UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

# FORM 8-K

## CURRENT REPORT

**Pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934**

**Date of Report: April 30, 2008**
**(Date of earliest event reported)**

# CINCINNATI FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

| | | |
|---|---|---|
| Ohio | 0-4604 | 31-0746871 |
| (State or other jurisdiction of incorporation) | (Commission File Number) | (I.R.S. Employer Identification No.) |

| | |
|---|---|
| 6200 S. Gilmore Road, Fairfield, Ohio | 45014-5141 |
| (Address of principal executive offices) | (Zip Code) |

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

N/A
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13a-4(c))

**TABLE OF CONTENTS**

**Item 2.02 Results of Operations and Financial Condition.**

On April 30, 2008, Cincinnati Financial Corporation issued the attached news release titled “Cincinnati Financial Reports First-quarter 2008 Results,” furnished as Exhibit 99.1 hereto and incorporated herein by reference. On April 30, 2008, the company also distributed the attached information titled “Supplemental Financial Data,” furnished as Exhibit 99.2 hereto and incorporated herein by reference. This report should not be deemed an admission as to the materiality of any information contained in the news release or supplemental financial data.

In accordance with general instruction B.2 of Form 8-K, the information furnished in this report shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended.

**Item 9.01 Financial Statements and Exhibits.**

(c) Exhibits

**Exhibit 99.1** - News release dated April 30, 2008, “Cincinnati Financial Reports First-quarter 2008 Results”

**Exhibit 99.2** - Supplemental Financial Data dated April 30, 2008

**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 hereunto duly authorized.

CINCINNATI FINANCIAL CORPORATION

Date: April 30, 2008

/S/Kenneth W. Stecher

Kenneth W. Stecher
Chief Financial Officer, Executive Vice President,
Secretary and Treasurer
(Principal Accounting Officer)

Exhibit 99.1

# CINCINNATI FINANCIAL CORPORATION

**Investor Contact**: Heather J. Wietzel
513-870-2768
*CINF-IR@cinfin.com*

**Media Contact**: Joan O. Shevchik
513-603-5323
*Media_Inquiries@cinfin.com*

## Cincinnati Financial Reports First-quarter 2008 Results

**Cincinnati, April 30, 2008 — Cincinnati Financial Corporation (Nasdaq: CINF)** today reported:

- First-quarter net loss of $42 million, or 26 cents per share, compared with net income of $194 million, or $1.11 per share, in the first quarter of 2007. The realized investment loss in the first quarter of 2008 included other-than-temporary impairment charges of $214 million largely due to recognition on the income statement of significant declines in market values of four equity investments. These non-cash charges lower the carrying value of these investments.
- Operating income* of $109 million, or 66 cents per share, compared with $153 million, or 88 cents per share. Catastrophe losses reduced first-quarter operating income by 17 cents compared with 1 cent in last year's first quarter.
- Total property casualty underwriting profit of $10 million compared with strong $81 million for the first quarter of 2007.

### Financial Highlights

| (Dollars in millions except share data) | Three months ended March 31, | | |
|---|---|---|---|
| | **2008** | 2007 | Change % |
| **Revenue Highlights** | | | |
| Earned premiums | **$ 780** | $ 815 | (4.2) |
| Investment income | **152** | 148 | 2.6 |
| Total revenues | **704** | 1,031 | (31.7) |
| **Income Statement Data** | | | |
| Net income (loss) | **$ (42)** | $ 194 | nm |
| Net realized investment gains and losses | **(151)** | 41 | nm |
| Operating income* | **$ 109** | $ 153 | (29.0) |
| **Per Share Data (diluted)** | | | |
| Net income (loss) | **$ (0.26)** | $ 1.11 | nm |
| Net realized investment gains and losses | **(0.92)** | 0.23 | nm |
| Operating income* | **$ 0.66** | $ 0.88 | (25.0) |
| Book value | **$ 33.40** | $ 39.08 | (14.5) |
| Cash dividend declared | **$ 0.39** | $ 0.355 | 9.9 |
| Weighted average shares outstanding | **165,105,311** | 174,274,157 | (5.3) |

### Insurance Operations Highlights

- 98.6 percent first-quarter 2008 property casualty combined ratio, compared with 89.6 percent for the 2007 first-quarter.
- Catastrophe losses added 5.7 percentage points to the property casualty combined ratio for the 2008 first quarter, compared with an unusually low 0.4 percentage points for the same quarter one year ago.
- Commercial and personal lines marketplace competition continues to intensify. First-quarter 2008 property casualty net written premiums decreased 8.3 percent, reflecting softer pricing, disciplined underwriting and timing differences.
- 5 cents per share contribution from life insurance operations to first-quarter operating income, down from 7 cents.

### Investment and Balance Sheet Highlights

- 2.6 percent growth in pretax investment income.
- Book value of $33.40 per share compared with $35.70 at year-end 2007. Invested assets and book value declined primarily on lower market values of financial sector equity holdings.
- 2.93 million shares of common stock repurchased at a cost of $109 million.

### Full-year 2008 Outlook Unchanged**

- Property casualty net written premiums could decline as much as 5 percent for the full year due to competitive pricing.
- Combined ratio could be in the 96 percent to 98 percent range for the full year.
- Investment income growth is expected to be below last year's 6.6 percent increase as financial sector holdings evaluate dividend levels. Portfolio strategies continue to focus on balancing near-term income generation with long-term book value growth.

---

* The Definitions of Non-GAAP Information and Reconciliation to Comparable GAAP Measures on Page 10 defines and reconciles measures presented in this release that are not based on Generally Accepted Accounting Principles or Statutory Accounting Principles.

** Forward-looking statements and related assumptions are subject to the risks outlined in the company's safe harbor statement (see Page 8).

nm Not meaningful

**Challenging Markets — Insurance and Investments**

Chairman and Chief Executive Officer John J. Schiff, Jr., CPCU, commented, “This was a tough quarter for Cincinnati Financial as both the insurance and investment markets presented unusual challenges. Soft pricing in the property casualty insurance market pressured our growth and profitability while pressure on financial stocks in our portfolio reduced our net income and book value.

“We firmly believe — and our 55 plus year history supports our confidence — that Cincinnati’s strategies will work as designed, helping us rise above these challenges. After carefully reviewing our position, we are confirming our previously announced outlook, including all of our estimates for full-year performance. We will continue to support agents by providing local service and local decision making authority. We will continue to invest, looking for opportunities that will let us ride out this market cycle with the high level of financial strength and stability that our agents and policyholders rely on.”

**Long-term Investment in Property Casualty Business**

James E. Benoski, vice chairman, president and chief insurance officer, said, “Our new excess and surplus lines operation is off to a good start. It increases our underwriting capabilities, adding a new layer of flexibility to write the whole account, even when part of it isn’t a good fit for a standard market business policy. We began quoting and issuing excess and surplus business during the first quarter, adding almost $1 million to net written premiums and putting much more in the pipeline.”

“We initiated our excess and surplus business with the ability to underwrite general liability in five states. We plan to expand both coverage offerings and operating territory. By year-end, we plan to offer commercial property insurance, along with miscellaneous professional liability and excess casualty. Cincinnati agents benefit not only from prompt and efficient policy processing, but also from the ease of accessing services such as loss control and personal attention from knowledgeable underwriters. Our reputation for superb claims handling and other value-added services also is encouraging agencies to select Cincinnati’s excess and surplus lines carrier as their preferred market to serve this segment of their clients. We’re very satisfied with progress to date.”

Benoski added, “This year began with severe weather in the South and Midwest. We incurred $43 million of catastrophe losses during the quarter, quite a contrast to $3 million for last year’s first quarter. Of almost 2,500 catastrophe claims our commercial and personal policyholders reported in the five events during the quarter, approximately 85 percent are already closed. Our claims representatives’ prompt responses and personal service are creating tremendous policyholder loyalty that will help agents market Cincinnati policies in the current competitive marketplace.”

**2008 Property Casualty Outlook Update**

Kenneth W. Stecher, chief financial officer and executive vice president, commented, “We continue to expect our full-year 2008 results will reflect current commercial lines pricing trends, leading to as much as a 5 percent decline in net written premiums and a combined ratio in the range of 96 percent to 98 percent. Softer pricing is likely to continue to challenge us as we hold steady to our core business values of strong agency relationships, policyholder retention and accurate risk classification.

“We also continue to make deliberate decisions not to write or renew certain business. In this environment, we have been careful to maintain our underwriting discipline. Across our industry, the expectation is for full-year 2008 net written premiums to decline 0.5 percent with the combined ratio at 98.6 percent.”

Stecher noted that the combined ratio target relies on three assumptions:

- Current accident year loss and loss expense ratio excluding catastrophe losses — Will reflect the same market trends that contributed to an increase in this ratio in 2007 and are further pressuring the 2008 ratio.
- Catastrophe loss ratio — May contribute approximately 4.5 percentage points to the full-year 2008 combined ratio. Catastrophes are unpredictable for any given year. These losses have contributed on average 3.7 percentage points to the company’s combined ratio in the past 10 years, ranging from 2007’s low of 0.8 points to 1998’s high of 6.1 points.

- Savings from favorable development on prior period reserves — May benefit the full-year 2008 combined ratio by approximately 4 percentage points based on current trends. Even as market conditions soften, management continues to rely on sound actuarial analysis in determining loss and loss expense reserves.

Stecher added, “We believe this level of full-year performance will allow us to sustain our industry leading position in the commercial lines insurance marketplace. We are taking steps in our personal lines insurance operations to enhance our opportunities in the changing marketplace. We also expect our life insurance business to continue its contribution to our earnings.

“As the preferred market for our agents’ best business, we are well positioned to carry out our commitments, supporting market stability and contributing to their success. While we believe we may see a positive contribution from our new excess and surplus lines operations, our 2008 targets do not take into account any contribution. It will take some time before that operation is of sufficient size to materially influence our overall corporate results.”

**Investment Performance Affected by Recent Market Activity**

Schiff commented, “Our equity investing strategy has been key to the long-term growth of our assets and shareholders’ equity. We identify companies with the potential for sales, earnings and dividend growth, a strong management team and favorable outlook. Over the years, these equities have generally offered a steady flow of dividend income along with the potential for capital appreciation.

“Broad concerns about credit quality, liquidity and the general health of the economy have disrupted the financial markets, causing unusual volatility in our equity portfolio. Valuations of a number of our holdings have been significantly influenced and, in some cases, dividend payouts have been reduced. As a result, our book value declined further in the first quarter. We are making some changes in our portfolio and we took a non-cash charge to earnings to reduce our carrying cost for some holdings, including four equity investments. We adjusted our carrying value to quarter-end market value because we concluded that the decline in the value of these holdings to below our cost was ‘other than temporary.’ Other-than-temporary impairment losses represent a non-cash charge to income.

“Our bond portfolio, however, continued to hold steady, with a total value of $5.965 billion at quarter-end, up 2.0 percent from the year-end level. The flight to quality and the resulting lower interest rates for risk-free securities continued to support bond valuations, helping offset the effects of increasing risk premiums and credit spreads in the first quarter of 2008. Our focus remains on portfolio strategies to balance near-term income generation and long-term book value growth. While decisions to sell investments that no longer meet our investment criteria could have a negative impact on income in the short-term, reinvestment in securities with lower, but more secure, yields should help us weather the present storm.

“We are committed to sustaining the strong capitalization that supports our high insurer financial strength ratings, giving our agents a distinct marketing advantage for their value-oriented clients. On March 26, A.M. Best Co. affirmed our issuer credit and financial strength ratings. Best said its stable outlook on our ratings reflects our group’s ‘superior risk-adjusted capitalization and its historical ability to generate solid operating results through underwriting cycles, which will enable the group to absorb any near-term increases in volatility as a result of its investment philosophy or weather-related events.’

“Our ratio of property casualty written premiums to statutory surplus, an important measure of that financial strength, rose slightly at March 31, 2008, to 0.75 from 0.72 at year-end 2007, but remains more than 10 percent stronger than the industry average,” Schiff noted. “Cincinnati Financial has the resources and tenacity to get through times such as these in good shape.

“We returned $168 million to shareholders in the first three months of 2008 through cash dividends and repurchase activity,” Schiff concluded.

## Combined Property Casualty Insurance Operations

| (Dollars in millions) | Three months ended March 31, 2008 | 2007 | Change % |
|---|---|---|---|
| Written premiums | $ 776 | $ 846 | (8.3) |
| Earned premiums | $ 751 | $ 785 | (4.3) |
| Loss and loss expenses excluding catastrophes | 458 | 455 | 0.8 |
| Catastrophe loss and loss expenses | 43 | 3 | 1,230.8 |
| Commission expenses | 144 | 161 | (10.9) |
| Underwriting expenses | 93 | 82 | 14.5 |
| Policyholder dividends | 3 | 3 | (1.7) |
| Underwriting profit | $ 10 | $ 81 | (87.1) |
| Ratios as a percent of earned premiums: | | | |
| Loss and loss expenses excluding catastrophes | 61.0% | 57.9% | |
| Catastrophe loss and loss expenses | 5.7 | 0.4 | |
| Loss and loss expenses | 66.7 | 58.3 | |
| Commission expenses | 19.1 | 20.5 | |
| Underwriting expenses | 12.4 | 10.4 | |
| Policyholder dividends | 0.4 | 0.4 | |
| Combined ratio | 98.6% | 89.6% | |

- 8.3 percent decline in first-quarter property-casualty net written premiums reflecting softer pricing, disciplined underwriting and timing differences.
- $74 million in first-quarter 2008 new business written directly by agencies compared with $80 million in last year's first quarter, down 7.5 percent.
- Excess and surplus lines contributed almost $1 million in net written premiums in its first quarter of operations.
- Lower level of commission expense, largely due to softer pricing, offset higher other underwriting expenses.
- 1,098 agency relationships with 1,337 reporting locations marketed our insurance products at March 31, 2008, up from 1,092 agency relationships with 1,327 reporting locations at year-end 2007.
- $13 million of net savings from favorable development on prior period reserves improved the first-quarter 2008 combined ratio by 1.8 percentage points, compared with $30 million and 4.0 points for the same period in 2007.
- $43 million in first-quarter 2008 catastrophe losses, due primarily to wind and hail damage from storms in the South and Midwest.

