.

88.6%
3-year shareholder return, including 38.4% for 2013

Better weather helped us achieve healthy results for our insurance operations. More importantly, those results also reflected diligent execution of our deliberate growth and profitability strategies, and we expect further benefits from our initiatives to accrue over time.

Property casualty net written premiums again saw double-digit growth in 2013 from higher pricing and record new business. The combined ratio improved to 93.8 percent, with pretax underwriting profit rising 70 percent to $233 million.

Profitable growth of insurance operations continues to provide fuel for our investment operations. Our larger overall securities portfolio and higher dividends from our equity holdings compensated for the effects of lower interest rates, maintaining pretax investment income within less than 1 percent of last year's total. At year-end, the portfolio held $2.335 billion of pretax unrealized investment gains, up 25 percent from year-end 2012.

ACHIEVING OUR GOALS, YEAR AFTER YEAR

We manage our business with the intent to achieve good results through all stages of economic and insurance cycles. Year after year, we expect our combined ratio to be within the range of 95 percent to 100 percent, and we expect to grow faster than the industry average. By the end of 2015, we estimate full-year direct written premiums from our property casualty and life insurance operations can reach $5 billion.

As we saw in 2013, performing at these levels generates strong cash flow to expand our investment portfolio and increase investment income, supporting our primary performance target of an annual value creation ratio averaging 10 percent to 13 percent for the period of 2013 through 2017. We believe the value creation ratio is an appropriate metric because it considers our ability to increase the book value of your company and your shareholder dividends. For 2013, the ratio reached 16.1 percent, resulting in a solid 13.1 percent annual average for the five years beginning with 2009.

$17.7 billion
total assets at December 31, 2013

2013 was a better year for the property casualty industry too. Ratings agency A.M. Best Co. estimates that industry net written premiums rose 4.8 percent, the industry's statutory combined ratio improved to 97.6 percent and industry surplus set a new record. To continue improving on these results, our industry and our company will need to proactively manage risk. Below we discuss some potential industry issues identified by A.M. Best and others, adding information about what your company is doing to address them from multiple angles and to continue outperforming over the long term.

• Potential re-emergence of competitive pressure on pricing

In past periods of strong industry profitability and high surplus, some insurers have aggressively pursued market share, driving down prices and softening the overall market.

Whether the market is hard or soft, your company's underwriters are trained to price accounts with adequate margin for profit. With improved data and pricing analytics capabilities, they can be confident that pricing is right for the business

1,450 agency relationships, including 96 new appointments in 2013

Everything Insurance Should Be®

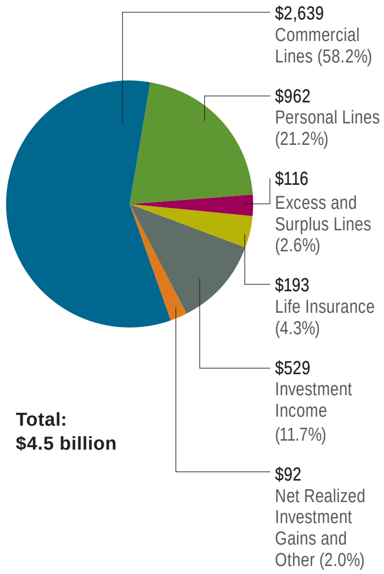
Insurance should…**center on professional independent agents.** They are the face of insurance, fulfilling expectations about Everything Insurance Should Be – everything it should do – for people in their communities.

We optimize our staff, product offerings, tools and services to deepen our relationships with our elite corps of independent agents and increase the advantages their relationships with clients bring to the marketplace:

- Our newest subsidiary, Cincinnati Specialty Underwriters, has improved our agents' ease of writing accounts with special characteristics requiring excess and surplus insurance. Agents placed $128 million of net written premiums from these accounts with us in 2013, the sixth full year of operation.
- Target Markets managers continued developing new programs and expertise in 2013, enhancing opportunities for agents to market custom coverage and services for niche business types found in every community.
- *Blog.cinfin.com,* new in 2013, features insurance and loss prevention tips. The content is designed for agents to share on social media, giving policyholders another benefit from their relationships with their independent agents and Cincinnati Insurance.
- Our Loss Control staff increased support in 2013 for our commercial marketing and underwriting activities. They visit prospective clients' premises with agents, offering safety and loss prevention tips and special pricing on tools and training from best-in-class providers.

