UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

X Quarterly Report Under Section 13 or 15 (d) of the Securities Exchange Act of 1934

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2001

Transition Report Pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934

Commission File Number 0-4604

CINCINNATI FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

An Ohio Corporation	31-0746871
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

6200 South Gilmore Road
Fairfield, Ohio 45014-5141

(Address of principal executive offices)

Registrant's telephone number, including area code: 513/870-2000

*Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

YES X . NO .

Securities registered pursuant to Section 12(g) of the Act:

$2.00 Par Common--161,628,000 shares outstanding at June 30, 2001

$13,528,000 of 5.5% Convertible Senior Debentures Due 2002

$419,634,000 of 6.9% Senior Debentures Due 2028

PART I

ITEM 1. FINANCIAL STATEMENTS

CINCINNATI FINANCIAL CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	(000's omitted) (Unaudited) June 30, 2001	December 31, 2000
Assets		
Investments		
Fixed maturities (cost: 2001--$2,961,967; 2000--$2,802,863)	$ 2,937,114	$ 2,721,291
Equity securities (cost: 2001--$2,152,364; 2000--$2,067,984)	8,499,441	8,525,985
Other invested assets	66,443	68,560
Cash	42,894	60,254
Investment income receivable	91,154	86,234
Finance receivables	29,557	30,718
Premiums receivable	704,157	652,340
Reinsurance receivable	271,117	214,576
Prepaid reinsurance premiums	19,082	15,246
Deferred policy acquisition costs	274,901	258,734
Property and equipment, net, for Company use	132,853	122,005
Other assets	113,720	173,533
Separate accounts	375,243	357,615
Total assets	$ 13,557,676	$ 13,287,091
Liabilities		
Insurance reserves:		
Losses and loss expenses	$ 2,590,859	$ 2,473,059
Life policy reserves	636,218	605,421
Unearned premiums	1,016,533	921,872
Notes payable	175,000	170,000
5.5% Convertible senior debentures due 2002	13,528	29,603
6.9% Senior debentures due 2028	419,634	419,631
Federal income taxes		
Current	17,926	0
Deferred	2,036,892	2,057,641
Other liabilities	263,502	257,254
Separate accounts	375,243	357,615
Total liabilities	7,545,335	7,292,096
Shareholders' Equity		
Common stock, $2 per share; authorized 200,000 shares; issued 2001--174,077; 2000--172,883 shares; outstanding 2001--161,628; 2000--160,891 shares	348,153	345,766
Paid-in capital	269,673	254,156
Retained earnings	1,673,790	1,619,954
Accumulated other comprehensive income - unrealized net capital gains	4,118,272	4,155,929
	6,409,888	6,375,805
Less treasury shares at cost (2001--12,449 shares; 2000--11,992 shares)	(397,547)	(380,810)
Total shareholders' equity	6,012,341	5,994,995
Total liabilities and shareholders' equity	$ 13,557,676	$ 13,287,091

Accompanying notes are an integral part of these condensed consolidated financial statements.

CINCINNATI FINANCIAL CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

(000's omitted except per share data)