### Catastrophe Loss and Loss Expenses Incurred

(In millions, net of reinsurance)

| Dates | Cause of loss | Region | Three months ended March 31, Commercial lines | Personal lines | Total |
|---|---|---|---|---|---|
| **2008** | | | | | |
| Jan. 4-9 | Wind, hail, flood, freezing | South, Midwest | **$ 3** | **$ 3** | **$ 6** |
| Jan. 29-30 | Wind, hail | Midwest | **5** | **5** | **10** |
| Feb. 5-6 | Wind, hail, flood | Midwest | **8** | **9** | **17** |
| Mar. 14 | Tornadoes, wind, hail, flood | South | **5** | **1** | **6** |
| Mar. 15-16 | Wind, hail | South | **4** | **4** | **8** |
| Development on 2007 and prior catastrophes | | | **(3)** | **(1)** | **(4)** |
| Calendar year incurred total | | | **$ 22** | **$ 21** | **$ 43** |
| 2007 | | | | | |
| Jan. 12-15 | Wind, hail, ice, snow | Midwest | $ 2 | $ 1 | $ 3 |
| Feb. 14-15 | Wind, hail, ice, snow | Mid-Atlantic | 1 | 1 | 2 |
| Feb. 23-25 | Wind, hail, ice, snow | Midwest | 3 | 0 | 3 |
| Mar. 1-2 | Wind, hail, flood | South | 6 | 2 | 8 |
| Development on 2006 and prior catastrophes | | | (2) | (11) | (13) |
| Calendar year incurred total | | | $ 10 | $ (7) | $ 3 |

## Insurance Segment Highlights

### Commercial Lines Insurance Operations

| (Dollars in millions) | Three months ended March 31, 2008 | 2007 | Change % |
|---|---|---|---|
| Written premiums | **$ 625** | $ 693 | (9.8) |
| | | | |
| Earned premiums | **$ 574** | $ 604 | (4.9) |
| | | | |
| Loss and loss expenses excluding catastrophes | **343** | 344 | (0.2) |
| Catastrophe loss and loss expenses | **22** | 10 | 110.4 |
| Commission expenses | **109** | 123 | (12.0) |
| Underwriting expenses | **68** | 57 | 21.9 |
| Policyholder dividends | **3** | 3 | (1.7) |
| Underwriting profit | **$ 29** | $ 67 | (56.8) |
| | | | |
| Ratios as a percent of earned premiums: | | | |
| Loss and loss expenses excluding catastrophes | **59.7%** | 56.9% | |
| Catastrophe loss and loss expenses | **3.9** | 1.8 | |
| Loss and loss expenses | **63.6** | 58.7 | |
| Commission expenses | **18.9** | 20.4 | |
| Underwriting expenses | **11.9** | 9.3 | |
| Policyholder dividends | **0.6** | 0.5 | |
| Combined ratio | **95.0%** | 88.9% | |

- 9.8 percent lower first-quarter 2008 commercial lines net written premiums, primarily a result of intensifying market competition.
- $66 million in first-quarter 2008 commercial lines new business written directly by agencies compared with $72 million in last year's first quarter, down 8.3 percent.
- 95.0 percent first-quarter 2008 commercial lines combined ratio, an increase of 6.1 percentage points over first-quarter 2007 due mostly to higher catastrophe losses, lower pricing, normal loss cost inflation and higher underwriting expenses. Lower commission expenses partially offset these increases.
- 3.9 percentage points of first-quarter 2008 catastrophe losses, more than double last year's unusually low level.
- 2.5 percentage point improvement in combined ratio due to savings from favorable development on prior period reserves for the first three months of both 2008 and 2007.
- Commercial lines insurance industry combined ratio for full-year 2008 estimated at 97.5 percent with decline in net written premiums estimated at 2.3 percent.

### Personal Lines Insurance Operations

| (Dollars in millions) | Three months ended March 31, 2008 | 2007 | Change % |
|---|---|---|---|
| Written premiums | **$ 150** | $ 153 | (2.0) |
| | | | |
| Earned premiums | **$ 177** | $ 181 | (2.2) |
| | | | |
| Loss and loss expenses excluding catastrophes | **115** | 111 | 3.7 |
| Catastrophe loss and loss expenses | **21** | (7) | nm |
| Commission expenses | **35** | 38 | (7.7) |
| Underwriting expenses | **24** | 25 | (3.6) |
| Underwriting profit (loss) | **$ (18)** | $ 14 | nm |
| | | | |
| Ratios as a percent of earned premiums: | | | |
| Loss and loss expenses excluding catastrophes | **65.1%** | 61.4% | |
| Catastrophe loss and loss expenses | **11.6** | (4.1) | |
| Loss and loss expenses | **76.7** | 57.3 | |
| Commission expenses | **19.8** | 20.9 | |
| Underwriting expenses | **13.6** | 13.8 | |
| Combined ratio | **110.1%** | 92.0% | |

- 2.0 percent lower first-quarter 2008 personal lines net written premiums on lower policy counts, steady new business levels and pricing changes that reduced premiums per policy.
- $8 million in first-quarter 2008 personal lines new business written directly by agencies, down 0.5 percent.
- 110.1 percent first-quarter 2008 personal lines combined ratio. The ratio reflects significantly higher catastrophe losses and a modest increase in the loss and loss expense ratio excluding catastrophe losses due to lower pricing and normal loss cost inflation.

- 11.6 percentage-point contribution from first quarter 2008 catastrophe losses, compared with a benefit of 4.1 points in the first quarter of 2007 due to savings primarily from fourth-quarter 2006 events.
- $1 million of reserve strengthening added 0.7 percentage points to the combined ratio in the first three months of 2008, compared with 9.0 percentage points of savings from favorable development on prior period reserves for the same period last year. 2007 savings included 6.1 points in savings on prior period catastrophe loss reserves.
- Personal lines insurance industry combined ratio for full-year 2008 estimated at 99.5 percent with net written premiums rising approximately 1.4 percent.

**Life Insurance Operations**

| (In millions) | Three months ended March 31, 2008 | 2007 | Change % |
|---|---|---|---|
| Written premiums | $ 44 | $ 42 | 3.8 |
| | | | |
| Earned premiums | $ 29 | $ 30 | (3.2) |
| Investment income, net of expenses | 29 | 28 | 2.7 |
| Other income | 1 | 1 | (45.7) |
| Total revenues, excluding realized investment gains and losses | 59 | 59 | (1.4) |
| Contract holders benefits | 35 | 27 | 30.4 |
| Expenses | 12 | 13 | (14.1) |
| Total benefits and expenses | 47 | 40 | 15.7 |
| Net income before income tax and realized investment gains and losses | 12 | 19 | (37.2) |
| Income tax | 4 | 6 | (39.5) |
| Net income before realized investment gains and losses | $ 8 | $ 13 | (36.0) |

- $44 million in first-quarter 2008 life insurance segment net written premiums. Written premiums include life insurance, annuity and accident and health premiums.
- 3.2 percent increase to $35 million in written premiums for life insurance products in total.
- 9.0 percent rise to $18 million in term life insurance written premiums, reflecting marketing advantages of competitive, up-to-date products, providing close personal attention and offering policies backed by financial strength and stability.
- 1.5 percent rise in face amount of life policies in force to $62.803 billion at March 31, 2008, from $61.875 billion at year-end 2007.
- $5 million decrease in first-quarter 2008 operating profit, primarily due to less favorable mortality experience.
- 2008 plans include redesign of all life term insurance products. In addition to the worksite term product, updates are planned for the full worksite life portfolio. These improvements support opportunities to cross-sell life insurance products to clients of the independent agencies that sell Cincinnati's property casualty insurance policies.

## Investment and Balance Sheet Highlights

### Investment Operations

| (In millions) | Three months ended March 31, 2008 | 2007 | Change % |
|---|---|---|---|
| Investment income: | | | |
| Interest | **$ 76** | $ 76 | 0.5 |
| Dividends | **73** | 72 | 1.6 |
| Other | **5** | 3 | 35.7 |
| Investment expenses | **(2)** | (3) | 40.0 |
| Total investment income, net of expenses | **152** | 148 | 2.6 |
| Investment interest credited to contract holders | **(16)** | (14) | 6.0 |
| Realized investment gains and losses summary: | | | |
| Realized investment gains and losses | **(16)** | 61 | nm |
| Change in fair value of securities with embedded derivatives | **(2)** | 1 | nm |
| Other-than-temporary impairment charges | **(214)** | 0 | nm |
| Total realized investment gains and losses | **(232)** | 62 | nm |
| Investment operations income (loss) | **$ (96)** | $ 196 | nm |

- 2.6 percent growth in first-quarter 2008 net investment income due to cash flow for new investments that produced higher interest and dividend income.
- $232 realized investment loss in first-quarter 2008 compared with realized investment gain of $62 million in first-quarter 2007.
- First-quarter pretax realized investment loss included $214 million non-cash charge for other-than-temporary impairments that recognize significant market value declines, largely for four equity holdings.

| (Dollars in millions except share data) | At March 31, 2008 | At December 31, 2007 |
|---|---|---|
| **Balance sheet data** | | |
| Invested assets | **$ 11,704** | $ 12,261 |
| Total assets | **15,945** | 16,637 |
| Short-term debt | **69** | 69 |
| Long-term debt | **791** | 791 |
| Shareholders' equity | **5,449** | 5,929 |
| Book value per share | **33.40** | 35.70 |
| Debt-to-capital ratio | **13.6%** | 12.7% |

| | Three months ended March 31, 2008 | 2007 |
|---|---|---|
| **Performance measures** | | |
| Comprehensive income (loss) | **$ (313)** | $ 13 |
| Return on equity, annualized | **(3.0)%** | 11.5% |
| Return on equity, annualized, based on comprehensive income (loss) | **(22.1)** | 0.8 |

- $11.704 billion in investment assets at March 31, 2008, compared with $12.261 billion at year-end 2007. The decrease in investment assets was largely due to lower market valuations of equity holdings, primarily in the financial sector, reflecting broad concerns across the marketplace about credit quality, liquidity and the general health of the economy.
- Shareholders' equity declined to $5.449 billion, or $33.40 per share, at March 31, 2008, down from $5.929 billion, or $35.70, at year-end 2007, largely due to lower market values for investment assets.
- Lower market values were the primary reason for the comprehensive loss for the first three months of 2008. Net and comprehensive loss resulted in negative returns on equity for the 2008 first quarter.
- $4.027 billion in statutory surplus for the property casualty insurance group at March 31, 2008, compared with $4.307 billion at year-end 2007. The ratio of common stock to statutory surplus for the property casualty insurance group portfolio was 82.3 percent at March 31, 2008, compared with 86.0 percent at year-end 2007.
- 27.4 percent ratio of investment securities held at the holding-company level to total holding-company-only assets at March 31, 2008, comfortably within management's below-40 percent target.
- Repurchases of the company's common stock totaled 2.93 million shares at a cost of $109 million in the first quarter. Approximately 9 million shares remain authorized for repurchase.

For additional information or to register for this morning's conference call webcast, please visit *www.cinfin.com/investors*.

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 2007 Annual Report on Form 10-K, Item 1A, Risk Factors, Page 21. Although we often review and 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
- Sustained decline in overall stock market values negatively affecting the company's equity portfolio and book value; in particular a sustained decline in the market value of Fifth Third shares, a significant equity holding
- Securities laws that could limit the manner, timing and volume of our investment transactions
- Recession or other economic conditions or regulatory, accounting or tax changes resulting in lower demand for insurance products
- Events, such as the subprime mortgage lending crisis, that lead to:

  Significant decline in the value of a particular security or group of securities, such as our financial sector holdings, 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
- 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
- Inaccurate estimates or assumptions used for critical accounting estimates
- 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
- Changing consumer buying habits and consolidation of independent insurance agencies that could alter our competitive advantages
- Events or conditions that could weaken or harm the company's relationships with its independent agencies and hamper opportunities to add new agencies, resulting in limitations on the company's opportunities for growth, such as:

  Downgrade of the company's financial strength ratings
  Concerns that doing business with the company is too difficult or

  Perceptions that the company's level of service, particularly claims service, is no longer a distinguishing characteristic in the marketplace
- Delays or inadequacies in the development, implementation, performance and benefits of technology projects and enhancements
- Ability 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
- Increased competition that could result in a significant reduction in the company's premium growth rate
- Underwriting and pricing methods adopted by competitors that could allow them to identify and flexibly price risks, which could decrease our competitive advantages
- Personal lines pricing and loss trends that lead management to conclude that this segment could not attain sustainable profitability, which could prevent the capitalization of policy acquisition costs
- Actions of insurance departments, state attorneys general or other regulatory agencies 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 or

  Restrict our ability to execute our business model, including the way we compensate agents
- Adverse outcomes from litigation or administrative proceedings
- 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
- Investment activities or market value fluctuations that trigger restrictions applicable to the parent company under the Investment Company Act of 1940
- Events, such as an epidemic, natural catastrophe, terrorism or construction delays, 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 recent measures affecting corporate financial reporting and governance. The ultimate changes and eventual effects, if any, of these initiatives are uncertain.

*Cincinnati Financial Corporation offers property and casualty insurance, our main business, through our three standard market companies, The Cincinnati Insurance Company, The Cincinnati Indemnity Company and The Cincinnati Casualty Company. The Cincinnati Specialty Underwriters Insurance Company provides excess and surplus lines property and casualty insurance. The Cincinnati Life Insurance Company markets life and disability income insurance and annuities. CSU Producer Resources Inc., is our excess and surplus lines brokerage, serving the same local independent agencies that offer our standard market policies. CFC Investment Company offers commercial leasing and financing services. CinFin Capital Management Company provides asset management services to institutions, corporations and individuals. For additional information about the company, please visit* www.cinfin.com.

***Mailing Address:***
*P.O. Box 145496*
*Cincinnati, Ohio 45250-5496*

***Street Address:***
*6200 South Gilmore Road*
*Fairfield, Ohio 45014-5141*

**Cincinnati Financial Corporation**
**Condensed Balance Sheets and Statements of Operations (unaudited)**

| (Dollars in millions) | March 31, 2008 | December 31, 2007 |
|---|---|---|
| **Assets** | | |
| Investments | **$ 11,704** | $ 12,261 |
| Cash and cash equivalents | **237** | 226 |
| Premiums receivable | **1,113** | 1,107 |
| Reinsurance receivable | **757** | 754 |
| Other assets | **2,134** | 2,289 |
| Total assets | **$ 15,945** | $ 16,637 |
| **Liabilities** | | |
| Insurance reserves | **$ 5,524** | $ 5,445 |
| Unearned premiums | **1,585** | 1,564 |
| Deferred income tax | **750** | 977 |
| 6.125% senior notes due 2034 | **371** | 371 |
| 6.9% senior debentures due 2028 | **28** | 28 |
| 6.92% senior debentures due 2028 | **392** | 392 |
| Other liabilities | **1,846** | 1,931 |
| Total liabilities | **10,496** | 10,708 |
| **Shareholders' Equity** | | |
| Common stock and paid-in capital | **1,448** | 1,442 |
| Retained earnings | **3,298** | 3,404 |
| Accumulated other comprehensive income | **1,880** | 2,151 |
| Treasury stock | **(1,177)** | (1,068) |
| Total shareholders' equity | **5,449** | 5,929 |
| Total liabilities and shareholders' equity | **$ 15,945** | $ 16,637 |

| (Dollars in millions except per share data) | Three months ended March 31, 2008 | 2007 |
|---|---|---|
| **Revenues** | | |
| Earned premiums | **$ 780** | $ 815 |
| Investment income, net of expenses | **152** | 148 |
| Realized investment gains and losses | **(232)** | 62 |
| Other income | **4** | 6 |
| Total revenues | **704** | 1,031 |
| **Benefits and Expenses** | | |
| Insurance losses and policyholder benefits | **536** | 484 |
| Commissions | **150** | 170 |
| Other operating expenses | **118** | 106 |
| Total benefits and expenses | **804** | 760 |
| Income Before Income Taxes | **(100)** | 271 |
| Provision for Income Taxes | **(58)** | 77 |
| **Net Income (Loss)** | **$ (42)** | $ 194 |
| **Per Common Share** | | |
| Net income (loss)—basic | **$ (0.26)** | $ 1.12 |
| Net income (loss)—diluted | **$ (0.26)** | $ 1.11 |

* * *

**Definitions of Non-GAAP Information and**
**Reconciliation to Comparable GAAP Measures**

(See attached tables for 2008 reconciliations; prior-period reconciliations available at *www.cinfin.com/investors*.)

Cincinnati Financial Corporation prepares its public financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Statutory data is prepared in accordance with statutory accounting rules as defined by the National Association of Insurance Commissioners' (NAIC) Accounting Practices and Procedures Manual and therefore is not reconciled to GAAP data.

Management uses certain non-GAAP and non-statutory financial measures to evaluate its primary business areas — property casualty insurance, life insurance and investments — when analyzing both GAAP and certain non-GAAP measures may improve understanding of trends in the underlying business, helping avoid incorrect or misleading assumptions and conclusions about the success or failure of company strategies. Management adjustments to GAAP measures generally: apply to non-recurring events that are unrelated to business performance and distort short-term results; involve values that fluctuate based on events outside of management's control; or relate to accounting refinements that affect comparability between periods, creating a need to analyze data on the same basis.