2013 CONSOLIDATED REVENUES

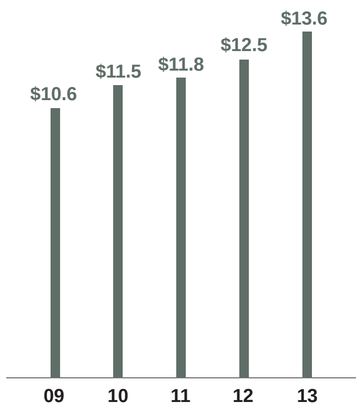
(in millions)



INVESTED ASSETS

At fair value

(in billions)



NET AND OPERATING* INCOME

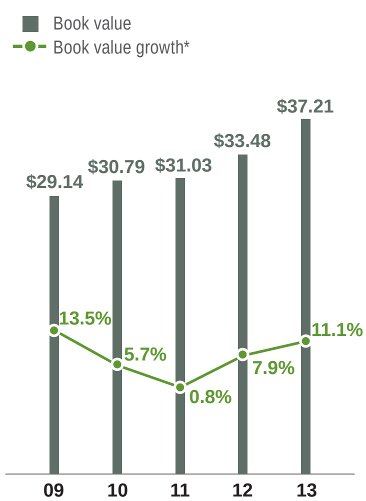
Per common share, diluted

*The Definitions of Non-GAAP Information and Reconciliation to Comparable GAAP Measures are in our quarterly news releases, which are available on the Investors page of our website *cinfin.com*.

Consolidated revenues rose 10 percent in 2013, compared with 2012, with earned premiums up 11 percent. Invested assets continued a steady growth pattern, reflecting positive operating cash flows and rising market valuations. Net income increased by 23 percent in 2013, largely due to improvement in the contribution of property casualty underwriting from lower catastrophe losses, higher pricing and other underwriting and loss cost management efforts.

BOOK VALUE

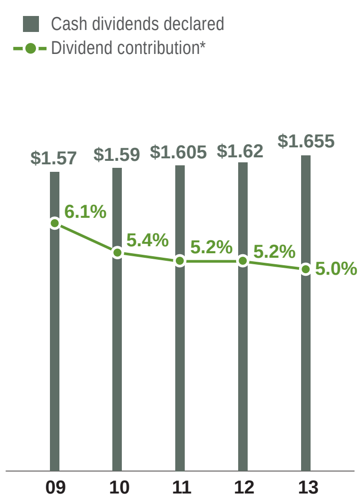
Per common share



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

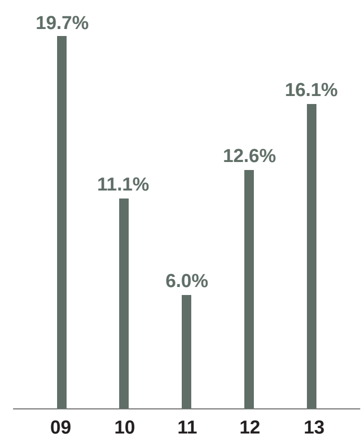
CASH DIVIDENDS DECLARED

Per common share



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

VALUE CREATION RATIO*



*A discussion of the value creation ratio and a reconciliation to comparable GAAP measures are available on Pages 43-45 of our 2013 Annual Report on Form 10-K.

Book value per share continued to move higher, and 2013 marked the 53rd consecutive year of an increase to our shareholder dividend. Growth in book value plus the contribution of our shareholder dividend, both measured as a percentage of book value at the beginning of the year, are the components of our value creation ratio. During 2009 through 2013 our annual value creation ratio averaged 13.1 percent. The 2013 ratio improved by 3.5 percentage points over 2012, including 0.8 points from better operating results and 0.9 points from investment portfolio gains, plus 1.8 points from other items.

they are writing or renewing. Their success shows in 4 percentage points of improvement for the 2013 accident year loss and loss expense ratio excluding catastrophe losses.

For our commercial lines of business, underwriters consider modeled prices along with other knowledge about the risk, as noted by the agent or our local field representative. This combination of science and art led to pricing on renewing policies that increased at a mid-single-digit rate, on average, through the end of 2013. These increases are in addition to any exposure increases an insured business may have due to the slowly recovering economy. Further, in our commercial excess and surplus lines, average renewal prices increased at a high-single-digit rate.

For our personal lines of business, average pricing continues to rise, with increases on some individual policies lower or higher based on attributes of the risk and our enhanced pricing precision enabled by predictive models. In October 2013, we began a round of rate increases averaging approximately 10 percent for the homeowner line of business.

Beginning in the first half of 2013, we also implemented personal auto rate changes averaging in the low-single-digit range in most of the 30 states where agents market our personal lines policies. We maintained discipline over the course of the year as our higher rates and underwriting actions tempered new business, which came in 1 percent under 2012's record amount. By keeping rate increases ahead of loss costs, we plan to continue achieving personal lines underwriting profits.

• Potential for higher levels of catastrophes

In 2013, the industry's overall level of catastrophe-related losses declined to the lowest point since 2007, although some parts of the country experienced high

***Insurance should…*serve agents and their clients where they live and work.** Approximately one-third of our associates live and work in our agents' local communities, giving us a strong competitive advantage.