	Six Months Ended June 30, 2001	Six Months Ended June 30, 2000	Three Months Ended June 30, 2001	Three Months Ended June 30, 2000
Revenues:				
Premium income:				
Property and casualty	$ 999,383	$ 880,089	$ 509,817	$ 449,719
Life	37,750	37,015	20,662	20,003
Accident and health	1,766	1,476	913	765
Net premiums earned	1,038,899	918,580	531,392	470,487
Net investment income	212,032	209,020	110,263	102,741
Realized gains on investments	6,240	17,624	2,889	3,100
Other income	6,101	4,853	845	2,479
Total revenues	1,263,272	1,150,077	645,389	578,807
Benefits & expenses:				
Insurance losses and policyholder benefits	781,628	646,895	424,616	329,605
Commissions	196,605	169,706	102,376	86,984
Other operating expenses	95,191	82,698	49,328	41,184
Taxes, licenses & fees	29,527	27,313	11,898	14,092
Increase in deferred policy acquisition costs	(16,167)	(7,004)	(8,644)	(5,553)
Interest expense	20,134	19,141	9,929	9,979
Other expenses	8,297	11,160	4,722	5,876
Total benefits & expenses	1,115,215	949,909	594,225	482,167
Income before income taxes	148,057	200,168	51,164	96,640
Provision for income taxes:				
Current	26,948	41,027	8,614	19,449
Deferred	(472)	5,084	(6,417)	2,497
Total provision for income taxes	26,476	46,111	2,197	21,946
Net income	$ 121,581	$ 154,057	$ 48,967	$ 74,694
Average shares outstanding (basic)	161,909	161,527	161,139	161,623
Average shares outstanding (diluted)	164,395	164,895	163,810	165,549
Per common share:				
Net income (basic)	$ .75	$ .95	$ .30	$. 46
Net income (diluted)	$ .74	$ .94	$ .30	$. 45
Cash dividends declared	$ .42	$ .38	$ .21	$. 19

Accompanying notes are an integral part of these condensed consolidated financial statements.

CINCINNATI FINANCIAL CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
(UNAUDITED)

(000's omitted)

SIX MONTHS ENDED JUNE 30, 2000 AND 2001

	Common Shares	Stock Amount	Treasury Stock	Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Shareholders' Equity
Bal. Dec. 31, 1999	171,862	$343,725	$ (314,294)	$ 237,859	$1,623,890	$ 3,530,104	$5,421,284
Net income					154,057		154,057
Change in unreal. gains net of inc. taxes of $325,210						(603,962)	(603,962)
Comprehensive (loss)							(449,905)
Div. declared					(61,168)		(61,168)
Purchase/issuance of treasury shares			(56,097)	4			(56,093)
Stock options exercised	423	846		8,226			9,072
Conversion of debentures	360	718		4,630			5,348
Bal. June 30, 2000	172,645	$345,289	$ (370,391)	$ 250,719	$ 1,716,779	$ 2,926,142	$4,868,538
Bal. Dec. 31, 2000	172,883	$345,766	$ (380,810)	$ 254,156	$ 1,619,954	$ 4,155,929	$5,994,995
Net income					121,581		121,581
Change in unreal. gains net of inc. taxes of $20,277						(37,657)	(37,657)
Comprehensive income							83,924
Div. declared					(67,742)		(67,742)
Purchase/issuance of treasury shares			(16,737)	(1)			(16,738)
Stock options exercised	111	222		1,608			1,830
Conversion of debentures	1,083	2,165		13,910	(3)		16,072
Bal. June 30, 2001	174,077	$ 348,153	$ (397,547)	$ 269,673	$ 1,673,790	$ 4,118,272	$ 6,012,341

Accompanying notes are an integral part of these condensed consolidated financial statements.