- Operating income: Operating income is calculated by excluding net realized investment gains and losses (defined as realized investment gains and losses after applicable federal and state income taxes) from net income. Management evaluates operating income to measure the success of pricing, rate and underwriting strategies. While realized investment gains (or losses) are integral to the company's insurance operations over the long term, the determination to realize investment gains or losses in any period may be subject to management's discretion and is independent of the insurance underwriting process. Also, under applicable GAAP accounting requirements, gains and losses can be recognized from certain changes in market values of securities without actual realization. Management believes that the level of realized investment gains or losses for any particular period, while it may be material, may not fully indicate the performance of ongoing underlying business operations in that period.
- For these reasons, many investors and shareholders consider operating income to be one of the more meaningful measures for evaluating insurance company performance. Equity analysts who report on the insurance industry and the company generally focus on this metric in their analyses. The company presents operating income so that all investors have what management believes to be a useful supplement to GAAP information.
- Statutory accounting rules: For public reporting, insurance companies prepare financial statements in accordance with GAAP. However, insurers also must calculate certain data according to statutory accounting rules as defined in the NAIC's Accounting Practices and Procedures Manual, which may be, and has been, modified by various state insurance departments. Statutory data is publicly available, and various organizations use it to calculate aggregate industry data, study industry trends and compare insurance companies.
- Written premium: Under statutory accounting rules, property casualty written premium is the amount recorded for policies issued and recognized on an annualized basis at the effective date of the policy. Management analyzes trends in written premium to assess business efforts. Earned premium, used in both statutory and GAAP accounting, is calculated ratably over the policy term. The difference between written and earned premium is unearned premium.
- Written premium adjustment — statutory basis only: In 2002, the company refined its estimation process for matching property casualty written premiums to policy effective dates, which added $117 million to 2002 written premiums. To better assess ongoing business trends, management may exclude this adjustment when analyzing trends in written premiums and statutory ratios that make use of written premiums.

## Cincinnati Financial Corporation

### Quarterly Net Income Reconciliation

| (In millions except per share data) | Three months ended March 31, 2008 | 2007 |
|---|---|---|
| Net income | **$ (42)** | $ 194 |
| Net realized investment gains and losses | **(151)** | 41 |
| Operating income | **109** | 153 |
| Less catastrophe losses | **(28)** | (2) |
| Operating income before catastrophe losses | **$ 137** | $ 155 |
| | | |
| Diluted per share data: | | |
| Net income | **$ (0.26)** | $ 1.11 |
| Net realized investment gains and losses | **(0.92)** | 0.23 |
| Operating income | **0.66** | 0.88 |
| Less catastrophe losses | **(0.17)** | (0.01) |
| Operating income before catastrophe losses | **$ 0.83** | $ 0.89 |

### Quarterly Property Casualty Reconciliation

| (Dollars in millions) | Three months ended March 31, 2008 Combined | Commercial | Personal |
|---|---|---|---|
| Premiums: | | | |
| Adjusted written premiums (statutory) | $ 773 | $ 622 | $ 150 |
| Written premium adjustment — statutory only | 3 | 3 | — |
| Reported written premiums (statutory) | 776 | 625 | 150 |
| Unearned premiums change | (25) | (51) | 27 |
| Earned premiums | $ 751 | $ 574 | $ 177 |
| | | | |
| Statutory combined ratio : | | | |
| Statutory combined ratio | 97.4% | 93.3% | 110.8% |
| Less catastrophe losses | 5.7 | 3.9 | 11.6 |
| Statutory combined ratio excluding catastrophe losses | 91.7% | 89.4% | 99.2% |
| | | | |
| Commission expense ratio | 17.7% | 16.5% | 22.3% |
| Other expense ratio | 12.9 | 13.2 | 11.8 |
| Statutory expense ratio | 30.6% | 29.7% | 34.1% |
| | | | |
| GAAP combined ratio | 98.6% | 95.0% | 110.1% |

Exhibit 99.2

**Cincinnati Financial Corporation**
**Supplemental Financial Data**
**March 31, 2008**
**First Quarter**

6200 South Gilmore Road
Fairfield, Ohio 45014-5141
*www.cinfin.com*

| Investor Contact: | Media Contact: | Shareholder Contact: |
|---|---|---|
| Heather J. Wietzel | Joan O. Shevchik | Jerry L. Litton |
| (513) 870-2768 | (513) 603-5323 | (513) 870-2639 |


| | A.M. Best | Fitch | Moody's | Standard & Poor's |
|---|---|---|---|---|
| **Cincinnati Financial Corporation** | | | | |
| Corporate Debt | aa- | A+ | A2 | A |
| | | | | |
| **The Cincinnati Insurance Companies** | | | | |
| Insurer Financial Strength | | | | |
| | | | | |
| Property Casualty Group | | | | |
| Standard Market Subsidiaries: | A++ | — | Aa3 | AA- |
| The Cincinnati Insurance Company | A++ | AA | Aa3 | AA- |
| The Cincinnati Indemnity Company | A++ | AA | Aa3 | AA- |
| The Cincinnati Casualty Company | A++ | AA | Aa3 | AA- |
| Excess and Surplus Lines Subsidiary: | | | | |
| The Cincinnati Specialty Underwriters Insurance Company | A | — | — | — |
| | | | | |
| The Cincinnati Life Insurance Company | A+ | AA | — | AA- |

Ratings are as of April 29, 2008, under continuing review and subject to change and/or affirmation. For the latest ratings, select Ratings tab on *www.cinfin.com*.

The consolidated financial statements and financial exhibits that follow are unaudited. These consolidated financial statements and exhibits should be read in conjunction with the consolidated financial statements and notes included our periodic filings with the U.S. Securities and Exchange Commission. The results of operations for interim periods may not be indicative of results to be expected for the full year.

**Cincinnati Financial Corporation**
**Supplemental Financial Data**
**First-Quarter 2008**

**Definitions of Non-GAAP Information and**
**Reconciliation to Comparable GAAP Measures**

Cincinnati Financial Corporation prepares its public financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Statutory data is prepared in accordance with statutory accounting rules as defined by the National Association of Insurance Commissioners' (NAIC) Accounting Practices and Procedures Manual and therefore is not reconciled to GAAP data.

Management uses certain non-GAAP and non-statutory financial measures to evaluate its primary business areas — property casualty insurance, life insurance and investments — when analyzing both GAAP and certain non-GAAP measures may improve understanding of trends in the underlying business, helping avoid incorrect or misleading assumptions and conclusions about the success or failure of company strategies. Management adjustments to GAAP measures generally: apply to non-recurring events that are unrelated to business performance and distort short-term results; involve values that fluctuate based on events outside of management's control; or relate to accounting refinements that affect comparability between periods, creating a need to analyze data on the same basis.

- **Operating income**: Operating income is calculated by excluding net realized investment gains and losses (defined as realized investment gains and losses after applicable federal and state income taxes) from net income. Management evaluates operating income to measure the success of pricing, rate and underwriting strategies. While realized investment gains (or losses) are integral to the company's insurance operations over the long term, the determination to realize investment gains or losses in any period may be subject to management's discretion and is independent of the insurance underwriting process. Also, under applicable GAAP accounting requirements, gains and losses can be recognized from certain changes in market values of securities and embedded derivatives without actual realization. Management believes that the level of realized investment gains or losses for any particular period, while it may be material, may not fully indicate the performance of ongoing underlying business operations in that period.
For these reasons, many investors and shareholders consider operating income to be one of the more meaningful measures for evaluating insurance company performance. Equity analysts who report on the insurance industry and the company generally focus on this metric in their analyses. The company presents operating income so that all investors have what management believes to be a useful supplement to GAAP information.
- **Statutory accounting rules**: For public reporting, insurance companies prepare financial statements in accordance with GAAP. However, insurers also must calculate certain data according to statutory accounting rules as defined in the NAIC's Accounting Practices and Procedures Manual, which may be, and has been, modified by various state insurance departments. Statutory data is publicly available, and various organizations use it to calculate aggregate industry data, study industry trends and compare insurance companies.
- **Written premium**: Under statutory accounting rules, property casualty written premium is the amount recorded for policies issued and recognized on an annualized basis at the effective date of the policy. Management analyzes trends in written premium to assess business efforts. Earned premium, used in both statutory and GAAP accounting, is calculated ratably over the policy term. The difference between written and earned premium is unearned premium.
- **Written premium adjustment** - statutory basis only: In 2002, the company refined its estimation process for matching property casualty written premiums to policy effective dates, which added $117 million to 2002 written premiums. To better assess ongoing business trends, management may exclude this adjustment when analyzing trends in written premiums and statutory ratios that make use of written premiums.

**Cincinnati Financial Corporation**
**Quick Reference — First Quarter 2008**
**(all data shown is for the three months ended or as of March 31, 2008)**

(Based on reported data — see Pages 20-22 for adjusted data)

(Dollars in millions except share data)

| | | |
|---|---|---|
| **Revenues:** | | |
| Commercial lines net written premiums | $ | 625 |
| *Year-over-year percentage change* | | *(9.8)%* |
| Personal lines net written premiums | $ | 150 |
| *Year-over-year percentage change* | | *(2.0)%* |
| Property casualty net written premiums | $ | 776 |
| *Year-over-year percentage change* | | *(8.3)%* |
| Commercial lines net earned premiums | $ | 574 |
| *Year-over-year percentage change* | | *(4.9)%* |
| Personal lines net earned premiums | $ | 177 |
| *Year-over-year percentage change* | | *(2.2)%* |
| Property casualty net earned premiums | $ | 751 |
| *Year-over-year percentage change* | | *(4.3)%* |
| Life and accident and health net earned premiums | $ | 28 |
| *Year-over-year percentage change* | | *3.5%* |
| Investment income | $ | 152 |
| *Year-over-year percentage change* | | *2.6%* |
| Realized gains on investments | $ | (232) |
| *Year-over-year percentage change* | | *(474.0)%* |
| Other income | $ | 4 |
| *Year-over-year percentage change* | | *(33.5)%* |
| Total revenues | $ | 704 |
| *Year-over-year percentage change* | | *(31.6)%* |
| **Income:** | | |
| Operating income | $ | 109 |
| *Year-over-year percentage change* | | *(29.0)%* |
| Net realized investment gains and losses | $ | (151) |
| *Year-over-year percentage change* | | *(466.9)%* |
| Net income (loss) | $ | (42) |
| *Year-over-year percentage change* | | *(121.8%)* |
| **Per share (diluted):** | | |
| Operating income | $ | 0.66 |
| *Year-over-year percentage change* | | *(25.0)%* |
| Net realized investment gains and losses | $ | (0.92) |
| *Year-over-year percentage change* | | *(483.3)%* |
| Net income (loss) | $ | (0.26) |
| *Year-over-year percentage change* | | *(123.2)%* |
| Book value | $ | 33.40 |
| *Year-over-year percentage change* | | *(14.5)%* |
| Weighted average shares — diluted and basic | | 165,105,311 |
| *Year-over-year percentage change* | | *(4.4)%* |
| **Benefits and expenses:** | | |
| Commercial lines loss and loss expenses | $ | 365 |
| *Year-over-year percentage change* | | *3.1%* |
| Personal lines loss and loss expenses | $ | 136 |
| *Year-over-year percentage change* | | *31.0%* |
| Property casualty loss and loss expenses | $ | 501 |
| *Year-over-year percentage change* | | *9.5%* |
| Life and accident and health losses and policy benefits | $ | 35 |
| *Year-over-year percentage change* | | *30.4%* |
| Operating expenses | $ | 256 |
| *Year-over-year percentage change* | | *(1.9)%* |
| Interest expenses | $ | 12 |
| *Year-over-year percentage change* | | *(3.1)%* |
| Total expenses | $ | 804 |
| *Year-over-year percentage change* | | *6.1%* |
| Net loss before income taxes | $ | (100) |
| *Year-over-year percentage change* | | *(137.1)%* |
| Total income tax benefit | $ | (58) |
| *Year-over-year percentage change* | | *175.9%* |

| | |
|---|---|
| Effective tax rate benefit | (57.9%) |
| **Ratios:** | |
| Commercial lines GAAP combined ratio | 95.0% |
| Personal lines GAAP combined ratio | 110.1% |
| Property casualty GAAP combined ratio | 98.6% |
| Commercial lines STAT combined ratio | 93.3% |
| Personal lines STAT combined ratio | 110.8% |
| Property casualty STAT combined ratio | 97.4% |
| Return on equity based upon net income | (3.0)% |
| Return on equity based upon operating income | 7.6% |
| **Balance Sheet:** | |
| Fixed maturity investments | $ 5,965 |
| Equity securities | 5,629 |
| Short-term investments | 51 |
| Other invested assets | 59 |
| Total invested assets | $ 11,704 |
| Property casualty and life loss and loss expense reserves | $ 4,019 |
| Total debt | 860 |
| Shareholders' equity | 5,449 |

**Cincinnati Financial Corporation**
**Consolidated Statements of Income**

| | For the Three Months Ended March 31, | | | |
|---|---|---|---|---|
| | **2008** | **2007** | **Change** | **% Change** |
| **Revenues:** | | | | |
| Premiums earned: | | | | |
| Property casualty | $ 792,374,432 | $ 827,290,658 | $ (34,916,226) | (4.22) |
| Life | 40,068,179 | 38,946,474 | 1,121,705 | 2.88 |
| Accident health | 1,868,167 | 1,758,851 | 109,316 | 6.22 |
| Premiums ceded | (54,095,187) | (53,348,919) | (746,268) | (1.40) |
| Total premiums earned | 780,215,591 | 814,647,064 | (34,431,473) | (4.23) |
| Investment income | 152,233,957 | 148,394,366 | 3,839,591 | 2.59 |
| Realized gain on investments | (232,536,318) | 62,178,232 | (294,714,550) | (473.98) |
| Other income | 3,781,644 | 5,688,868 | (1,907,224) | (33.53) |
| **Total revenues** | **$ 703,694,874** | **$1,030,908,530** | **$(327,213,656)** | **(31.74)** |
| **Benefits & expenses:** | | | | |
| Losses & policy benefits | $ 562,934,824 | $ 515,031,815 | $ 47,903,009 | 9.30 |
| Reinsurance recoveries | (27,137,337) | (30,808,929) | 3,671,592 | (11.92) |
| Commissions | 150,014,952 | 170,152,772 | (20,137,820) | (11.84) |
| Other operating expenses | 90,720,024 | 88,203,959 | 2,516,065 | 2.85 |
| Interest expense | 12,687,472 | 13,092,923 | (405,451) | (3.10) |
| Taxes, licenses & fees | 20,760,970 | 19,942,931 | 818,039 | 4.10 |
| Incr deferred acq expense | (5,718,022) | (15,654,691) | 9,936,669 | (63.47) |
| **Total expenses** | **$ 804,262,883** | **$ 759,960,780** | **$ 44,302,103** | **5.83** |
| **Income (loss) before income taxes** | **$(100,568,009)** | **$ 270,947,750** | **$(371,515,759)** | **(137.12)** |
| **Provision for income taxes:** | | | | |
| Current operating income | $ 103,422,660 | $ 55,525,989 | $ 47,896,671 | 86.26 |
| Realized investments gains and losses | (81,674,979) | 21,059,042 | (102,734,021) | (487.84) |
| Deferred | (80,038,415) | 234,546 | (80,272,961) | nm |
| **Total income taxes** | **$ (58,290,734)** | **$ 76,819,577** | **$ (135,110,311)** | **(175.88)** |
| **Net income (loss)** | **$ (42,277,275)** | **$ 194,128,173** | **$(236,405,448)** | **(121.78)** |
| **Comprehensive net income** | **$(314,185,205)** | **$ 8,067,684** | **$(322,252,889)** | **(3,994.37)** |
| Operating income | $ 108,584,064 | $ 153,008,983 | $ (44,424,919) | (29.03) |
| Net realized investments gains and losses | $(150,861,339) | $ 41,119,190 | $(191,980,529) | (466.89) |
| **Net income per share:** | | | | |
| Operating income | $ 0.66 | $ 0.88 | $ (0.22) | (25.00) |
| Net realized investments gains and losses | (0.92) | 0.24 | (1.16) | (483.33) |
| **Net income (loss) per share (basic)** | **$ (0.26)** | **$ 1.12** | **$ (1.38)** | **(123.21)** |
| Operating income | $ 0.66 | $ 0.88 | $ (0.22) | (25.00) |
| Net realized investments gains and losses | (0.92) | 0.23 | (1.15) | (500.00) |
| **Net income (loss) per share (diluted)** | **$ (0.26)** | **$ 1.11** | **$ (1.37)** | **(123.42)** |
| **Dividends per share:** | | | | |
| Paid | $ 0.355 | $ 0.335 | $ 0.02 | 5.97 |
| Declared | 0.390 | 0.355 | 0.04 | 9.86 |
| **Number of shares:** | | | | |
| Weighted avg — basic | 165,105,311 | 172,648,988 | (7,543,677) | (4.37) |
| Weighted avg — diluted | 165,105,311 | 174,274,157 | (9,168,846) | (5.26) |

Due to net loss from operations, basic and diluted shares are the same.