Since 2009, our total staffing has decreased, yet field staff has grown by 9 percent as we added territories and improved service:

- Field marketing representatives have decision-making authority and headquarters support. A headquarters unit formed in 2013 works to speed up commercial quotes and submissions, freeing field marketing representatives to spend more time with agents, their clients and prospects.
- We continued in 2013 to define and add specialized, expert field functions for loss control, personal lines marketing and technology training, excess and surplus lines underwriting, workers' compensation claims, large property claims and other areas.
- Local service is win-win. Serving neighbors highlights our commitment to get the right protection in place, be available 24/7, satisfy the customer and earn loyalty. Our associates' familiarity with local people, properties and events also validates our underwriting process, helping assure that we know exactly what risks we are accepting and what price is right.

Everything Insurance Should Be®

We offer business, home, auto and life insurance solutions designed to meet the needs of approximately 75% of the risks in our agencies' communities weather-related losses. With no U.S. hurricanes and fewer tornadoes than in recent years, catastrophes added an estimated 3.2 percentage points to the industry's combined ratio.

Your company's 4.6 points for catastrophe losses was well below our 10-year average of 6.1 points and less than half of our 2012 catastrophe impact. However, we have more work to do to mitigate the effects of our geographical concentration in the Midwest and South.

We are doing that work. We expect to see gradual improvements due to our expansion in recent years to new states and regions where we have identified growth opportunities. For example, our personal lines earned premiums in the four highest volume states where we offer personal lines rose 6 percent, while rising 17 percent for all other states in total as we progress toward geographic diversification. We have opened seven states outside of the Midwest for personal lines business since 2008. We are preparing to open Connecticut and Washington in 2014.

20% of our **$110 million of personal lines new business** in 2013 came from states where we began marketing since 2008

In 2013, we implemented several initiatives to reduce weather-related property losses. During the period 2013-2015, we plan to complete inspections for approximately 300,000 homes or business properties, including roughly 130,000 in 2014. We are also increasing our use of higher minimum deductibles for homeowner policies and per-building deductibles for commercial risks, and using special wind and hail deductibles in areas prone to severe convective storm activity. We expect these actions, along with others such as more use of actual cash value coverage for older roofs, to reduce the impact of catastrophes.

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***Insurance should…*offer an exceptional claims experience.** Policyholders can't really know they chose the right agency and insurer until they have claims. Our responsiveness is the proof they need.

The structure of our claims operation differentiates our company, increasing responsiveness to a level that is hard for others to match:

- Our field claims representatives are experienced in handling multi-line claims. Most are assigned to specific agencies, rather than specific types of claims. Because agents know exactly who will respond, they can be confident that prompt, fair, in-person service will advance their client relationships.
- For many claims, field representatives use mobile technology and Web-based systems on the spot to quickly and easily document damages, estimate costs, find materials and resources, and issue and deliver settlement checks.
- They can call on field or headquarters specialists to assist as needed, whether for a complex claim or for catastrophe claims. Teams of our own field representatives respond to catastrophe claims. Their knowledge of our coverage forms speeds up the process and their professional, caring approach helps people through difficult times.

To manage catastrophe risk, we further reduced our coastal exposures in 2013, selectively nonrenewing personal lines policies in Georgia and announcing a nonrenewal program beginning in 2014 for personal lines accounts written by our Florida agencies.

Under our 2014 catastrophe reinsurance program, our maximum exposure to a catastrophic event that

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***Insurance should…*build and use financial strength to secure a better future.** Insurance provides the security to act on personal and business opportunities that might otherwise present more financial risk than most people and organizations could bear alone.

With $4.326 billion of statutory property casualty capital and surplus, we have ample financial resources to develop more security and growth opportunities for our policyholders, agents and ultimately, our shareholders. Our investments in business resources include:

- Actuarial expertise, helping assure that we set pricing at adequate levels and conservatively fund reserves to meet our obligations to policyholders
- Data management and analytics to assist in management decisions, quantify and manage enterprise risk, identify business trends, forecast results and measure progress
- New and improved products, including offerings from Target Markets, Cincinnati Specialty Underwriters and Cincinnati Life, as well as our CinciPak™ product and related services for small businesses
- Technology and process improvements that enhance service, save time and effort and reduce expenses. We continued in 2013 to implement policy administration system refinements, real-time integration with agency systems and straight-through processing capabilities. We recently introduced a streamlined bond quoting and submission process and a life insurance iPad® app.

causes $600 million in covered losses would be limited to $115 million. Beginning in 2013, we further arranged to purchase reinsurance funded through the issuance of catastrophe bonds, which are collateralized risk-linked securities. This alternative reinsurance arrangement gives us supplemental coverage for severe convective storm losses in key regions and for earthquakes occurring along the New Madrid fault line and other faults in Utah, Washington and Oregon.

Field representatives closed 145,338 claims reported in 2013, including 92% of 10,986 catastrophe claims, by year-end

• Potential shortfalls in insurers' prior-year loss reserves

For the property casualty industry, the financial benefit from favorable development of loss reserves for insured events that occurred in prior years is expected to decrease from the 2013 level, which improved the industry combined ratio by an estimated 3.0 percentage points. If favorable development decreases, maintaining underwriting and pricing discipline for current-year business will be even more important.