CINCINNATI FINANCIAL CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	(000's omitted) Six Months Ended June 30,	
Cash flows from operating activities:	2001	2000
Net income	$ 121,581	$ 154,057
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	12,627	8,252
Realized gains on investments	(5,471)	(17,624)
Changes in:		
Investment income receivable	(4,920)	(9,011)
Premiums receivable	(51,817)	(28,675)
Reinsurance receivable	(56,541)	(34,597)
Prepaid reinsurance premiums	(3,836)	187
Deferred policy acquisition costs	(16,167)	(7,004)
Accounts receivable	(27,457)	26,136
Other assets	34,790	(19,655)
Loss and loss expense reserves	117,800	47,077
Life policy reserves	30,797	25,286
Unearned premiums	94,661	10,294
Other liabilities	2,878	3,675
Deferred income taxes	(472)	5,084
Current income taxes	50,833	47,274
Net cash provided by operating activities	299,286	210,756
Cash flows from investing activities:		
Sale of fixed maturities	8,807	21,512
Call or maturity of fixed maturities investments	116,021	305,611
Sale of equity securities investments	65,875	56,868
Collection of finance receivables	6,875	7,892
Purchase of fixed maturities investments	(291,418)	(708,523)
Purchase of equity securities investments	(137,518)	(118,742)
Investment in land, buildings and equipment	(7,291)	(17,884)
Investment in finance receivables	(5,714)	(6,584)
Net decrease (increase) in other invested assets	1,998	(3,035)
Net cash used in investing activities	(242,365)	(462,885)
Cash flows from financing activities:		
Proceeds from stock options exercised	1,830	9,072
Purchase/issuance of treasury shares	(16,738)	(56,093)
Increase in notes payable	5,000	55,000
Payment of cash dividends to shareholders	(64,373)	(58,157)
Net cash used in financing activities	(74,281)	(50,178)
Net decrease in cash	(17,360)	(302,307)
Cash at beginning of period	60,254	339,554
Cash at end of period	$ 42,894	$ 37,247
Supplemental disclosures of cash flow information		
Interest paid	$ 5,405	$ 19,173
Income taxes (refunded)	$ (24,000)	$ (7,604)
Supplemental disclosures of non-cash activities		

Noncash transaction - During the second quarter 2000, the Company established a separate account. This resulted in a noncash transfer to the separate account of the following:
$300,818 from investments, $207,762 from life policy reserves, $11,394 from cash, $8,984 from accounts payable securities, $4,932 from investment income receivable, $540 from other liabilities, and $142 from accounts receivable securities.
The company converted the following securities during the six month periods ended June 30;

	2001	2000
Conversion of 6.9% senior debentures to common stock	$ 16,073	$ 5,348
Conversion of fixed maturity to equity security investments	$ 23,453	$ 11,685

Accompanying notes are an integral part of these condensed consolidated financial statements.

CINCINNATI FINANCIAL CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE I - ACCOUNTING POLICIES

The consolidated financial statements include the accounts of the Company and all of its subsidiaries, each of which is wholly owned, and are presented in conformity with accounting principles generally accepted in the United States of America. All significant inter-company investments and transactions have been eliminated in consolidation. The December 31, 2000 consolidated balance sheet amounts are derived from the audited financial statements but do not include all disclosures required by accounting principles generally accepted in the United States of America.

The preceding summary of financial information for Cincinnati Financial Corporation and consolidated subsidiaries is unaudited, but the Company believes that all adjustments (consisting only of normal recurring accruals) necessary for fair presentation have been made. The results of operations for this interim period are not necessarily an indication of results to be expected for the remaining six months of the year.

INVESTMENTS--Fixed maturities and equity securities have been classified as available for sale and are carried at fair values at June 30, 2001 and December 31, 2000.

UNREALIZED GAINS AND LOSSES (000's omitted)--The increases (decreases) in unrealized gains for fixed maturities and equity securities (net of income tax effects) for the six-month and three-month periods ended June 30 are as follows:

	Six Months Ended June 30,		Three Months Ended June 30,	
	2001	2000	2001	2000
Fixed maturities ...	$ 37,295	$ (40,368)	($ 4,059)	$ (20,781)
Equity securities ..	(74,953)	(563,594)	461,093	42,833
Total	$ (37,658)	$(603,962)	$ 457,034	$ 22,052

Such amounts are included as additions to and deductions from shareholders' equity.