## Cincinnati Financial Corporation and Subsidiaries
## Consolidated Statements of Income for the Three Months Ended March 31, 2008

| | Total | CFC | CONSOL P&C | CLIC | CFC-I | CINFIN | C-SUPR | ELIM |
|---|---|---|---|---|---|---|---|---|
| Revenues: | | | | | | | | |
| Premiums earned: | | | | | | | | |
| Property casualty | $ 792,374,432 | $ — | $ 792,726,747 | $ — | $ — | $ — | $ — | $ (352,315) |
| Life | 40,068,179 | — | — | 40,068,179 | — | — | — | — |
| Accident health | 1,868,167 | — | — | 1,868,167 | — | — | — | — |
| Premiums ceded | (54,095,187) | — | (41,605,790) | (12,489,397) | — | — | — | — |
| Total earned premium | 780,215,591 | — | 751,120,957 | 29,446,949 | — | — | — | (352,315) |
| Investment income | 152,233,957 | 25,533,643 | 98,005,135 | 29,080,394 | 120,482 | 73,957 | 18,079 | (597,733) |
| Realized gain on investments | (232,536,318) | (80,895,546) | (141,711,858) | (9,802,238) | 101,191 | (330,672) | — | 102,805 |
| Other income | 3,781,644 | 2,397,287 | 812,916 | 742,390 | 2,211,844 | 601,217 | 50,626 | (3,034,636) |
| **Total revenues** | **$ 703,694,874** | **$(52,964,616)** | **$ 708,227,150** | **$ 49,467,495** | **$2,433,517** | **$ 344,502** | **$ 68,705** | **$(3,881,879)** |
| Benefits & expenses: | | | | | | | | |
| Losses & policy benefits | $ 562,934,824 | $ — | $ 523,598,838 | $ 39,885,436 | $ — | $ — | $ — | $ (549,450) |
| Reinsurance recoveries | (27,137,337) | — | (22,779,189) | (4,358,148) | — | — | — | — |
| Commissions | 150,014,952 | 27,500 | 143,705,340 | 6,282,112 | — | — | — | — |
| Other operating expenses | 90,720,024 | 5,737,805 | 80,238,330 | 6,288,651 | 1,216,345 | 136,873 | 415,083 | (3,313,063) |
| Interest expense | 12,687,472 | 12,243,043 | 88,250 | — | 701,054 | — | — | (344,875) |
| Taxes, licenses & fees | 20,760,970 | 303,054 | 19,478,307 | 1,012,324 | 8,197 | (48,750) | 7,838 | — |
| Incr deferred acq expenses | (5,718,022) | — | (3,681,293) | (2,036,729) | — | — | — | — |
| **Total expenses** | **$ 804,262,883** | **$ 18,311,402** | **$ 740,648,583** | **$ 47,073,646** | **$1,925,596** | **$ 88,123** | **$ 422,921** | **$(4,207,388)** |
| **Income before income taxes** | **$(100,568,009)** | **$(71,276,018)** | **$ (32,421,433)** | **$ 2,393,849** | **$ 507,921** | **$ 256,379** | **$(354,216)** | **$ 325,509** |
| **Provision for income taxes:** | | | | | | | | |
| Current operating income | $ 103,422,660 | $ 25,487,163 | $ 69,893,041 | $ 7,672,506 | $ 180,587 | $ 302,343 | $(112,980) | $ — |
| Capital gains/losses | (81,674,979) | (28,368,441) | (49,815,437) | (3,410,783) | 35,417 | (115,735) | — | — |
| Deferred | (80,038,415) | (28,332,796) | (48,124,851) | (3,583,310) | 12,010 | (113,696) | (9,701) | 113,929 |
| **Total income tax** | **$ (58,290,734)** | **$(31,214,074)** | **$ (28,047,247)** | **$ 678,413** | **$ 228,014** | **$ 72,912** | **$(122,681)** | **$ 113,929** |
| **Net income — current year** | **$ (42,277,275)** | **$(40,061,944)** | **$ (4,374,186)** | **$ 1,715,436** | **$ 279,907** | **$ 183,467** | **$(231,535)** | **$ 211,580** |
| **Net income — prior year** | **$ 194,128,173** | **$ 19,131,342** | **$ 153,929,611** | **$ 17,938,221** | **$ 616,275** | **$ 260,999** | **$ —** | **$ 2,251,725** |
| **Change in net income** | -121.8% | -309.4% | -102.8% | -90.4% | -54.6% | -29.7% | N/A | |

## Cincinnati Financial Corporation
## Consolidated Balance Sheets

| (Dollars in millions except per share data) | March 31, 2008 | December 31, 2007 |
|---|---|---|
| | (unaudited) | |
| **Assets** | | |
| Investments | | |
| Fixed maturities, at fair value (amortized cost: 2008—$5,924; 2007—$5,783) (includes securities pledged to creditors: 2008—$622; 2007—$745) | **$ 5,965** | $ 5,848 |
| Equity securities, at fair value (cost: 2007—$2,975; 2006—$2,621) | **5,629** | 6,249 |
| Short-term investments, at fair value (amortized cost: 2008—$51; 2007—$101) | **51** | 101 |
| Other invested assets | **59** | 63 |
| **Total investments** | **11,704** | 12,261 |
| Cash and cash equivalents | **237** | 226 |
| Securities lending collateral | **619** | 760 |
| Investment income receivable | **118** | 124 |
| Finance receivable | **84** | 92 |
| Premiums receivable | **1,113** | 1,107 |
| Reinsurance receivable | **757** | 754 |
| Prepaid reinsurance premiums | **13** | 13 |
| Deferred policy acquisition costs | **472** | 461 |
| Land, building and equipment, net, for company use (accumulated depreciation: 2008—$284; 2007—$276) | **242** | 239 |
| Other assets | **49** | 72 |
| Separate accounts | **537** | 528 |
| **Total assets** | **$15,945** | $16,637 |
| **Liabilities** | | |
| Insurance reserves | | |
| Losses and loss expense | **$ 4,019** | $ 3,967 |
| Life policy reserves | **1,505** | 1,478 |
| Unearned premiums | **1,585** | 1,564 |
| Securities lending payable | **635** | 760 |
| Other liabilities | **605** | 574 |
| Deferred income tax | **750** | 977 |
| Notes payable | **69** | 69 |
| 6.125% senior debenture due 2034 | **371** | 371 |
| 6.90% senior debenture due 2028 | **28** | 28 |
| 6.92% senior debenture due 2028 | **392** | 392 |
| Separate accounts | **537** | 528 |
| **Total liabilities** | **10,496** | 10,708 |
| **Shareholders' equity** | | |
| Common stock, par value—$2 per share; authorized: 2008—500 million shares, 2007—500 million shares; issued: 2008—196 million shares, 2007—196 million shares | **393** | 393 |
| Paid-in capital | **1,055** | 1,049 |
| Retained Earnings | **3,298** | 3,404 |
| Accumulated other comprehensive income | **1,880** | 2,151 |
| Treasury stock at cost (2008—33 million shares, 2007—30 million shares) | **(1,177)** | (1,068) |
| **Total shareholders' equity** | **5,449** | 5,929 |
| **Total liabilities and shareholders' equity** | **$15,945** | $16,637 |

## Cincinnati Financial Corporation

## Quarterly Net Income Reconciliation

| | Three months ended | | | | | | | | Six months ended | | Nine months ended | | Twelve months ended | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| (In millions except per share data) | 12/31/08 | 9/30/08 | 6/30/08 | **3/31/08** | 12/31/07 | 9/30/07 | 6/30/07 | 3/31/07 | 6/30/08 | 6/30/07 | 9/30/08 | 9/30/07 | 12/31/08 | 12/31/07 |
| Net income (loss) | | | | **$ (42)** | $ 187 | $ 124 | $ 351 | $ 194 | | $ 545 | | $ 669 | | $ 855 |
| Net realized investment gains and losses | | | | **(151)** | 8 | 10 | 187 | 41 | | 228 | | 238 | | 245 |
| Operating income | | | | **109** | 179 | 114 | 164 | 153 | | 317 | | 431 | | 610 |
| Less catastrophe losses | | | | **(28)** | 1 | (9) | (7) | (2) | | (9) | | (18) | | (17) |
| Operating income before catastrophe losses | | | | **$ 137** | $ 178 | $ 123 | $ 171 | $ 155 | | $ 326 | | $ 449 | | $ 627 |
| **Diluted per share data** | | | | | | | | | | | | | | |
| Net income (loss) | | | | **$(0.26)** | $1.11 | $ 0.72 | $ 2.02 | $ 1.11 | | $ 3.13 | | $ 3.86 | | $ 4.97 |
| Net realized investment gains and losses | | | | **(0.92)** | 0.04 | 0.06 | 1.08 | 0.23 | | 1.31 | | 1.37 | | 1.43 |
| Operating income | | | | **0.66** | 1.07 | 0.66 | 0.94 | 0.88 | | 1.82 | | 2.49 | | 3.54 |
| Less catastrophe losses | | | | **(0.17)** | 0.01 | (0.05) | (0.04) | (0.01) | | (0.05) | | (0.10) | | (0.10) |
| Operating income before catastrophe losses | | | | **$ 0.83** | $1.06 | $ 0.71 | $ 0.98 | $ 0.89 | | $ 1.87 | | $ 2.59 | | $ 3.64 |

*Dollar amounts shown are rounded to millions; certain amounts may not add due to rounding. Ratios are calculated based on whole dollar amounts. The sum of quarterly amounts may not equal the full year as each is computed independently*.

## Cincinnati Financial Corporation

## Top Holdings — Common Stocks

| (Dollars in millions) | As of and for the three months ended March 31, 2008 Cost | Fair value | Percent of fair value | Earned dividend income |
|---|---|---|---|---|
| Fifth Third Bancorp | $ 185 | $1,408 | 26.3% | $30 |
| The Procter & Gamble Company | 206 | 527 | 9.8 | 3 |
| Exxon Mobil Corporation | 58 | 437 | 8.2 | 2 |
| U.S. Bancorp | 270 | 338 | 6.3 | 4 |
| PNC Financial Services Group, Inc. | 62 | 308 | 5.8 | 3 |
| Johnson & Johnson | 220 | 262 | 4.9 | 2 |
| AllianceBernstein Holding L.P. | 113 | 248 | 4.6 | 4 |
| Wells Fargo & Company | 128 | 187 | 3.5 | 2 |
| Wyeth | 62 | 185 | 3.4 | 1 |
| Piedmont Natural Gas Company, Inc. | 64 | 148 | 2.8 | 1 |
| General Electric Co. | 106 | 116 | 2.2 | 1 |
| Chevron Corporation | 56 | 113 | 2.1 | 1 |
| Huntington Bancshares Inc | 111 | 111 | 2.1 | 3 |
| All other common stock holdings | 811 | 966 | 18.0 | 11 |
| Total | $2,452 | $5,354 | 100.0% | $68 |

## Cincinnati Financial Corporation Subsidiaries

### Selected Balance Sheet Data

| (Dollars in millions) | 12/31/2008 | 9/30/2008 | 6/30/2008 | **3/31/2008** | 12/31/2007 | 9/30/2007 | 6/30/2007 | 3/31/2007 |
|---|---|---|---|---|---|---|---|---|
| Cincinnati Insurance Property Casualty Group | | | | | | | | |
| Fixed Maturities and Equities (Fair Value) | $— | $— | $— | **$8,628** | $8,940 | $9,586 | $9,850 | $9,837 |
| Fixed Maturities — Pretax Net Unrealized Gain (Loss) | — | — | — | **39** | 58 | 23 | (30) | 44 |
| Equities — Pretax Net Unrealized Gain (Loss) | — | — | — | **1,831** | 2,077 | 2,657 | 2,917 | 3,017 |
| Loss and Loss Expense Reserves — STAT | — | — | — | **3,448** | 3,398 | 3,461 | 3,374 | 3,373 |
| Surplus — STAT | — | — | — | **4,027** | 4,307 | 4,782 | 4,937 | 4,741 |
| The Cincinnati Life Insurance Company | | | | | | | | |
| Fixed Maturities and Equities (Fair Value) | $— | $— | $— | **$1,841** | $1,887 | $1,952 | $1,922 | $1,938 |
| Fixed Maturities — Pretax Net Unrealized Gain (Loss) | — | — | — | **0** | 6 | 4 | (4) | 20 |
| Equities — Pretax Net Unrealized Gain (Loss) | — | — | — | **127** | 162 | 225 | 254 | 305 |
| Equity — GAAP | — | — | — | **661** | 685 | 724 | 730 | 739 |
| Surplus — STAT | — | — | — | **453** | 477 | 485 | 491 | 483 |

| | 12/31/2006 | 9/30/2006 | 6/30/2006 | 3/31/2006 | 12/31/2005 | 9/30/2005 | 6/30/2005 | 3/31/2005 |
|---|---|---|---|---|---|---|---|---|
| Cincinnati Insurance Property Casualty Group | | | | | | | | |
| Fixed Maturities and Equities (Fair Value) | $9,882 | $9,393 | $8,987 | $9,261 | $8,947 | $8,833 | $8,802 | $8,710 |
| Fixed Maturities — Pretax Net Unrealized Gain (Loss) | 47 | 51 | (55) | 2 | 50 | 86 | 152 | 99 |
| Equities — Pretax Net Unrealized Gain (Loss) | 3,166 | 2,859 | 2,621 | 2,758 | 2,803 | 2,807 | 2,903 | 2,931 |
| Loss and Loss Expense Reserves — STAT | 3,356 | 3,314 | 3,237 | 3,169 | 3,111 | 3,150 | 3,065 | 3,031 |
| Surplus — STAT | 4,750 | 4,607 | 4,342 | 4,334 | 4,220 | 4,224 | 4,180 | 4,065 |
| The Cincinnati Life Insurance Company | | | | | | | | |
| Fixed Maturities and Equities (Fair Value) | $1,916 | $1,893 | $1,803 | $1,827 | $1,788 | $1,797 | $1,748 | $1,688 |
| Fixed Maturities — Pretax Net Unrealized Gain (Loss) | 15 | 17 | (17) | 6 | 31 | 45 | 70 | 53 |
| Equities — Pretax Net Unrealized Gain (Loss) | 307 | 271 | 238 | 256 | 266 | 274 | 275 | 257 |
| Equity — GAAP | 719 | 688 | 652 | 666 | 651 | 348 | 655 | 622 |
| Surplus — STAT | 479 | 461 | 459 | 470 | 451 | 447 | 447 | 440 |