For 25 consecutive years, favorable development has benefited your company's earnings as paid claims and updated estimates of claims settlements in process came in lower than our initial estimates. At 4.1 percentage points, our benefit in 2013 from favorable development was stronger than the industry estimate.

$3.9 billion

property casualty net loss and loss expense reserves at year-end

Workers' compensation reserves are a focal point, both industrywide and for your company. Our workers' compensation reserves continued to develop favorably overall in 2013, even as we added reserves for older, pre-2009 accident years, reflecting paid loss data indicating it is taking longer to pay out older claims. Because some open workers' compensation claims extend beyond 30 years, a small assumption change for the average life of a claim can add up to a considerable reserve amount recognized in any given period.

Small shifts in medical cost inflation also can have a significant effect. In 2013, we continued to make major strides on our initiatives to strengthen cost control and efficiency related to workers' compensation direct claims reporting, medical cost pricing, bill review and nurse case management.

Our intent is to maintain consolidated reserves consistently within the upper half of the actuarially estimated range of likely amounts we will ultimately pay out to policyholders and claimants. At year-end 2013, fair value of our $9.121 billion fixed-maturity portfolio exceeded total insurance reserve liability by 36 percent, supporting policyholder confidence in our ability to pay claims.

• Potential for insurers' low investment yields to persist through 2014

A.M. Best estimates the 2013 net investment yield for the property casualty industry at 3.7 percent, up only 0.1 percentage point from the 2012 level. Although the current tapering of the Federal Reserve's bond buying program may put upward pressure on long-term interest rates, it will take time to positively impact investment income.

Despite the interest rate uptick in 2013, yields on new fixed-maturity securities we purchase are still quite a bit lower than the yield on our consolidated portfolio, causing our book yield to continue losing ground. The pretax average book yield on our diversified, laddered fixed-maturity portfolio continued to move lower but at a slower pace, ending the year at 4.9 percent.

ENERGY STAR

ENERGY STAR certified buildings such as CFC Headquarters average 35% less energy use with 35% less carbon dioxide emissions than typical buildings

Insurance should…**be a trustworthy steward**. As an insurer, we have substantial assets in our care. We have a commensurate responsibility to verify that we are managing them competently, honestly and fairly:

- Our Code of Conduct, Cincinnati Ethic, compliance courses and internal control processes make every associate aware and accountable for carrying out our Golden Rule culture, company policies and laws and regulations that are relevant to our business.
- Our CEO reviews our corporate goal card with associates at quarterly town hall meetings. Our goal to conduct business to high legal, regulatory and ethical standards receives the same emphasis as top financial metrics such as premium growth, combined ratio and investment returns.
- Cincinnati Financial was the top-performing large-cap insurance company on three consecutive Forbes lists of America's Most Trustworthy Companies, based on openness and integrity in accounting, governance and management. © 2013, Forbes Media LLC. Used With Permission.
- We provide information about our governance and our social responsibility on *cinfin.com* on the Investor and Careers pages. A new environmental stewardship report details our commitment to recycle, reduce and reuse resources, as well as our conservation achievements including ENERGY STAR® and LEED® certifications.

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We have been able to offset the lower interest income, due to our equity-investing strategy as well as cash flow fueled by underwriting profits. Equity dividends grew 6 percent for the year. Equities represented approximately 32 percent of our invested assets at year-end, a significantly higher allocation than most insurers hold. After-tax realized gains from equities contributed $42 million to 2013 net earnings; and pretax net unrealized gains in the equity portfolio at December 31 reached nearly $1.9 billion, up 84 percent for the year.

Financial Strength Rating
A.M. BEST
A+ Superior

Our standard market property casualty group's **A+ is a Superior rating,** placing our rating in the top 10% of insurer groups

Of the $1.564 billion of our cash and invested assets we hold at the parent company level, 87.1 percent was invested in common stocks at year-end. This approach creates strong liquidity and flexibility through all periods to maintain our cash dividend and to continue to invest in and expand our insurance operations.

SMOOTH TRANSITIONS

E. Anthony Woods, our director since 1998, is not standing for re-election at this year's annual shareholders' meeting in April. We deeply appreciate the business and financial acumen Tony shared with us, and the work he accomplished on our board committees. In November 2013, David P. Osborn, CFA, joined our board and the audit and investment committees. David is president of a Cincinnati independent registered investment advisory firm and leads its dividend growth strategy team, making him a great fit for our board.

Early in 2014, we announced that William H. Van Den Heuvel joined the company as senior vice president responsible for personal insurance. Our recent initiatives to improve the profitability, efficiency and geographic footprint of our personal lines operations have taken it to a turning point, with underwriting profits in 2013 and growth to more than $1 billion of net written premiums. Will's leadership will help us increase this momentum.

2013 saw a remarkable changing of the guard due to retirements of mid-level officers and department heads. Thanks to planning and teamwork, many well-qualified internal candidates stepped into these roles, and they have not missed a beat. Succession, talent recruitment and development are high priorities within our industry and in your company. Our growth and the increasing sophistication of our business are creating new opportunities.