REINSURANCE (000's omitted)--Premiums earned are net of premiums on ceded business, and insurance losses and policyholder benefits are net of reinsurance recoveries in the accompanying statements of income for the six-month and three-month periods ended June 30 as follows:

	Six Months Ended June 30,		Three Months Ended June 30,	
	2001	2000	2001	2000
Ceded premiums	$ 77,428	$ 57,401	$ 39,950	$ 29,691
Reinsurance recoveries ...	$ 102,544	$ 59,291	$ 35,108	$ 36,425

NOTE II - STOCK OPTIONS (000's omitted except per share data)

The Company has primarily qualified stock option plans under which options are granted to employees of the Company at prices which are not less than market price at the date of grant and which are exercisable over ten-year periods. On June 30, 2001, outstanding options for Stock Plan No. IV totaled 1,924 shares with purchase prices ranging from a low of $11.56 to a high of $42.87, outstanding options for Stock Plan V totaled 1,172 shares with purchase prices ranging from a low of $20.47 to a high of $45.37 and outstanding options for Stock Plan VI totaled 3,978 shares with purchase prices ranging from a low of $29.38 to a high of $41.57.

NOTE III - SEGMENT INFORMATION

The Company is organized and operates principally in two industries and has four reportable segments--commercial lines property and casualty insurance, personal lines property and casualty insurance, life insurance and investment operations. The accounting policies of the segments are the same as those described in Note I - Accounting Policies. Revenue is primarily from unaffiliated customers. Identifiable assets by segment are those assets, including investment securities, used in the Company's operations in each industry. Corporate and other identifiable assets are principally cash and marketable securities. Segment information, for which results are regularly reviewed by Company management in making decisions about resources to be allocated to the segments and assess their performance, is summarized in the following table. Information regarding income before income taxes and identifiable assets is not available for two reportable segments - commercial lines and personal lines - property casualty insurance.

	Six Months Ended June 30,		Three Months Ended June 30,	
(000's omitted)	2001	2000	2001	2000
REVENUES				
Commercial lines insurance	$ 693,181	$ 584,028	$ 355,238	$ 300,635
Personal lines insurance	306,202	296,061	154,579	149,084
Life insurance	39,516	38,491	21,575	20,768
Investment operations	218,272	226,644	113,152	105,841
Corporate and other	6,101	4,853	845	2,479
Total revenues	$ 1,263,272	$ 1,150,077	$ 645,389	$ 578,807
INCOME (LOSS) BEFORE INCOME TAXES				
Property and casualty insurance	$ (30,138)	$ 14,302	$ (38,550)	$ 6,843
Life insurance	2,058	3,433	(498)	3,745
Investment operations	199,479	204,128	103,488	95,942
Corporate and other	(23,342)	(21,695)	(13,276)	(9,890)
Total income before income taxes	$ 148,057	$ 200,168	$ 51,164	$ 96,640

	June 30, 2001	December 31, 2000
IDENTIFIABLE ASSETS		
Property and casualty insurance.......................	$ 6,625,738	$ 6,487,819
Life insurance..	1,705,299	1,619,169
Corporate and other	5,226,639	5,180,103
Total identifiable assets.........................	$13,557,676	$13,287,091

NOTE IV - FINANCIAL ACCOUNTING PRONOUNCEMENTS

DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES - SFA No. 133 The Company adopted Statement of Financial Accounting Standards No. 133 (SFAS 133), Accounting for Derivative Instruments and Hedging Activities, on January 1, 2001. SFAS 133 requires that all derivative financial instruments, such as convertible debt, convertible preferred stock, interest rate swap contracts and foreign exchange contracts, be recognized in the financial statements and measured at fair value regardless of the purpose or intent for holding them. Changes in the fair market value of derivative financial instruments are either recognized periodically in income or shareholders' equity (as a component of comprehensive income), depending on whether the derivative is being used to hedge changes in fair value or cash flows. The adoption of SFAS 133 did not have a significant impact on the consolidated results of operations, financial position or cash flows of the Company because the Company does not have significant derivative activity.