## Cincinnati Insurance Group

## GAAP Statements of Income

| | For the Three Months Ended March 31, 2008 | 2007 | Change | % Change |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Premiums earned: | | | | |
| Property casualty | $ 792,726,747 | $827,572,247 | $ (34,845,500) | (4.21) |
| Premiums ceded | (41,605,790) | (43,062,577) | 1,456,787 | (3.38) |
| Total premiums earned | 751,120,957 | 784,509,670 | (33,388,713) | (4.26) |
| Investment income | 98,005,135 | 96,609,154 | 1,395,981 | 1.44 |
| Realized gain on investments | (141,711,858) | 29,908,765 | (171,620,623) | (573.81) |
| Other income | 812,916 | 1,587,659 | (774,743) | (48.80) |
| **Total revenues** | **$ 708,227,150** | **$912,615,248** | **$(204,388,098)** | **(22.40)** |
| | | | | |
| **Benefits & expenses:** | | | | |
| Losses & policy benefits | $ 523,598,838 | $478,692,221 | $ 44,906,617 | 9.38 |
| Reinsurance recoveries | (22,779,189) | (21,156,004) | (1,623,185) | 7.67 |
| Commissions | 143,705,340 | 161,213,497 | (17,508,157) | (10.86) |
| Other operating expenses | 80,238,330 | 77,503,733 | 2,734,597 | 3.53 |
| Interest expense | 88,250 | — | 88,250 | — |
| Taxes, licenses & fees | 19,478,307 | 18,655,793 | 822,514 | 4.41 |
| Incr deferred acq expense | (3,681,293) | (11,718,254) | 8,036,961 | (68.58) |
| **Total expenses** | **$ 740,648,583** | **$703,190,986** | **$ 37,457,597** | **5.33** |
| **Income before income taxes** | **$ (32,421,433)** | **$209,424,262** | **$(241,845,695)** | **(115.48)** |
| | | | | |
| **Provision for income taxes:** | | | | |
| Current operating income | $ 69,893,041 | $ 50,616,959 | $ 19,276,082 | 38.08 |
| Current realized investments gains and losses | (49,815,437) | 10,633,068 | (60,448,505) | (568.50) |
| Deferred | (48,124,851) | (5,755,376) | (42,369,475) | 736.17 |
| **Total income taxes** | **$ (28,047,247)** | **$ 55,494,651** | **$ (83,541,898)** | **(150.54)** |
| | | | | |
| **Net income (loss)** | **$ (4,374,186)** | **$153,929,611** | **$(158,303,797)** | **(102.84)** |

## Cincinnati Insurance Group

### Statutory Statements of Income

| | For the Three Months Ended March 31, | | |
|---|---|---|---|
| | 2008 | 2007 | % Change |
| **Underwriting income** | | | |
| Net premiums written | $774,719,939 | $845,799,750 | (8.40) |
| Unearned premiums increase | 23,608,231 | 61,290,080 | (61.48) |
| **Earned premiums** | **751,111,708** | **784,509,670** | **(4.26)** |
| Losses incurred | $417,447,483 | $370,753,035 | 12.59 |
| Allocated loss expenses incurred | 37,182,273 | 39,076,308 | (4.85) |
| Unallocated loss expenses incurred | 46,020,141 | 47,706,874 | (3.54) |
| Other underwriting expenses incurred | 231,847,644 | 244,742,340 | (5.27) |
| Workers compensation dividend incurred | 4,983,552 | 3,649,164 | 36.57 |
| **Total underwriting deductions** | **$737,481,093** | **$705,927,720** | **4.47** |
| **Net underwriting gain (loss)** | **$ 13,630,614** | **$ 78,581,950** | **(82.65)** |
| **Investment income** | | | |
| Gross investment income earned | $ 96,728,928 | $ 97,847,031 | (1.14) |
| Net investment income earned | 95,443,720 | 96,629,259 | (1.23) |
| Net realized capital gains | (89,765,156) | 19,559,182 | (558.94) |
| **Net investment gains (excl. subs)** | **$ 5,678,564** | **$116,188,441** | **(95.11)** |
| Dividend from subsidiary | — | — | — |
| **Net investment gains** | **$ 5,678,564** | **$116,188,441** | **(95.11)** |
| **Other income** | **$ 384,182** | **$ 1,516,535** | **(74.67)** |
| Net income before federal income taxes | $ 19,693,360 | $196,286,926 | (89.97) |
| Federal and foreign income taxes incurred | $ 68,331,959 | $ 49,751,322 | 37.35 |
| **Net income (loss) (statutory)** | **$ (48,638,599)** | **$146,535,605** | **(133.19)** |

* *Statutory data prepared in accordance with statutory accounting rules as defined by the National Association of Insurance Commissioners and filed with the appropriate regulatory bodies.*

## Cincinnati Insurance Group — Consolidated

## Statutory Quarterly Analysis

## (Based on reported data — see Page 20 for adjusted data)

| | Three months ended | | | | | | | | Six months ended | | Nine months ended | | Twelve months ended | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| (Dollars in millions) | 12/31/08 | 9/30/08 | 6/30/08 | **3/31/08** | 12/31/07 | 9/30/07 | 6/30/07 | 3/31/07 | 6/30/08 | 6/30/07 | 9/30/08 | 9/30/07 | 12/31/08 | 12/31/07 |
| Net premiums written | | | | **$ 775** | $ 724 | $ 736 | $ 810 | $ 846 | | $1,656 | | $2,393 | | $3,117 |
| Net premiums earned | | | | **$ 751** | $ 777 | $ 777 | $ 786 | $ 785 | | $1,571 | | $2,348 | | $3,125 |
| Losses paid | | | | **$ 383** | $ 375 | $ 363 | $ 380 | $ 364 | | $ 744 | | $1,107 | | $1,481 |
| Loss reserve change | | | | **35** | (83) | 69 | (16) | 6 | | (9) | | 60 | | (24) |
| Total losses incurred | | | | **$ 418** | $ 292 | $ 432 | $ 364 | $ 370 | | $ 735 | | $1,167 | | $1,457 |
| Allocated loss expense paid | | | | **25** | 37 | 29 | 33 | 32 | | 65 | | 94 | | 131 |
| Allocated loss expense reserve change | | | | **12** | 26 | 15 | 16 | 8 | | 24 | | 39 | | 65 |
| Total allocated loss expense incurred | | | | **$ 37** | $ 63 | $ 44 | $ 49 | $ 39 | | $ 89 | | $ 133 | | $ 196 |
| Unallocated loss expense paid | | | | **43** | 46 | 44 | 41 | 46 | | 87 | | 132 | | 178 |
| Unallocated loss expense reserve change | | | | **4** | (6) | 4 | 1 | 2 | | 3 | | 6 | | 2 |
| Total unallocated loss expense incurred | | | | **$ 47** | $ 40 | $ 48 | $ 42 | $ 48 | | $ 90 | | $ 138 | | $ 180 |
| Underwriting expenses incurred | | | | **237** | 267 | 230 | 242 | 249 | | 489 | | 719 | | 988 |
| Underwriting profit (loss) | | | | **$ 12** | $ 115 | $ 23 | $ 89 | $ 79 | | $ 168 | | $ 191 | | $ 304 |
| **Ratio Data** | | | | | | | | | | | | | | |
| Loss ratio | | | | **55.5%** | 37.5% | 55.6% | 46.3% | 47.2% | | 46.8% | | 49.7% | | 46.7% |
| Allocated loss expense ratio | | | | **5.0** | 8.1 | 5.7 | 6.3 | 5.0 | | 5.7 | | 5.7 | | 6.3 |
| Unallocated loss expense ratio | | | | **6.1** | 5.3 | 6.1 | 5.3 | 6.1 | | 5.7 | | 5.8 | | 5.7 |
| Net underwriting expense ratio | | | | **30.6** | 37.0 | 31.3 | 29.8 | 29.4 | | 29.5 | | 30.1 | | 31.7 |
| Statutory combined ratio | | | | **97.2%** | 87.9% | 98.7% | 87.7% | 87.7% | | 87.7% | | 91.3% | | 90.4% |
| Statutory combined ratio excluding catastrophes | | | | **91.5%** | 88.1% | 97.0% | 86.3% | 87.3% | | 86.8% | | 90.1% | | 89.5% |
| **Loss Detail** | | | | | | | | | | | | | | |
| New losses $250,000-$500,000 | | | | **$ 29** | $ 29 | $ 24 | $ 22 | $ 23 | | $ 45 | | $ 69 | | $ 98 |
| New losses $500,000-$750,000 | | | | **12** | 16 | 14 | 15 | 15 | | 30 | | 44 | | 60 |
| New losses $750,000-$1,000,000 | | | | **9** | 13 | 9 | 9 | 10 | | 19 | | 28 | | 41 |
| New losses $1,000,000-$2,000,000 | | | | **22** | 24 | 26 | 26 | 28 | | 54 | | 80 | | 104 |
| New losses $2,000,000-$4,000,000 | | | | **22** | 36 | 50 | 17 | 22 | | 39 | | 89 | | 125 |
| New losses greater than $4,000,000 | | | | **—** | — | 5 | — | — | | — | | 5 | | 5 |
| Case reserve development above $250,000 | | | | **48** | 68 | 50 | 48 | 53 | | 101 | | 151 | | 219 |
| Large losses subtotal | | | | **$ 142** | $ 186 | $ 178 | $ 137 | $ 151 | | $ 288 | | $ 466 | | $ 652 |
| IBNR incurred | | | | **6** | (43) | — | 7 | 7 | | 15 | | 15 | | (25) |
| Catastrophe losses incurred | | | | **43** | (2) | 13 | 11 | 3 | | 15 | | 28 | | 26 |
| Remaining incurred | | | | **227** | 151 | 241 | 209 | 210 | | 417 | | 658 | | 804 |
| Total losses incurred | | | | **$ 418** | $ 292 | $ 432 | $ 364 | $ 371 | | $ 735 | | $1,167 | | $1,457 |
| **Loss Ratio** | | | | | | | | | | | | | | |
| New losses $250,000-$500,000 | | | | **3.9%** | 3.7% | 3.1% | 2.8% | 2.9% | | 2.9% | | 2.9% | | 3.1% |
| New losses $500,000-$750,000 | | | | **1.6** | 2.1 | 1.8 | 1.9 | 1.9 | | 1.9 | | 1.9 | | 1.9 |
| New losses $750,000-$1,000,000 | | | | **1.2** | 1.7 | 1.2 | 1.1 | 1.3 | | 1.2 | | 1.2 | | 1.3 |
| New losses $1,000,000-$2,000,000 | | | | **2.9** | 3.1 | 3.3 | 3.3 | 3.6 | | 3.4 | | 3.4 | | 3.3 |
| New losses $2,000,000-$4,000,000 | | | | **2.9** | 4.6 | 6.4 | 2.2 | 2.8 | | 2.5 | | 3.8 | | 4.0 |
| New losses greater than $4,000,000 | | | | **—** | — | 0.6 | — | — | | — | | 0.2 | | 0.2 |
| Case reserve development above $250,000 | | | | **6.4** | 8.8 | 6.4 | 6.1 | 6.8 | | 6.4 | | 6.4 | | 7.0 |
| Large losses subtotal | | | | **18.9%** | 23.9% | 22.9% | 17.4% | 19.2% | | 18.3% | | 19.8% | | 20.9% |
| IBNR incurred | | | | **0.8** | (5.5) | — | 0.9 | 1.0 | | 0.9 | | 0.6 | | **(0.9)** |
| Total catastrophe losses incurred | | | | **5.7** | (0.2) | 1.7 | 1.4 | 0.4 | | 0.9 | | 1.2 | | **0.8** |
| Remaining incurred | | | | **30.1** | 19.3 | 31.0 | 26.6 | 26.6 | | 26.7 | | 28.1 | | **25.9** |
| Total loss ratio | | | | **55.5%** | 37.5% | 55.6% | 46.3% | 47.2% | | 46.8% | | 49.7% | | 46.7% |
| **Loss Claim Count** | | | | | | | | | | | | | | |
| New losses $250,000-$500,000 | | | | **87** | 88 | 75 | 67 | 72 | | 139 | | 214 | | 302 |
| New losses $500,000-$750,000 | | | | **21** | 27 | 25 | 26 | 24 | | 50 | | 75 | | 102 |
| New losses $750,000-$1,000,000 | | | | **10** | 16 | 11 | 11 | 12 | | 23 | | 34 | | 50 |
| New losses $1,000,000-$2,000,000 | | | | **19** | 18 | 21 | 21 | 21 | | 42 | | 63 | | 81 |
| New losses $2,000,000-$4,000,000 | | | | **7** | 12 | 16 | 5 | 7 | | 12 | | 28 | | 40 |
| New losses greater than $4,000,000 | | | | **—** | — | 1 | — | — | | — | | 1 | | 1 |
| Case reserve development above $250,000 | | | | **81** | 112 | 93 | 82 | 93 | | 175 | | 268 | | 380 |
| Large losses total | | | | **225** | 273 | 242 | 212 | 229 | | 441 | | 683 | | 956 |

* *Dollar amounts shown are rounded to millions; certain amounts may not add due to rounding. Ratios are calculated based on whole dollar amounts.*

* *NM — Not meaningful*

* *Statutory data prepared in accordance with statutory accounting rules as defined by the National Association of Insurance Commissioners and filed with the appropriate regulatory bodies.*