2014 is a great time to be part of the insurance industry and part of Cincinnati Financial Corporation. Yes, we face challenges; and yes, we are ready to meet them with carefully conceived plans and diligent execution, year after year. During 2013, your company's financial strength ratings were affirmed with stable outlooks by Standard & Poor's, Moody's Investors Service, Fitch Ratings and A.M. Best. We are confident in our independent agents and associates, and in our ability together to create shareholder value by giving policyholders everything they want from their insurance company.

Respectfully,

/S/Kenneth W. Stecher

Kenneth W. Stecher
Chairman of the Board

/S/Steven J. Johnston

Steven J. Johnston, FCAS, MAAA, CFA, CERA
President and Chief Executive Officer

CONDENSED BALANCE SHEETS AND STATEMENTS OF INCOME

Cincinnati Financial Corporation and Subsidiaries

(In millions)	At December 31, 2013	2012
Assets		
Investments	**$ 13,564**	$ 12,534
Cash and cash equivalents	**433**	487
Premiums receivable	**1,346**	1,214
Reinsurance recoverable	**547**	615
Other assets	**1,772**	1,698
Total assets	**$ 17,662**	$ 16,548
Liabilities		
Insurance reserves	**$ 6,701**	$ 6,525
Unearned premiums	**1,976**	1,792
Deferred income tax	**673**	453
Long-term debt and capital lease obligations	**835**	827
Other liabilities	**1,407**	1,498
Total liabilities	**11,592**	11,095
Shareholders' Equity		
Common stock and paid-in capital	**1,588**	1,528
Retained earnings	**4,268**	4,021
Accumulated other comprehensive income	**1,504**	1,129
Treasury stock	**(1,290)**	(1,225)
Total shareholders' equity	**6,070**	5,453
Total liabilities and shareholders' equity	**$ 17,662**	$ 16,548

(In millions except per share data)	Years ended December 31, 2013	2012	2011
Revenues			
Earned premiums	**$ 3,902**	$ 3,522	$ 3,194
Investment income, net of expenses	**529**	531	525
Total realized investment gains, net	**83**	42	70
Fee revenues	**8**	6	4
Other revenues	**9**	10	10
Total revenues	**4,531**	4,111	3,803
Benefits and Expenses			
Insurance losses and policyholder benefits	**2,505**	2,322	2,524
Underwriting, acquisition and insurance expenses	**1,243**	1,155	1,039
Interest expense	**54**	54	54
Other operating expenses	**15**	14	13
Total benefits and expenses	**3,817**	3,545	3,630
Income Before Income Taxes	**714**	566	173
Provision for Income Taxes	**197**	145	9
Net Income	**$ 517**	$ 421	$ 164
Per Common Share:			
Net income—basic	**$ 3.16**	$ 2.59	$ 1.01
Net income—diluted	**$ 3.12**	$ 2.57	$ 1.01