During the second quarter of 2001, the Company entered into an interest rate swap as a cash flow hedge of variable interest payments. (The risk designated as being hedged is the risk of changes in cash flows attributable to changes in market interest rates.) For this interest rate swap contract under which the Company agrees to pay a fixed rate of interest, the contract is considered to be a hedge against changes in the amount of future cash flows associated with the Company's interest payments of certain variable rate debt obligations ($31 million notional amount.) Accordingly, the related unrealized gain or loss on this contract is a component of comprehensive income. The interest rate swap contract is reflected at fair value in the Company's consolidated balance sheet. This unrealized gain at June 30, 2001 is not significant. The net effect of this accounting on the Company's operating results is that interest expense on the portion of variable rate debt being hedged is recorded based on fixed interest rates.

On June 29, 2001, Statement of Financial Accounting Standards (SFAS) No. 141, "Business Combinations" was approved by the Financial Accounting Standards Board (FASB). SFAS No. 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001. Goodwill and certain intangible assets will remain on the balance sheet and not be amortized. On an annual basis, and when there is reason to suspect that their values have been diminished or impaired, these assets must be tested for impairment, and write-downs may be necessary. The Company is required to implement SFAS No. 141 on July 1, 2001 and it has not determined the impact, if any, that this statement will have on its consolidated financial position or results of operations.

On June 29, 2001, SFAS No. 142, "Goodwill and Other Intangible Assets" was approved by the FASB. SFAS No. 142 changes the accounting for goodwill from an amortization method to an impairment-only approach. Amortization of goodwill, including goodwill recorded in past business combinations, will cease upon adoption of this statement. The Company is required to implement SFAS No. 142 on January 1, 2002. The Company does not expect that SFAS No. 142 will have a material effect on its consolidated financial statements.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (000's omitted, except percentages)

This Management Discussion is intended to supplement the data contained in the financial statements and related notes of Cincinnati Financial Corporation and subsidiaries. The following discussion, related condensed consolidated financial statements and accompanying notes contain certain forward-looking statements that involve potential risks and uncertainties. The Company's future results could differ materially from those discussed. Factors that could cause or contribute to such differences include, but are not limited to: unusually high levels of catastrophe losses due to changes in weather patterns or other natural causes; changes in insurance regulations or legislation that place the Company at a disadvantage in the marketplace; recession or other economic conditions resulting in lower demand for insurance products; sustained decline in overall stock market values negatively impacting the Company's equity portfolio and the ability to generate investment income. Readers are cautioned that the Company undertakes no obligation to review or update the forward-looking statements included in this material.

Premiums earned for the six months ended June 30, 2001 have increased $120,319 (13%) over the six months ended June 30, 2000. Also, premiums earned have increased $60,905 (13%) for the three months ended June 30, 2001 over the three months ended June 30, 2000. For the six-month and three-month periods ended June 30, 2001, the premium growth rate of our property and casualty subsidiaries is more than last year because of rate increases of approximately 15-20 percent on many commercial policies. Three-month new business was $66.8 million, the same level as last year this time as we have instituted stricter underwriting guidelines. The premium growth of our life and health subsidiary increased 3 percent for the six months ended June 30, 2001 and 4 percent for the three months ended June 30, 2001 compared to the same periods of 2000. The premium growth in our life subsidiary is mainly attributable to increased sales of both traditional and work site marketing products.

For the six-month and three-month periods ended June 30, 2001, investment income, net of expenses, has increased $8,332 (4%) and $7,522 (7%) when compared with the first six months and second three months of 2000, respectively, excluding $5.3 million in 2000 interest income from a bank-owned life insurance (BOLI) policy. The increase is the result of the growth of the investment portfolio because of investing cash flows from operations and dividend increases from equity securities. Included in investment income for the six- and three-month periods ended June 30, 2001 are approximately $4,500 and $1,877 related to changes in fair values of embedded derivatives in the Company's investment portfolio.