# Cincinnati Insurance Group — Commercial Lines

## Statutory Quarterly Analysis

## (Based on reported data — see Page 21 for adjusted data)

| | Three months ended | | | | | | | | Six months ended | | Nine months ended | | Twelve months ended | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| (Dollars in millions) | 12/31/08 | 9/30/08 | 6/30/08 | **3/31/08** | 12/31/07 | 9/30/07 | 6/30/07 | 3/31/07 | 6/30/08 | 6/30/07 | 9/30/08 | 9/30/07 | 12/31/08 | 12/31/07 |
| Net premiums written | | | | **$ 625** | $ 562 | $ 544 | $ 613 | $ 693 | | $1,306 | | $1,851 | | $2,413 |
| Net premiums earned | | | | **$ 574** | $ 601 | $ 600 | $ 606 | $ 604 | | $1,210 | | $1,810 | | $2,411 |
| | | | | | | | | | | | | | | |
| Losses paid | | | | **$ 266** | $ 272 | $ 253 | $ 270 | $ 259 | | $ 530 | | $ 783 | | $1,055 |
| Loss reserve change | | | | **32** | (53) | 66 | (12) | 23 | | 11 | | 77 | | 23 |
| Total losses incurred | | | | **$ 298** | $ 219 | $ 319 | $ 258 | $ 282 | | $ 541 | | $ 860 | | $1,078 |
| Allocated loss expense paid | | | | **22** | 33 | 26 | 30 | 28 | | 58 | | 84 | | 117 |
| Allocated loss expense reserve change | | | | **12** | 27 | 16 | 16 | 8 | | 24 | | 40 | | 67 |
| Total allocated loss expense incurred | | | | **$ 34** | $ 60 | $ 42 | $ 46 | $ 36 | | $ 82 | | $ 124 | | $ 184 |
| Unallocated loss expense paid | | | | **30** | 34 | 31 | 30 | 33 | | 63 | | 94 | | 128 |
| Unallocated loss expense reserve change | | | | **3** | (3) | 4 | 1 | 3 | | 4 | | 8 | | 5 |
| Total unallocated loss expense incurred | | | | **$ 33** | $ 31 | $ 35 | $ 31 | $ 36 | | $ 67 | | $ 102 | | $ 133 |
| Underwriting expenses incurred | | | | **186** | 215 | 170 | 179 | 193 | | 371 | | 541 | | 757 |
| Underwriting profit (loss) | | | | **$ 23** | $ 76 | $ 34 | $ 92 | $ 57 | | $ 149 | | $ 183 | | $ 259 |
| | | | | | | | | | | | | | | |
| **Ratio Data** | | | | | | | | | | | | | | |
| Loss ratio | | | | **52.0%** | 36.4% | 53.2% | 42.6% | 46.8% | | 44.7% | | 47.5% | | 44.8% |
| Allocated loss expense ratio | | | | **5.9** | 9.9 | 7.0 | 7.6 | 6.0 | | 6.8 | | 6.8 | | 7.6 |
| Unallocated loss expense ratio | | | | **5.7** | 5.2 | 5.8 | 5.1 | 5.9 | | 5.5 | | 5.6 | | 5.5 |
| Net underwriting expense ratio | | | | **29.7** | 38.2 | 31.2 | 29.1 | 27.8 | | 28.4 | | 29.3 | | 31.4 |
| Statutory combined ratio | | | | **93.3%** | 89.7% | 97.2% | 84.4% | 86.5% | | 85.4% | | 89.2% | | 89.3% |
| Statutory combined ratio excluding catastrophes | | | | **89.4%** | 89.7% | 97.1% | 83.6% | 84.7% | | 84.1% | | 88.3% | | 88.6% |
| | | | | | | | | | | | | | | |
| **Loss Detail** | | | | | | | | | | | | | | |
| New losses $250,000-$500,000 | | | | **$ 23** | $ 21 | $ 18 | $ 16 | $ 18 | | $ 34 | | $ 52 | | $ 73 |
| New losses $500,000-$750,000 | | | | **9** | 14 | 11 | 12 | 12 | | 24 | | 35 | | 49 |
| New losses $750,000-$1,000,000 | | | | **8** | 11 | 8 | 6 | 9 | | 15 | | 23 | | 34 |
| New losses $1,000,000-$2,000,000 | | | | **18** | 19 | 25 | 23 | 23 | | 46 | | 71 | | 90 |
| New losses $2,000,000-$4,000,000 | | | | **22** | 34 | 43 | 13 | 22 | | 35 | | 78 | | 112 |
| New losses greater than $4,000,000 | | | | **—** | — | 5 | — | — | | — | | 5 | | 5 |
| Case reserve development above $250,000 | | | | **44** | 60 | 45 | 46 | 49 | | 95 | | 140 | | 200 |
| Large losses subtotal | | | | **$ 124** | $ 159 | $ 155 | $ 116 | $ 133 | | $ 249 | | $ 404 | | $ 563 |
| IBNR incurred | | | | **6** | (29) | — | 6 | 7 | | 14 | | 14 | | (12) |
| Catastrophe losses incurred | | | | **22** | — | 1 | 5 | 10 | | 16 | | 17 | | 16 |
| Remaining incurred | | | | **146** | 89 | 163 | 131 | 132 | | 262 | | 425 | | 511 |
| Total losses incurred | | | | **$ 298** | $ 219 | $ 319 | $ 258 | $ 282 | | $ 541 | | $ 860 | | $1,078 |
| | | | | | | | | | | | | | | |
| **Loss Ratio** | | | | | | | | | | | | | | |
| New losses $250,000-$500,000 | | | | **4.0%** | 3.4% | 3.0% | 2.6% | 2.8% | | 2.7% | | 2.9% | | 2.9% |
| New losses $500,000-$750,000 | | | | **1.5** | 2.2 | 1.8 | 2.0 | 2.0 | | 2.0 | | 1.9 | | 2.0 |
| New losses $750,000-$1,000,000 | | | | **1.3** | 1.8 | 1.3 | 1.0 | 1.5 | | 1.2 | | 1.3 | | 1.4 |
| New losses $1,000,000-$2,000,000 | | | | **3.2** | 3.2 | 4.2 | 3.8 | 3.8 | | 3.8 | | 3.9 | | 3.7 |
| New losses $2,000,000-$4,000,000 | | | | **3.9** | 5.7 | 7.2 | 2.1 | 3.6 | | 2.9 | | 4.3 | | 4.5 |
| New losses greater than $4,000,000 | | | | **—** | — | 0.8 | — | — | | — | | 0.3 | | 0.2 |
| Case reserve development above $250,000 | | | | **7.8** | 10.1 | 7.5 | 7.6 | 8.1 | | 7.8 | | 7.6 | | 8.3 |
| Large losses subtotal | | | | **21.7%** | 26.4% | 25.8% | 19.1% | 21.8% | | 20.4% | | 22.2% | | 23.2% |
| IBNR incurred | | | | **1.0** | (4.8) | — | 1.0 | 1.2 | | 1.1 | | 0.8 | | (0.5) |
| Total catastrophe losses incurred | | | | **3.9** | — | 0.2 | 0.8 | 1.8 | | 1.3 | | 0.9 | | 0.7 |
| Remaining incurred | | | | **25.4** | 14.8 | 27.2 | 21.7 | 22.0 | | 21.9 | | 23.6 | | 21.4 |
| Total loss ratio | | | | **52.0%** | 36.4% | 53.2% | 42.6% | 46.8% | | 44.7% | | 47.5% | | 44.8% |
| | | | | | | | | | | | | | | |
| **Loss Claim Count** | | | | | | | | | | | | | | |
| New losses $250,000-$500,000 | | | | **68** | 64 | 57 | 49 | 57 | | 106 | | 163 | | 227 |
| New losses $500,000-$750,000 | | | | **16** | 23 | 20 | 21 | 20 | | 41 | | 61 | | 84 |
| New losses $750,000-$1,000,000 | | | | **9** | 13 | 9 | 7 | 11 | | 18 | | 27 | | 40 |
| New losses $1,000,000-$2,000,000 | | | | **16** | 14 | 20 | 19 | 17 | | 36 | | 56 | | 70 |
| New losses $2,000,000-$4,000,000 | | | | **7** | 11 | 14 | 4 | 7 | | 11 | | 25 | | 36 |
| New losses greater than $4,000,000 | | | | **—** | — | 1 | — | — | | — | | 1 | | 1 |
| Case reserve development above $250,000 | | | | **74** | 96 | 80 | 75 | 85 | | 160 | | 240 | | 336 |
| Large losses total | | | | **190** | 221 | 201 | 175 | 197 | | 372 | | 573 | | 794 |

* *Dollar amounts shown are rounded to millions; certain amounts may not add due to rounding. Ratios are calculated based on whole dollar amounts.*

* *NM — Not meaningful*

* *Statutory data prepared in accordance with statutory accounting rules as defined by the National Association of Insurance Commissioners and filed with the appropriate regulatory bodies.*

# Cincinnati Insurance Group — Personal Lines
## Statutory Quarterly Analysis
## (Based on reported data — see Page 22 for adjusted data)

| | Three months ended | | | | | | | | Six months ended | | Nine months ended | | Twelve months ended | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| (Dollars in millions) | 12/31/08 | 9/30/08 | 6/30/08 | **3/31/08** | 12/31/07 | 9/30/07 | 6/30/07 | 3/31/07 | 6/30/08 | 6/30/07 | 9/30/08 | 9/30/07 | 12/31/08 | 1/3/00 |
| Net premiums written | | | | **$ 150** | $ 162 | $ 192 | $ 197 | **$ 153** | | $ 350 | | $ 542 | | $ 704 |
| Net premiums earned | | | | **$ 177** | $ 176 | $ 177 | $ 180 | $ 181 | | $ 361 | | $ 538 | | $ 714 |
| | | | | | | | | | | | | | | |
| Losses paid | | | | **$ 116** | $ 103 | $ 110 | $ 110 | $ 105 | | $ 214 | | $ 324 | | $ 426 |
| Loss reserve change | | | | **3** | (30) | 3 | (4) | (17) | | (20) | | (17) | | (47) |
| Total losses incurred | | | | **$ 119** | $ 73 | $ 113 | $ 106 | $ 88 | | $ 194 | | $ 307 | | $ 379 |
| Allocated loss expense paid | | | | **3** | 4 | 3 | 3 | 4 | | 7 | | 10 | | 14 |
| Allocated loss expense reserve change | | | | **—** | (1) | (1) | — | — | | — | | (1) | | (2) |
| Total allocated loss expense incurred | | | | **$ 3** | $ 3 | $ 2 | $ 3 | $ 4 | | $ 7 | | $ 9 | | $ 12 |
| Unallocated loss expense paid | | | | **13** | 12 | 13 | 11 | 13 | | 24 | | 38 | | 50 |
| Unallocated loss expense reserve change | | | | **1** | (3) | — | — | (1) | | (1) | | (2) | | (3) |
| Total unallocated loss expense incurred | | | | **$ 14** | $ 9 | $ 13 | $ 11 | $ 12 | | $ 23 | | $ 36 | | $ 47 |
| Underwriting expenses incurred | | | | **51** | 52 | 60 | 63 | 56 | | 118 | | 178 | | 231 |
| Underwriting profit (loss) | | | | **$ (10)** | $ 39 | $ (11) | $ (3) | $ 22 | | $ 19 | | $ 8 | | $ 45 |
| | | | | | | | | | | | | | | |
| **Ratio Data** | | | | | | | | | | | | | | |
| **Loss ratio** | | | | **67.4%** | 41.3% | 63.8% | 58.6% | 48.9% | | 53.8% | | 57.1% | | 53.2% |
| Allocated loss expense ratio | | | | **1.9** | 1.8 | 1.4 | 1.9 | 1.8 | | 1.9 | | 1.7 | | 1.7 |
| Unallocated loss expense ratio | | | | **7.4** | 5.5 | 7.3 | 6.2 | 6.6 | | 6.4 | | 6.7 | | 6.4 |
| Net underwriting expense ratio | | | | **34.1** | 32.8 | 31.1 | 31.9 | 36.2 | | 33.7 | | 32.8 | | 32.8 |
| Statutory combined ratio | | | | **110.8%** | 81.4% | 103.6% | 98.6% | 93.5% | | 95.8% | | 98.3% | | 94.1% |
| Statutory combined ratio excluding catastrophes | | | | **99.2%** | 82.4% | 96.6% | 95.1% | 97.6% | | 96.1% | | 96.2% | | 92.8% |
| | | | | | | | | | | | | | | |
| **Loss Detail** | | | | | | | | | | | | | | |
| **New losses $250,000-$500,000** | | | | **$ 6** | $ 8 | $ 6 | $ 6 | $ 5 | | $ 11 | | $ 17 | | $ 25 |
| New losses $500,000-$750,000 | | | | **3** | 2 | 3 | 3 | 3 | | 6 | | 9 | | 11 |
| New losses $750,000-$1,000,000 | | | | **1** | 2 | 1 | 3 | 1 | | 4 | | 5 | | 7 |
| New losses $1,000,000-$2,000,000 | | | | **4** | 5 | 1 | 3 | 5 | | 8 | | 9 | | 14 |
| New losses $2,000,000-$4,000,000 | | | | **—** | 2 | 7 | 4 | — | | 4 | | 11 | | 13 |
| New losses greater than $4,000,000 | | | | **—** | — | — | — | — | | — | | — | | — |
| Case reserve development above $250,000 | | | | **4** | 8 | 5 | 2 | 4 | | 6 | | 11 | | 19 |
| Large losses subtotal | | | | **$ 18** | $ 27 | $ 23 | $ 21 | $ 18 | | $ 39 | | $ 62 | | $ 89 |
| IBNR incurred | | | | **—** | (14) | — | 1 | — | | 1 | | 1 | | (13) |
| Catastrophe losses incurred | | | | **21** | (2) | 12 | 6 | (7) | | (1) | | 11 | | 10 |
| Remaining incurred | | | | **80** | 62 | 78 | 78 | 77 | | 155 | | 233 | | 293 |
| Total losses incurred | | | | **$ 119** | $ 73 | $ 113 | $ 106 | $ 88 | | $ 194 | | $ 307 | | $ 379 |
| | | | | | | | | | | | | | | |
| **Loss Ratio** | | | | | | | | | | | | | | |
| **New losses $250,000-$500,000** | | | | **3.6%** | 4.5% | 3.4% | 3.3% | 3.0% | | 3.1% | | 3.3% | | 3.6% |
| New losses $500,000-$750,000 | | | | **1.5** | 1.1 | 1.7 | 1.7 | 1.9 | | 1.8 | | 1.7 | | 1.5 |
| New losses $750,000-$1,000,000 | | | | **0.4** | 1.1 | 0.6 | 1.7 | 0.7 | | 1.1 | | 0.9 | | 1.0 |
| New losses $1,000,000-$2,000,000 | | | | **2.1** | 2.8 | 0.6 | 1.7 | 3.0 | | 2.3 | | 1.7 | | 2.0 |
| New losses $2,000,000-$4,000,000 | | | | **—** | 1.0 | 4.1 | 2.2 | — | | 1.1 | | 2.1 | | 1.8 |
| New losses greater than $4,000,000 | | | | **—** | — | — | — | — | | — | | — | | — |
| Case reserve development above $250,000 | | | | **2.5** | 4.4 | 2.9 | 1.2 | 2.2 | | 1.8 | | 2.1 | | 2.7 |
| Large losses subtotal | | | | **10.0%** | 15.1% | 13.2% | 11.8% | 10.6% | | 11.2% | | 11.8% | | 12.6% |
| IBNR incurred | | | | **0.2** | (7.8) | — | 0.4 | — | | 0.2 | | 0.1 | | (1.8) |
| Total catastrophe losses incurred | | | | **11.6** | (1.0) | 7.0 | 3.5 | (4.1) | | (0.3) | | 2.1 | | 1.3 |
| Remaining incurred | | | | **45.6** | 35.0 | 43.6 | 42.9 | 42.4 | | 42.7 | | 43.1 | | 41.1 |
| Total loss ratio | | | | **67.4**% | 41.3% | 63.8% | 58.6% | 48.9% | | 53.8% | | 57.1% | | 53.2% |
| | | | | | | | | | | | | | | |
| **Loss Claim Count** | | | | | | | | | | | | | | |
| **New losses $250,000-$500,000** | | | | **19** | 24 | 18 | 18 | 15 | | 33 | | 51 | | 75 |
| New losses $500,000-$750,000 | | | | **5** | 4 | 5 | 5 | 4 | | 9 | | 14 | | 18 |
| New losses $750,000-$1,000,000 | | | | **1** | 3 | 2 | 4 | 1 | | 5 | | 7 | | 10 |
| New losses $1,000,000-$2,000,000 | | | | **3** | 4 | 1 | 2 | 4 | | 6 | | 7 | | 11 |
| New losses $2,000,000-$4,000,000 | | | | **—** | 1 | 2 | 1 | — | | 1 | | 3 | | 4 |
| New losses greater than $4,000,000 | | | | **—** | — | — | — | — | | — | | — | | — |
| Case reserve development above $250,000 | | | | **7** | 16 | 13 | 7 | 8 | | 15 | | 28 | | 44 |
| Large losses total | | | | **35** | 52 | 41 | 37 | 32 | | 69 | | 110 | | 162 |

* *Dollar amounts shown are rounded to millions; certain amounts may not add due to rounding. Ratios are calculated based on whole dollar amounts.*

* *NM — Not meaningful*

* *Statutory data prepared in accordance with statutory accounting rules as defined by the National Association of Insurance Commissioners and filed with the appropriate regulatory bodies.*