FIVE-YEAR SUMMARY FINANCIAL INFORMATION

Cincinnati Financial Corporation and Subsidiaries

(Dollars in millions except per share data)	Years ended December 31,				
	2013	2012	2011	2010	2009
Financial Highlights					
Investment income, net of expenses	**$ 529**	$ 531	$ 525	$ 518	$ 501
Net income	**$ 517**	$ 421	$ 164	$ 375	$ 431
Net realized investment gains and losses, after tax	**54**	28	45	103	217
Operating income	**$ 463**	$ 393	$ 119	$ 272	$ 214
Per Share Data (diluted)					
Net income	**$ 3.12**	$ 2.57	$ 1.01	$ 2.30	$ 2.65
Net realized investment gains and losses, after tax	**0.32**	0.17	0.28	0.63	1.33
Operating income	**$ 2.80**	$ 2.40	$ 0.73	$ 1.67	$ 1.32
Cash dividends declared	**1.655**	1.62	1.605	1.59	1.57
Book value	**37.21**	33.48	31.03	30.79	29.14
Ratio Data					
Debt-to-total-capital	**12.8%**	14.1%	15.1%	14.3%	15.0%
Value creation ratio	**16.1**	12.6	6.0	11.1	19.7
Consolidated Property Casualty Insurance Operations (Statutory)					
Agency renewal written premiums	**$ 3,493**	$ 3,138	$ 2,867	$ 2,692	$ 2,665
Agency new business written premiums	**543**	501	437	414	405
Net written premiums	**3,893**	3,482	3,098	2,963	2,911
Earned premiums	**3,713**	3,344	3,029	2,924	2,911
Current accident year before catastrophe losses	**$ 2,249**	$ 2,160	$ 2,213	$ 2,154	$ 2,102
Current accident year catastrophe losses	**199**	373	407	165	172
Prior accident years before catastrophe losses	**(120)**	(357)	(280)	(287)	(181)
Prior accident year catastrophe losses	**(27)**	(39)	(5)	(17)	(7)
Total loss and loss expenses	**$ 2,301**	$ 2,137	$ 2,335	$ 2,015	$ 2,086
Underwriting expenses	**1,201**	1,098	987	974	953
Net underwriting profit (loss)	**211**	109	(293)	(65)	(128)
Loss and loss expense ratio	**61.9%**	63.9%	77.0%	68.9%	71.7%
Underwriting expense ratio	**30.8**	31.5	31.9	32.9	32.7
Combined ratio	**92.7%**	95.4%	108.9%	101.8%	104.4
Policyholders' surplus	**$ 4,326**	$ 3,914	$ 3,747	$ 3,777	$ 3,648
Net written premiums to surplus	**0.90**	0.89	0.83	0.78	0.80
Commercial Lines Property Casualty Insurance Operations (Statutory)					
Net written premiums	**$ 2,760**	$ 2,459	$ 2,218	$ 2,155	$ 2,181
Earned premiums	**2,636**	2,383	2,197	2,154	2,199
Loss and loss expense ratio	**60.5%**	59.5%	71.4%	66.7%	68.9%
Underwriting expense ratio	**31.3**	32.6	32.8	32.9	32.9
Combined ratio	**91.8%**	92.1%	104.2%	99.6%	101.8%
Personal Lines Property Casualty Insurance Operations (Statutory)					
Net Written premiums	**$ 1,005**	$ 918	$ 801	$ 750	$ 691
Earned premiums	**961**	868	762	721	686
Loss and loss expense ratio	**66.6%**	75.2%	94.9%	74.4%	80.4%
Underwriting expense ratio	**29.7**	28.8	29.3	32.7	31.0
Combined ratio	**96.3%**	104.0%	124.2%	107.1%	111.4%
Excess & Surplus Lines Property Casualty Insurance Operations (Statutory)					
Net Written premiums	**$ 128**	$ 105	$ 79	$ 58	$ 39
Earned premiums	**116**	93	70	49	27
Loss and loss expense ratio	**56.7%**	69.4%	60.3%	83.7%	74.7%
Underwriting expense ratio	**31.1**	31.4	30.5	35.2	54.4
Combined ratio	**87.8%**	100.8%	90.8%	118.9%	129.1%
Life Insurance Operations (Statutory)					
Net Written premiums	**$ 241**	$ 249	$ 306	$ 376	$ 346
Net (loss) income before realized investment gains and losses	**(21)**	1	-	13	11
Net (loss) income	**(20)**	5	(13)	15	15
Gross life insurance face amount in force	**85,015**	81,467	77,691	74,124	69,814
Admitted assets excluding separate account business	**3,054**	2,902	2,735	2,569	2,260
Risk-based capital					
Total adjusted capital	**264**	290	288	318	316
Authorized control level risk-based capital	**31**	29	36	35	40

*The Definitions of Non-GAAP Information and Reconciliation to Comparable GAAP Measures on *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 2013 Annual Report on Form 10-K, Item 1A, Risk Factors, Page 31.

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 or development of claims that are unforeseen at the time of policy issuance
- Inadequate estimates or assumptions used for critical accounting estimates Declines in overall stock market values negatively affecting the company's equity portfolio and book value
- Events resulting in capital market or credit market uncertainty, 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 or other insured entities
- 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
- Recession or other economic conditions resulting in lower demand for insurance products or increased payment delinquencies
- Difficulties with technology or data security breaches, including cyberattacks, that could negatively affect our ability to conduct business and our relationships with agents, policyholders and others
- Delays or performance inadequacies from ongoing development and implementation of underwriting and pricing methods or technology projects and enhancements expected to increase our pricing accuracy, underwriting profit and competitiveness
- 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 nonpayment or delay in payment by reinsurers
- 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
- Events or conditions that could weaken or harm the company's relationships with its independent agencies and hamper opportunities to add new agencies, resulting in limitations on the company's opportunities for growth, such as:
  - Downgrades of the company's financial strength ratings
  - Concerns that doing business with the company is too difficult
  - Perceptions that the company's level of service, particularly claims service, is no longer a distinguishing characteristic in the marketplace
  - Inability or unwillingness to nimbly develop and introduce coverage product updates and innovations that our competitors offer and consumers expect to find in the marketplace
- 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:
  - Impose new obligations on us that increase our expenses or change the assumptions underlying our critical accounting estimates
  - Place the insurance industry under greater regulatory scrutiny or result in new statutes, rules and regulations
  - Restrict our ability to exit or reduce writings of unprofitable coverages or lines of business
  - Add assessments for guaranty funds, other insurance related assessments or mandatory reinsurance arrangements; or that impair our ability to recover such assessments through future surcharges or other rate changes
  - Increase our provision for federal income taxes due to changes in tax law
  - Increase our other expenses
  - Limit our ability to set fair, adequate and reasonable rates
  - Place us at a disadvantage in the marketplace
  - Restrict our ability to execute our business model, including the way we compensate agents
- Adverse outcomes from litigation or administrative proceedings
- Events or actions, including unauthorized intentional circumvention of controls, that reduce the company's future ability to maintain effective internal control over financial reporting under the Sarbanes-Oxley Act of 2002
- Unforeseen departure of certain executive officers or other key employees due to retirement, health or other causes that could interrupt progress toward important strategic goals or diminish the effectiveness of certain longstanding relationships with insurance agents and others
- Events, such as an epidemic, natural catastrophe or terrorism, that could hamper our ability to assemble our workforce at our headquarters location