Realized gains on investments for the six months ended June 30, 2001 amounted to $6,240 compared to $17,624 for the six-month period ended June 30, 2000, and $2,889 for the three-month period ended June 30, 2001 compared to $3,100 for the three-month period ended June 30, 2000. The realized gains are predominantly the result of the sale of preferred equity securities and management's decision to realize the gains and reinvest the proceeds at higher yields. Other equity securities are sold at the discretion of management and reinvested in other equity securities.

Insurance losses and policyholder benefits (net of reinsurance recoveries) increased $134,733 (21%) for the first six months of 2001 over the same period in 2000 and increased $95,011 (29%) for the second quarter when compared to the second quarter of 2000. The losses of the property and casualty companies have increased $135,328 for the six-month period and increased $91,693 for the second quarter of 2001, compared to the comparable periods for 2000. Catastrophe losses were $41,654 and $31,488 respectively, for the first six months of 2001 and 2000 and were $34,958 and $23,376 respectively, for the second quarter of 2001 and 2000. Losses on newly reported claims of $250 and greater were $58,308 in the second quarter 2001, compared to $40,817 in the second quarter 2000. Additionally, adverse development on previously reported claims on excess of $250 were $34,597 in the second quarter 2001, compared to $19,016 in the second quarter 2000.

Policyholder benefits of the life insurance subsidiary decreased $335 for the first six months of 2001 over the same period of 2000 and increased $3,318 for the second quarter when compared to the second quarter of 2000. The majority of the second quarter increase is the result of a higher incidence of death claims and life related costs.

Property casualty commission expenses increased $23,293 for the six-month period ended June 30, 2001 compared to the same period of 2000 and increased $13,590 for the second quarter of 2001 compared to the same period in 2000. The increase is primarily attributable to increased written premiums. Other operating expenses increased $11,550 for the six-month period ended June 30, 2001 compared to the same period for 2000 and increased $7,672 for the second quarter of 2001 compared to the same period in 2000. These increases are attributable to increases in staff and costs associated with or related to our investment in technology and our infrastructure to support future growth. Taxes, licenses and fees increased $1,662 for the six-month period ended June 30, 2001 compared to the same period in 2000, and second quarter 2001 taxes, licenses and fees decreased $2,469, compared to second quarter 2000.

Interest expense increased $993 for the six-month period ended June 30, 2001 compared to the same period for 2000 and decreased $50 for the second quarter of 2001 compared to the same period in 2000. The lower six-month increase and the three-month decrease are both the result of lower interest rate costs on the short term debt than in the same period in the prior year.

In the first six months of 2001, the Company experienced a small decrease in unrealized gains in investments, resulting in comprehensive income (loss) of $83,924 in 2001 compared to ($449,905) in 2000. The second quarter of 2001 and 2000 resulted in increased unrealized gains, resulting in comprehensive increase of $506,002 in 2001 and $96,747 in 2000. Our top 10 equity holdings accounted for $441,178 of the increase in unrealized gains, net of tax, in the second quarter 2001 and ($76,519) during the year 2001.

Provision for income taxes, current and deferred, have decreased by $19,635 for the first six months of 2001 compared to the first six months of 2000 and have decreased $19,749 for the second quarter of 2001 compared to the second quarter of 2000. The effective tax rates for the six months ended June 30, 2001 and 2000 were 17.9% and 23.0%, respectively. Second quarter effective tax rates were 4.3% and 22.7%, for 2001 and 2000, respectively. Rates in 2001 were lower primarily because of underwriting losses in 2001 compared to underwriting gains in 2000.

During 1996, the Company's Board of Directors authorized the repurchase of outstanding shares. During 2001, 457 shares were repurchased at a cost of $16,747. Since the inception of the repurchase program, the Company has repurchased 12,232 shares. At June 30, 2001, 8.8 million shares remain authorized for repurchase at any time in the future.