## Cincinnati Insurance Group.

## Direct Written Premiums by Risk State by Line of Business for the Three Months Ended March 31, 2008

(Dollars in millions)

| Risk State | Comm Casualty | Comm Prop | Comm Auto | Workers' Comp | Specialty Packages | Surety & Exec Risk | Mach. & Equip | Pers Auto | Home Owner | Other Personal | **3/31/2008 Agency Direct** | 3/31/2007 Agency Direct | Commercial Change % | Personal Change % | Total Change % |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| AL | $ 4.9 | $ 3.9 | $ 2.0 | $ 0.3 | $ 2.0 | $ 0.6 | $0.1 | $ 3.5 | $ 5.5 | $ 1.1 | **$ 24.0** | $ 24.5 | (9.4) | 9.8 | (2.2) |
| AZ | 4.1 | 1.9 | 2.9 | 0.2 | 0.2 | 0.2 | 0.3 | 0.0 | 0.0 | 0.0 | **9.8** | 8.7 | 12.8 | (9.4) | 12.6 |
| AR | 2.6 | 2.5 | 1.7 | 1.4 | 0.9 | 0.3 | 0.1 | 0.7 | 0.7 | 0.2 | **11.0** | 11.3 | (2.4) | 0.1 | (2.1) |
| DE | 0.2 | 0.2 | 0.2 | 0.5 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | **1.1** | 1.4 | (14.0) | — | (14.0) |
| FL | 8.3 | 6.8 | 3.6 | 0.5 | 0.8 | 0.7 | 0.2 | 3.0 | 4.8 | 0.9 | **29.8** | 35.6 | (12.8) | (23.6) | (16.2) |
| GA | 7.8 | 5.1 | 4.7 | 4.4 | 1.8 | 1.6 | 0.2 | 6.8 | 6.2 | 1.8 | **40.4** | 40.5 | (2.1) | 3.0 | (0.0) |
| ID | 2.7 | 1.1 | 1.3 | 0.1 | 0.3 | 0.4 | 0.1 | 0.0 | 0.0 | 0.0 | **5.9** | 5.6 | 7.5 | — | 7.5 |
| IL | 18.2 | 12.2 | 9.4 | 17.2 | 3.4 | 2.1 | 0.6 | 5.0 | 3.9 | 1.5 | **73.5** | 80.5 | (9.7) | (0.7) | (8.3) |
| IN | 14.0 | 10.1 | 7.3 | 9.2 | 2.0 | 2.0 | 0.6 | 5.7 | 5.4 | 1.5 | **57.9** | 63.3 | (11.4) | 1.9 | (8.5) |
| IA | 5.0 | 3.2 | 2.4 | 7.7 | 1.2 | 0.8 | 0.2 | 0.7 | 0.9 | 0.4 | **22.4** | 24.3 | (7.4) | (10.4) | (7.7) |
| KS | 2.0 | 2.1 | 1.3 | 2.9 | 0.8 | 0.3 | 0.1 | 0.9 | 1.2 | 0.3 | **11.9** | 12.8 | (7.5) | (4.1) | (6.9) |
| KY | 5.7 | 5.0 | 4.0 | 1.0 | 1.3 | 0.8 | 0.2 | 4.2 | 3.3 | 0.9 | **26.4** | 26.5 | (2.3) | 4.1 | (0.4) |
| MD | 3.7 | 1.3 | 2.6 | 2.6 | 0.3 | 0.4 | 0.1 | 0.0 | 0.4 | 0.1 | **11.5** | 13.0 | (12.1) | 23.0 | (11.1) |
| MI | 8.2 | 5.0 | 4.0 | 5.4 | 3.0 | 1.4 | 0.4 | 2.4 | 2.9 | 0.7 | **33.3** | 39.9 | (17.4) | (11.4) | (16.4) |
| MN | 6.6 | 4.1 | 2.6 | 2.3 | 0.9 | 0.7 | 0.3 | 1.3 | 1.2 | 0.9 | **20.9** | 25.3 | (18.9) | (7.7) | (17.2) |
| MO | 7.7 | 4.6 | 3.0 | 4.8 | 1.4 | 0.5 | 0.2 | 0.5 | 0.9 | 0.2 | **23.8** | 26.1 | (8.6) | (13.4) | (9.0) |
| MT | 5.0 | 1.4 | 1.8 | 0.0 | 0.2 | 0.2 | 0.1 | 0.0 | 0.0 | 0.0 | **8.8** | 8.4 | 5.7 | 20.9 | 5.7 |
| NE | 1.7 | 1.3 | 1.0 | 2.2 | 0.4 | 0.4 | 0.1 | 0.2 | 0.2 | 0.1 | **7.6** | 8.0 | (3.5) | (16.4) | (4.5) |
| NH | 0.7 | 0.5 | 0.3 | 0.8 | 0.2 | 0.2 | 0.0 | 0.2 | 0.1 | 0.1 | **3.1** | 3.6 | (14.0) | (8.5) | (13.4) |
| NY | 6.3 | 1.5 | 2.0 | 0.5 | 0.4 | 0.4 | 0.1 | 0.0 | 0.0 | 0.0 | **11.3** | 13.8 | (17.8) | 4.9 | (17.7) |
| NC | 10.2 | 6.7 | 5.4 | 8.0 | 3.0 | 1.5 | 0.3 | 0.2 | 0.4 | 0.7 | **36.5** | 40.2 | (9.3) | 1.1 | (9.0) |
| ND | 1.6 | 1.0 | 0.8 | 0.0 | 0.2 | 0.3 | 0.1 | 0.1 | 0.1 | 0.0 | **4.1** | 3.9 | 9.5 | (20.8) | 7.2 |
| OH | 43.3 | 23.9 | 17.3 | (0.4) | 4.8 | 6.3 | 1.2 | 26.8 | 18.8 | 6.6 | **148.8** | 158.0 | (9.7) | (1.9) | (5.6) |
| PA | 12.4 | 7.6 | 8.2 | 17.3 | 2.7 | 1.3 | 0.5 | 1.6 | 1.2 | 0.8 | **53.7** | 55.6 | (3.4) | (3.3) | (3.4) |
| SC | 3.3 | 1.8 | 1.7 | 1.8 | 0.7 | 0.7 | 0.1 | 0.0 | 0.0 | 0.0 | **10.1** | 11.1 | (9.2) | (13.5) | (9.2) |
| SD | 1.2 | 0.8 | 0.6 | 1.4 | 0.1 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | **4.3** | 4.7 | (8.1) | (20.0) | (8.1) |
| TN | 6.3 | 4.7 | 3.3 | 4.2 | 2.2 | 1.1 | 0.3 | 1.9 | 2.0 | 0.7 | **26.6** | 30.3 | (14.3) | 1.7 | (11.9) |
| UT | 3.0 | 1.1 | 1.6 | 0.0 | 0.1 | 0.3 | 0.1 | 0.0 | 0.0 | 0.0 | **6.4** | 6.1 | 6.8 | — | 6.9 |
| VT | 1.2 | 0.9 | 0.7 | 1.6 | 0.2 | 0.1 | 0.1 | 0.2 | 0.2 | 0.1 | **5.3** | 5.9 | (9.9) | (8.5) | (9.8) |
| VA | 9.4 | 6.7 | 6.3 | 7.0 | 1.3 | 1.1 | 0.3 | 1.9 | 1.6 | 0.6 | **36.2** | 41.4 | (13.3) | (6.5) | (12.6) |
| WV | 2.1 | 1.3 | 1.5 | 0.0 | 0.7 | 0.1 | 0.1 | 0.0 | 0.1 | 0.1 | **6.0** | 7.5 | (19.6) | (25.3) | (19.8) |
| WI | 8.2 | 4.9 | 3.1 | 8.9 | 1.2 | 0.9 | 0.4 | 1.8 | 1.5 | 0.7 | **31.6** | 33.8 | (6.5) | (5.1) | (6.3) |
| All Other | 1.7 | 1.5 | 1.1 | 1.7 | 0.0 | 0.5 | 0.1 | 0.0 | 0.1 | 0.0 | **6.6** | 6.8 | (3.2) | 7.6 | (3.0) |
| Total | $219.1 | $137.0 | $109.7 | $115.8 | $39.1 | $28.2 | $7.5 | $69.7 | $63.5 | $21.0 | **$810.7** | $878.1 | (8.7) | (2.7) | (7.6) |
| Other Direct | 0.3 | 0.6 | 0.2 | 1.8 | 0.1 | 0.0 | 0.0 | 0.1 | 0.9 | 0.4 | **4.4** | 3.5 | 38.6 | 10.1 | 28.2 |
| Total Direct | $219.4 | $137.6 | $109.9 | $117.6 | $39.2 | $28.2 | $7.5 | $69.8 | $64.4 | $21.4 | **$815.1** | $881.6 | (8.6) | (2.6) | (7.5) |

# Cincinnati Insurance Group
## Quarterly Property Casualty Data — By Commercial Lines of Business

| (Dollars in millions) | Three months ended | | | | | | | | Six months ended | | Nine months ended | | Twelve months ended | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 12/31/08 | 9/30/08 | 6/30/08 | **3/31/08** | 12/31/07 | 9/30/07 | 6/30/07 | 3/31/07 | 6/30/08 | 6/30/07 | 9/30/08 | 9/30/07 | 12/31/08 | 12/31/07 |
| **Commercial casualty:** | | | | | | | | | | | | | | |
| Written premiums | | | | **$ 211** | $ 189 | $ 179 | $ 218 | $ 245 | | $ 462 | | $ 641 | | $ 830 |
| Earned premiums | | | | **190** | 204 | 205 | 209 | 209 | | 418 | | 623 | | 827 |
| Loss and loss expenses ratio | | | | **58.3%** | 32.0% | 63.7% | 54.6% | 53.5% | | 54.2% | | 57.4% | | 51.1% |
| Less catastrophe loss ratio | | | | **—** | — | — | — | — | | — | | — | | — |
| Loss and loss expenses excluding catastrophe loss ratio | | | | **58.3%** | 32.0% | 63.7% | 54.6% | 53.5% | | 54.2% | | 57.4% | | 51.1% |
| **Commercial property:** | | | | | | | | | | | | | | |
| Written premiums | | | | **$ 124** | $ 116 | $ 120 | $ 125 | $ 138 | | $ 263 | | $ 383 | | $ 499 |
| Earned premiums | | | | **122** | 124 | 125 | 125 | 123 | | 248 | | 373 | | 497 |
| Loss and loss expenses ratio | | | | **75.5%** | 32.9% | 61.5% | 45.8% | 53.6% | | 49.7% | | 53.7% | | 48.5% |
| Less catastrophe loss ratio | | | | **16.5** | — | (1.4) | 3.2 | 6.9 | | 5.0 | | 2.9 | | 2.2 |
| Loss and loss expenses excluding catastrophe loss ratio | | | | **59.0%** | 32.9% | 62.9% | 42.6% | 46.7% | | 44.7% | | 50.8% | | 46.3% |
| **Commercial auto:** | | | | | | | | | | | | | | |
| Written premiums | | | | **$ 107** | $ 100 | $ 92 | $ 112 | $ 124 | | $ 236 | | $ 329 | | $ 429 |
| Earned premiums | | | | **101** | 110 | 108 | 110 | 113 | | 223 | | 331 | | 440 |
| Loss and loss expenses ratio | | | | **63.4%** | 60.3% | 66.9% | 62.9% | 64.6% | | 63.4% | | 64.5% | | 63.5% |
| Less catastrophe loss ratio | | | | **(0.4)** | (0.2) | 0.4 | — | (0.2) | | — | | 0.1 | | — |
| Loss and loss expenses excluding catastrophe loss ratio | | | | **63.8%** | 60.5% | 66.5% | 62.9% | 64.8% | | 63.4% | | 64.4% | | 63.5% |
| **Workers' compensation:** | | | | | | | | | | | | | | |
| Written premiums | | | | **$ 114** | $ 88 | $ 84 | $ 92 | $ 113 | | $ 206 | | $ 289 | | $ 378 |
| Earned premiums | | | | **94** | 93 | 94 | 95 | 92 | | 187 | | 280 | | 373 |
| Loss and loss expenses ratio | | | | **64.8%** | 113.6% | 82.0% | 66.8% | 76.5% | | 71.5% | | 75.0% | | 84.6% |
| Less catastrophe loss ratio | | | | **—** | — | — | — | — | | — | | — | | — |
| Loss and loss expenses excluding catastrophe loss ratio | | | | **64.8%** | 113.6% | 82.0% | 66.8% | 76.5% | | 71.5% | | 75.0% | | 84.6% |
| **Specialty package:** | | | | | | | | | | | | | | |
| Written premiums | | | | **$ 37** | $ 36 | $ 34 | $ 36 | $ 41 | | $ 77 | | $ 111 | | $ 146 |
| Earned premiums | | | | **35** | 36 | 36 | 37 | 36 | | 73 | | 109 | | 146 |
| Loss and loss expenses ratio | | | | **63.4%** | 41.9% | 76.7% | 49.9% | 69.6% | | 59.6% | | 65.3% | | 59.4% |
| Less Catastrophe loss ratio | | | | **8.1** | 0.6 | 6.2 | 2.6 | 7.0 | | 4.7 | | 5.2 | | 4.1 |
| Loss and loss expenses excluding catastrophe loss ratio | | | | **55.3%** | 41.3% | 70.5% | 47.3% | 62.6% | | 54.9% | | 60.1% | | 55.3% |
| **Surety and executive risk:** | | | | | | | | | | | | | | |
| Written premiums | | | | **$ 25** | $ 26 | $ 28 | $ 23 | $ 25 | | $ 48 | | $ 76 | | $ 102 |
| Earned premiums | | | | **25** | 27 | 25 | 24 | 24 | | 47 | | 73 | | 100 |
| Loss and loss expenses ratio | | | | **45.9%** | 55.7% | 36.5% | 49.3% | 24.0% | | 36.7% | | 36.7% | | 41.8% |
| Less catastrophe loss ratio | | | | **—** | — | — | — | — | | — | | — | | — |
| Loss and loss expenses excluding catastrophe loss ratio | | | | **45.9%** | 55.7% | 36.5% | 49.3% | 24.0% | | 36.7% | | 36.7% | | 41.8% |
| **Machinery and equipment:** | | | | | | | | | | | | | | |
| Written premiums | | | | **$ 7** | $ 7 | $ 7 | $ 7 | $ 7 | | $ 14 | | $ 22 | | $ 29 |
| Earned premiums | | | | **7** | 7 | 7 | 7 | 7 | | 14 | | 21 | | 28 |
| Loss and loss expense ratio | | | | **53.3%** | 27.8% | 34.7% | 20.4% | 28.2% | | 24.3% | | 27.8% | | 27.8% |
| Less catastrophe loss ratio | | | | **—** | (0.8) | 1.3 | — | (1.6) | | (0.8) | | (0.1) | | (0.3) |
| Loss and loss expense excluding catastrophe loss ratio | | | | **53.3%** | 28.6% | 33.4% | 20.4% | 29.8% | | 25.1% | | 27.9% | | 28.1% |

* *Dollar amounts shown are rounded to millions; certain amounts may not add due to rounding. Ratios are calculated based on whole dollar amounts. The sum of quarterly amounts may not equal the full year as each is computed independently.*