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

SUBSIDIARY OFFICERS AND DIRECTORS

As of February 27, 2014, listed alphabetically

Officers serve on one or more subsidiaries:
The Cincinnati Insurance Company (CIC); The Cincinnati Casualty Company (CCC); The Cincinnati Indemnity Company (CID); The Cincinnati Life Insurance Company (CLIC); The Cincinnati Specialty Underwriters Insurance Company (CSU); CSU Producer Resources Inc. (C-SUPR); CFC Investment Company (CFC-I)

EXECUTIVE OFFICERS

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Senior Vice President – Excess & Surplus Lines

Martin F. Hollenbeck, CFA, CPCU*
Chief Investment Officer and
Senior Vice President
CFC-I President and Chief Operating Officer

Steven J. Johnston, FCAS, MAAA, CFA, CERA*
Chief Executive Officer of all subsidiaries
CIC, CID, CCC, CSU, C-SUPR President

John S. Kellington*
Chief Information Officer and
Senior Vice President

Lisa A. Love, Esq.*
Senior Vice President, General Counsel and
Corporate Secretary

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Communications

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Senior Vice President – Sales & Marketing

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Chairman of the Board

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Senior Vice President – Commercial Lines

Timothy L. Timmel, Esq.*
Senior Vice President – Operations

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Brian K. Wood, CPCU, AIM, SPHR

TREASURERS

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Todd H. Pendery, FLMI
Michael J. Sewell, CPA
Blake D. Slater, CPA

GENERAL COUNSEL

Lisa A. Love, Esq.

SENIOR COUNSEL

Mark J. Huller, Esq.

COUNSEL

Thomas C. Hogan, Esq.
Helen Kyrios, Esq.
G. Gregory Lewis, Esq.
Stephen C. Roach, Esq.

NONOFFICER DIRECTORS

William F. Bahl, CFA, CIC
Gregory T. Bier, CPA (Ret.)
W. Rodney McMullen
David P. Osborn, CFA
John J. Schiff, Jr., CPCU
Thomas R. Schiff
John F. Steele, Jr.
Larry R. Webb, CPCU
E. Anthony Woods

CIC DIRECTORS EMERITI

Richard L. Hildbold, CPCU
William H. Zimmer

* Subsidiary Director

CINCINNATI FINANCIAL CORPORATION

As of February 27, 2014

DIRECTORS

William F. Bahl, CFA, CIC
Chairman of the Board
Bahl & Gaynor Investment Counsel Inc.
(Independent registered investment adviser)
Director** since 1995 (A)(C)(E)(I)(N*)

Gregory T. Bier, CPA (Ret.)
Managing Partner (Ret.), Cincinnati Office
Deloitte & Touche LLP
(Independent registered public accounting firm)
Director since 2006 (A)(C)(I)

Linda W. Clement-Holmes
Senior Vice President –
Global Business Services
Procter & Gamble Company
(Consumer products)
Director since 2010 (A)

Dirk J. Debbink
Chairman and Chief Executive Officer
MSI General Corporation
(Design/build construction firm)
Director since 2012 (A)

Steven J. Johnston, FCAS, MAAA, CFA, CERA
President and Chief Executive Officer
Cincinnati Financial Corporation
Director since 2011 (E)(I)

Kenneth C. Lichtendahl
Director of Development and Sales
Heliosphere Designs LLC
(Solar product marketing)
Director since 1988 (A*)(N)

W. Rodney McMullen
Chief Executive Officer
The Kroger Co.
(Retail grocery chain)
Director since 2001 (C*)(E)(I)

David P. Osborn, CFA
President
Osborn Rohs Williams & Donohoe LLC
(Independent registered investment adviser)
Director since 2013 (A)(I)

Gretchen W. Price
Executive Vice President and
Chief Financial and Administrative Officer
Arbonne International LLC
(Beauty and nutritional products)
Director since 2002 (A)(C)(N)

John J. Schiff, Jr., CPCU
Chairman of the Executive Committee
Cincinnati Financial Corporation
Director since 1968 (E*)(I)

Thomas R. Schiff
Chairman and Chief Executive Officer
John J. & Thomas R. Schiff & Co. Inc.
(Independent insurance agency)
Director since 1975 (I)

Douglas S. Skidmore
Chief Executive Officer
Skidmore Sales & Distributing Company Inc.
(Food ingredient distributor)
Director since 2004 (A)(N)