Comprehensive Income - The principal difference between net income and comprehensive income is the net after-tax change in unrealized gains on marketable securities. For the three- and six-month periods ended June 30, 2001 and 2000, such net unrealized gains increased (decreased), net of related income tax effects, by the following amounts (in thousands):

	2001	2000
Three months ended June 30	$457,034	$ 22,052
Six months ended June 30	($ 37,657)	($603,962)

Changes in net unrealized gains on marketable securities result from both market conditions and realized gains recognized in a reporting period.

Market Risk - The Company could incur losses due to adverse changes in market rates and prices. The Company's primary market risk exposures are to changes in price for equity securities and changes in interest rates and credit ratings for fixed maturity securities. The Company could alter the existing investment portfolios or change the character of future investments to manage exposure to market risk. The Company, with the Board of Directors, administers and oversees investment risk through the Investment Committee, which provides executive oversight of investment activities. The Company has specific investment guidelines and policies that define the overall framework used daily by investment portfolio managers to limit the Company's exposure to market risk.

The market risks associated with the Company's investment portfolios have not changed materially from those disclosed at year-end 2000.

PART II
OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company is involved in no material litigation other than routine litigation incident to the nature of the insurance industry.

ITEM 2. CHANGES IN SECURITIES

There have been no material changes in securities during the second quarter.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

The Company has not defaulted on any interest or principal payment, and no arrearage in the payment of dividends has occurred.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

On April 7, 2001, the registrant held its Annual Meeting of Stockholders for which the Board of Directors solicited proxies; all nominees named in the Registrant's Proxy Statement were elected.

	SHARES (000'S)	
	FOR	AGAINST/ABSTAIN
W. Rodney McMullen	139,356	1,834
Michael Brown	138,830	2,359
John E. Field	139,206	1,983
Robert C. Schiff	139,173	2,016
John M. Shepherd	139,376	1,813
Alan R. Weiler	139,189	2,001

ITEM 5. OTHER INFORMATION

No matters to report.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits:

Exhibit 11--Statement re-Computation of Per Share Earnings.

(b) The Company was not required to file any reports on Form 8-K during the quarter ended June 30, 2001.

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CINCINNATI FINANCIAL CORPORATION
(Registrant)

Date AUGUST 10, 2001

BY/S/ KENNETH W. STECHER
Kenneth W. Stecher
Chief Financial Officer

EXHIBIT 11
CINCINNATI FINANCIAL CORPORATION
STATEMENT RE-COMPUTATION OF PER SHARE EARNINGS
(000's omitted except per share data)

	Six Months Ended JUNE 30, 2001	Six Months Ended JUNE 30, 2000	Three Months Ended JUNE 30, 2001	Three Months Ended JUNE 30, 2000
Basic earnings per share:				
Net income	$121,581	$154,057	$ 48,967	$ 74,694
Average shares outstanding	161,909	161,527	161,139	161,623
Net income per common share	$ .75	$ .95	$ .30	$ .46
Diluted earnings per share:				
Net income	$121,581	$154,057	$ 48,967	$ 74,694
Interest on convertible debentures--net of tax	429	665	165	337
Net income for per share calculation (diluted)	$122,010	$154,722	$ 49,132	$ 75,031
Average shares outstanding	161,909	161,527	161,139	161,623
Effective of dilutive securities:				
5.5% convertible senior debentures	910	2,112	910	2,112
Stock options	1,576	1,256	1,761	1,814
Total dilutive shares	164,395	164,895	163,810	165,549
Net income per common share--(diluted)	$ .74	$ .94	$ .30	$ .45

ANTI-DILUTIVE SECURITIES

Options to purchase 953 shares of the Company's common stock with exercise prices ranging from $38.39 to $45.37 per share were outstanding at June 30, 2001, and 1,026 shares with exercise prices ranging from $35.19 to $45.37 per share were outstanding at June 30, 2000. The shares were not included in the computation of diluted earnings per share for periods either the six or three-month ended June 30, 2001 and 2000, since inclusion of these options would have anti-dilutive effects, as the options-exercise prices exceeded the respective average market prices of the Company's shares.