Kenneth W. Stecher
Chairman of the Board
Cincinnati Financial Corporation
Director since 2008 (E)(I*)

John F. Steele, Jr.
Chairman and Chief Executive Officer
Hilltop Basic Resources Inc.
(Supplier of aggregates and concrete)
Director since 2005 (A)(E)

Larry R. Webb, CPCU
President
Webb Insurance Agency Inc.
(Independent insurance agency)
Director since 1979 (E)

E. Anthony Woods
Chairman and Chief Executive Officer
SupportSource LLC
(Management, financial and investment consulting)
Director since 1998 (C)(E)(I)

(A) Audit Committee
(C) Compensation Committee
(E) Executive Committee
(I) Investment Committee; also Richard M. Burridge, CFA, adviser
(N) Nominating Committee
* Committee Chair
** Lead Director


W.F. Bahl


G.T. Bier


L.W. Clement-Holmes


D.J. Debbink


S.J. Johnston


K.C. Lichtendahl


W.R. McMullen


D.P. Osborn


G.W. Price


J.J. Schiff, Jr.


T.R. Schiff


D.S. Skidmore


K.W. Stecher


J.F. Steele, Jr.


L.R. Webb

OFFICERS

Kenneth W. Stecher
Chairman of the Board

John J. Schiff, Jr., CPCU
Chairman of the Executive Committee

Steven J. Johnston, FCAS, MAAA, CFA, CERA
President and Chief Executive Officer

Michael J. Sewell, CPA
Chief Financial Officer, Senior Vice President and Treasurer

Martin F. Hollenbeck, CFA, CPCU
Chief Investment Officer, Senior Vice President, Assistant Secretary and Assistant Treasurer

Lisa A. Love, Esq.
Senior Vice President, General Counsel and Corporate Secretary

Eric N. Mathews, CPCU, AIAF
Principal Accounting Officer, Vice President, Assistant Secretary and Assistant Treasurer

DIRECTORS EMERITI

James E. Benoski
Michael Brown
Jackson H. Randolph
Lawrence H. Rogers II
John Sawyer
Frank J. Schultheis
David B. Sharrock
John M. Shepherd
Alan R. Weiler, CPCU
William H. Zimmer

E. ANTHONY WOODS

Tony Woods, our director since 1998 and a member of our compensation, executive and investment committees, will not stand for re-election in April 2014. His contributions to our board reflected his business development skills, financial acumen and sensitivity to shareholder expectations, all gained through his experience leading multiple public and private companies in the healthcare and financial services sectors. We thank him, as we thank our shareholders who elected him.

SHAREHOLDER INFORMATION

COMMON STOCK PRICE AND DIVIDEND DATA

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

	2013				2012			
Quarter:	1st	2nd	3rd	4th	1st	2nd	3rd	4th
High	**$ 47.35**	**$ 50.60**	**$ 50.01**	**$ 53.74**	$ 36.05	$ 38.12	$ 40.22	$ 40.96
Low	**39.60**	**44.53**	**43.62**	**46.61**	30.06	33.06	36.50	36.96
Period-end close	**47.22**	**45.92**	**47.16**	**52.37**	34.51	38.07	37.87	39.16
Cash dividends declared	**0.4075**	**0.4075**	**0.42**	**0.42**	0.4025	0.4025	0.4075	0.4075

ANNUAL MEETING

Shareholders are invited to attend the Annual Meeting of Shareholders of Cincinnati Financial Corporation at 9:30 a.m. on Saturday, April 26, 2014, at the Cincinnati Art Museum in Eden Park, Cincinnati, Ohio. You may listen to an audio webcast of the event by visiting *cinfin.com/investors*.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Deloitte & Touche LLP
250 East Fifth Street, Suite 1900
Cincinnati, Ohio 45202-5109

SHAREHOLDER SERVICES

You can manage your registered shares of Cincinnati Financial Corporation 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, setting up monthly withdrawals from your bank account or reinvesting your quarterly dividends. Get started by going to Shareholder Information at *cinfin.com/investors*.

Shareholders who have stock certificates can choose to have the certificates canceled and the shares recorded electronically in your account in direct registration (DRS). Simply mail your certificates and instructions to our Shareholder Services department, P.O. Box 145496, Cincinnati, Ohio 45250. There is no charge for this service. To request other services, please email *Shareholder_inquiries@cinfin.com* or call our toll-free shareholder line, 866-638-6443.

CONTACT INFORMATION

You may direct communications to Cincinnati Financial Corporation's secretary, Lisa A. Love, Esq., senior vice president and general counsel, for sharing with the appropriate individual(s). Or, you may directly access services:

Investors: Investor Relations responds to investor inquiries about the company and its performance.
Dennis E. McDaniel, CPA, CMA, CFM, CPCU – Vice President, Investor Relations Officer
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.
Molly A. Grimm, CEP, FPC – 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 Life Insurance Company
The Cincinnati Specialty Underwriters Insurance Company
CSU Producer Resources Inc.
CFC Investment Company

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