## Cincinnati Insurance Group
## Quarterly Property Casualty Data — By Personal Lines of Business

| (Dollars in millions) | Three months ended | | | | | | | | Six months ended | | Nine months ended | | Twelve months ended | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 12/31/08 | 9/30/08 | 6/30/08 | **3/31/08** | 12/31/07 | 9/30/07 | 6/30/07 | 3/31/07 | 6/30/08 | 6/30/07 | 9/30/08 | 9/30/07 | 12/31/08 | 12/31/07 |
| **Personal auto:** | | | | | | | | | | | | | | |
| Written premiums | | | | **$ 69** | $ 75 | $ 92 | $ 93 | $ 72 | | $ 164 | | $ 256 | | $ 332 |
| Earned premiums | | | | **83** | 83 | 85 | 86 | 88 | | 174 | | 259 | | 342 |
| Loss and loss expenses ratio | | | | **67.6%** | 65.3% | 67.7% | 67.6% | 66.5% | | 67.1% | | 67.3% | | 66.8% |
| Less catastrophe loss ratio | | | | **1.7** | (0.3) | 0.7 | (0.3) | (2.3) | | (1.3) | | (0.6) | | (0.6) |
| Loss and loss expenses excluding catastrophe loss ratio | | | | **65.9%** | 65.6% | 67.0% | 67.9% | 68.8% | | 68.4% | | 67.9% | | 67.4% |
| **Homeowner:** | | | | | | | | | | | | | | |
| Written premiums | | | | **$ 60** | $ 66 | $ 77 | $ 80 | $ 61 | | $ 141 | | $ 218 | | $ 284 |
| Earned premiums | | | | **72** | 71 | 70 | 72 | 71 | | 143 | | 214 | | 285 |
| Loss and loss expenses ratio | | | | **91.4%** | 36.6% | 82.7% | 66.9% | 50.0% | | 58.5% | | 66.5% | | 59.0% |
| Less catastrophe loss ratio | | | | **25.2** | (2.3) | 15.6 | 8.3 | (7.5) | | 0.4 | | 5.4 | | 3.5 |
| Loss and loss expenses excluding catastrophe loss ratio | | | | **66.2%** | 38.9% | 67.1% | 58.6% | 57.5% | | 58.1% | | 61.1% | | 55.5% |
| **Other personal:** | | | | | | | | | | | | | | |
| Written premiums | | | | **$ 21** | $ 21 | $ 23 | $ 24 | $ 20 | | $ 44 | | $ 67 | | $ 88 |
| Earned premiums | | | | **22** | 22 | 22 | 22 | 22 | | 43 | | 65 | | 87 |
| Loss and loss expenses ratio | | | | **62.2%** | 24.1% | 57.9% | 62.8% | 43.4% | | 53.1% | | 54.7% | | 47.0% |
| Less Catastrophe loss ratio | | | | **4.1** | 0.6 | 3.7 | 3.5 | (0.1) | | 1.3 | | 2.0 | | 1.7 |
| Loss and loss expenses excluding catastrophe loss ratio | | | | **58.1%** | 23.5% | 54.2% | 59.3% | 43.5% | | 51.8% | | 52.7% | | 45.3% |

* *Dollar amounts shown are rounded to millions; certain amounts may not add due to rounding. Ratios are calculated based on whole dollar amounts. The sum of quarterly amounts may not equal the full year as each is computed independently.*

# Cincinnati Insurance Group

## Quarterly Detailed Loss Analysis

| (Dollars in millions) | Three months ended | | | | | | | | Six months ended | | Nine months ended | | Twelve months ended | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 12/31/08 | 9/30/08 | 6/30/08 | **3/31/08** | 12/31/07 | 9/30/07 | 6/30/07 | 3/31/07 | 6/30/08 | 6/30/07 | 9/30/08 | 9/30/07 | 12/31/08 | 12/31/07 |
| **All Lines** | | | | | | | | | | | | | | |
| Loss and loss expenses: | | | | | | | | | | | | | | |
| Loss and loss expenses — current AY | | | | **$ 467** | $ 515 | $ 558 | $ 484 | $ 472 | | $ 956 | | $1,515 | | $2,029 |
| Loss and loss expenses — current AY | | | | **(9)** | (118) | (47) | (40) | (17) | | (58) | | (106) | | (223) |
| Catastrophes — current AY | | | | **47** | (1) | 15 | 15 | 16 | | 31 | | 48 | | 46 |
| Catastrophes — prior AY's | | | | **(4)** | (1) | (2) | (4) | (13) | | (16) | | (19) | | (19) |
| Total | | | | **$ 501** | $ 395 | $ 524 | $ 455 | $ 458 | | $ 913 | | $1,438 | | $1,833 |
| **Ratio to Earned Premiums** | | | | | | | | | | | | | | |
| Loss and loss expenses : | | | | | | | | | | | | | | |
| Loss and loss expenses — current AY | | | | **62.2%** | 66.3% | 71.9% | 61.6% | 60.2% | | 60.9% | | 64.5% | | 64.9% |
| Loss and loss expenses — current AY | | | | **(1.3)** | (15.2) | (6.2) | (5.1) | (2.3) | | (3.7) | | (4.5) | | (7.1) |
| Catastrophes — current AY | | | | **6.2** | (0.1) | 2.0 | 1.9 | 2.1 | | 2.0 | | 2.0 | | 1.4 |
| Catastrophes — prior AY's | | | | **(0.5)** | (0.1) | (0.3) | (0.5) | (1.7) | | (1.0) | | (0.8) | | (0.6) |
| Total | | | | **66.6%** | 50.9% | 67.4% | 57.9% | 58.3% | | 58.2% | | 61.2% | | 58.6% |
| **Commercial Lines** | | | | | | | | | | | | | | |
| Loss and loss expenses: | | | | | | | | | | | | | | |
| Loss and loss expenses — current AY | | | | **$ 354** | $ 412 | $ 433 | $ 370 | $ 356 | | $ 727 | | $1,159 | | $1,571 |
| Loss and loss expenses — current AY | | | | **(11)** | (102) | (38) | (40) | (13) | | (53) | | (91) | | (193) |
| Catastrophes — current AY | | | | **25** | — | 5 | 8 | 12 | | 21 | | 27 | | 26 |
| Catastrophes — prior AY's | | | | **(3)** | — | (4) | (3) | (2) | | (5) | | (9) | | (9) |
| Total | | | | **$ 365** | $ 310 | $ 396 | $ 335 | $ 354 | | $ 690 | | $1,086 | | $1,395 |
| **Ratio to Earned Premiums** | | | | | | | | | | | | | | |
| Loss and loss expenses: | | | | | | | | | | | | | | |
| Loss and loss expenses — current AY | | | | **61.6%** | 68.5% | 72.2% | 61.0% | 59.0% | | 60.0% | | 64.0% | | 65.2% |
| Loss and loss expenses — current AY | | | | **(1.9)** | (17.0) | (6.4) | (6.6) | (2.1) | | (4.3) | | (5.0) | | (8.0) |
| Catastrophes — current AY | | | | **4.5** | 0.0 | 0.9 | 1.4 | 2.2 | | 1.8 | | 1.6 | | 1.1 |
| Catastrophes — prior AY's | | | | **(0.6)** | (0.0) | (0.8) | (0.5) | (0.4) | | (0.4) | | (0.5) | | (0.4) |
| Total | | | | **63.6%** | 51.4% | 66.0% | 55.3% | 58.7% | | 57.1% | | 60.1% | | 57.9% |
| **Personal Lines** | | | | | | | | | | | | | | |
| Loss and loss expenses: | | | | | | | | | | | | | | |
| Loss and loss expenses — current AY | | | | **$ 113** | $ 103 | $ 125 | $ 114 | $ 116 | | $ 229 | | $ 356 | | $ 458 |
| Loss and loss expenses — current AY | | | | **2** | (16) | (9) | — | (5) | | (5) | | (15) | | (30) |
| Catastrophes — current AY | | | | **22** | (1) | 10 | 7 | 4 | | 10 | | 21 | | 20 |
| Catastrophes — prior AY's | | | | **(1)** | (1) | 2 | (1) | (11) | | (11) | | (10) | | (10) |
| Total | | | | **$ 136** | $ 85 | $ 128 | $ 120 | $ 104 | | $ 223 | | $ 352 | | $ 438 |
| **Ratio to Earned Premiums** | | | | | | | | | | | | | | |
| Loss and loss expenses: | | | | | | | | | | | | | | |
| Loss and loss expenses — current AY | | | | **64.1%** | 58.5% | 70.8% | 63.3% | 64.3% | | 63.8% | | 66.1% | | 64.2% |
| Loss and loss expenses — current AY | | | | **1.0** | (8.9) | (5.3) | (0.1) | (2.9) | | (1.5) | | (2.8) | | (4.2) |
| Catastrophes — current AY | | | | **11.9** | (0.7) | 5.9 | 3.8 | 2.0 | | 2.9 | | 3.9 | | 2.7 |
| Catastrophes — prior AY's | | | | **(0.3)** | (0.3) | 1.1 | (0.3) | (6.1) | | (3.2) | | (1.8) | | (1.4) |
| Total | | | | **76.7%** | 48.6% | 72.5% | 66.7% | 57.3% | | 62.0% | | 65.4% | | 61.3% |

## Cincinnati Insurance Group

## Quarterly Property Casualty Data — Consolidated

| (Dollars in millions) | Three months ended | | | | | | | | Six months ended | | Nine months ended | | Twelve months ended | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 12/31/08 | 9/30/08 | 6/30/08 | **3/31/08** | 12/31/07 | 9/30/07 | 6/30/07 | 3/31/07 | 6/30/08 | 6/30/07 | 9/30/08 | 9/30/07 | 12/31/08 | 12/31/07 |
| **Premiums** | | | | | | | | | | | | | | |
| Adjusted written premiums (statutory) | | | | **$ 772** | $ 749 | $ 779 | $ 808 | $ 811 | | $1,619 | | $2,398 | | $3,149 |
| Written premium adjustment - statutory only | | | | **3** | (25) | (43) | 2 | 35 | | 37 | | (6) | | (32) |
| Reported written premiums (statutory)* | | | | **$ 775** | $ 724 | $ 736 | $ 810 | $ 846 | | $1,656 | | $2,392 | | $3,117 |
| Unearned premiums change | | | | **(24)** | 53 | 41 | (23) | (61) | | (85) | | (44) | | 8 |
| Earned premiums | | | | **$ 751** | $ 777 | $ 777 | $ 787 | $ 785 | | $1,571 | | $2,348 | | $3,125 |
| **Statutory combined ratio** | | | | | | | | | | | | | | |
| Statutory combined ratio | | | | **97.2%** | 87.8% | 98.7% | 87.7% | 87.7% | | 87.7% | | 91.3% | | 90.3% |
| Less catastrophe losses | | | | **5.7** | (0.3) | 1.7 | 1.4 | 0.4 | | 0.9 | | 1.2 | | 0.8 |
| Statutory combined ratio excluding catastrophe losses | | | | **91.5%** | 88.1% | 97.0% | 86.3% | 87.3% | | 86.8% | | 90.1% | | 89.5% |
| Commission expense ratio | | | | **17.7%** | 23.1% | 18.1% | 18.1% | 18.0% | | 18.0% | | 18.0% | | 19.2% |
| Other expense ratio | | | | **12.9** | 13.9 | 13.2 | 11.7 | 11.4 | | 11.6 | | 12.1 | | 12.5 |
| Statutory expense ratio | | | | **30.6%** | 37.0% | 31.3% | 29.8% | 29.4% | | 29.6% | | 30.1% | | 31.7% |
| **GAAP combined ratio** | | | | | | | | | | | | | | |
| GAAP combined ratio | | | | **98.6%** | 85.6% | 97.3% | 88.6% | 89.6% | | 89.1% | | 91.8% | | 90.3% |

* *Dollar amounts shown are rounded to millions; certain amounts may not add due to rounding. Ratios are calculated based on whole dollar amounts. The sum of quarterly amounts may not equal the full year as each is computed independently.*

* *nm — Not meaningful*

* *Statutory data prepared in accordance with statutory accounting rules as defined by the National Association of Insurance Commissioners and filed with the appropriate regulatory bodies.*

# Cincinnati Insurance Group
## Quarterly Property Casualty Data — Commercial Lines

| (Dollars in millions) | Three months ended 12/31/08 | 9/30/08 | 6/30/08 | 3/31/08 | 12/31/07 | 9/30/07 | 6/30/07 | 3/31/07 | Six months ended 6/30/08 | 6/30/07 | Nine months ended 9/30/08 | 9/30/07 | Twelve months ended 12/31/08 | 12/31/07 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Premiums** | | | | | | | | | | | | | | |
| Adjusted written premiums (statutory) | | | | **$ 622** | $ 586 | $ 587 | $ 611 | $ 658 | | $1,269 | | $1,857 | | $2,444 |
| Written premium adjustment — statutory only | | | | **3** | (24) | (43) | 2 | 35 | | 37 | | (6) | | (31) |
| Reported written premiums (statutory)* | | | | **$ 625** | $ 562 | $ 544 | $ 613 | $ 693 | | $1,306 | | $1,851 | | $2,413 |
| Unearned premiums change | | | | **(51)** | 39 | 56 | (6) | (89) | | (96) | | (41) | | (2) |
| Earned premiums | | | | **$ 574** | $ 601 | $ 600 | $ 607 | $ 604 | | $1,210 | | $1,810 | | $2,411 |
| **Statutory combined ratio** | | | | | | | | | | | | | | |
| Statutory combined ratio | | | | **93.3%** | 89.7% | 97.3% | 84.4% | 86.5% | | 85.4% | | 89.2% | | 89.2% |
| Less catastrophe losses | | | | **3.9** | — | 0.2 | 0.8 | 1.8 | | 1.3 | | 0.9 | | 0.6 |
| Statutory combined ratio excluding catastrophe losses | | | | **89.4%** | 89.7% | 97.1% | 83.6% | 84.7% | | 84.1% | | 88.3% | | 88.6% |
| **GAAP combined ratio** | | | | | | | | | | | | | | |
| GAAP combined ratio | | | | **95.0%** | 87.3% | 95.4% | 85.2% | 88.9% | | 87.0% | | 89.8% | | 89.2% |

* *Dollar amounts shown are rounded to millions; certain amounts may not add due to rounding. Ratios are calculated based on whole dollar amounts. The sum of quarterly amounts may not equal the full year as each is computed independently.*

* *nm — Not meaningful*

* *Statutory data prepared in accordance with statutory accounting rules as defined by the National Association of Insurance Commissioners and filed with the appropriate regulatory bodies.*

# Cincinnati Insurance Group
## Quarterly Property Casualty Data — Personal Lines

| (Dollars in millions) | Three months ended 12/31/08 | 9/30/08 | 6/30/08 | 3/31/08 | 12/31/07 | 9/30/07 | 6/30/07 | 3/31/07 | Six months ended 6/30/08 | 6/30/07 | Nine months ended 9/30/08 | 9/30/07 | Twelve months ended 12/31/08 | 12/31/07 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Adjusted written premiums (statutory) | | | | **$ 150** | $ 163 | $ 192 | $ 197 | $ 153 | | $ 350 | | $ 541 | | $ 705 |
| Written premium adjustment — statutory only | | | | **—** | (1) | — | — | — | | — | | — | | (1) |
| Reported written premiums (statutory)* | | | | **$ 150** | $ 162 | $ 192 | $ 197 | $ 153 | | $ 350 | | $ 541 | | $ 704 |
| Unearned premiums change | | | | **27** | 14 | (15) | (17) | 28 | | 11 | | (3) | | 10 |
| Earned premiums | | | | **$ 177** | $ 176 | $ 177 | $ 180 | $ 181 | | $ 361 | | $ 538 | | $ 714 |
| **Statutory combined ratio** | | | | | | | | | | | | | | |
| Statutory combined ratio | | | | **110.8%** | —% | 103.6% | 98.6% | 93.5% | | 95.8% | | 98.3% | | 94.1% |
| Less catastrophe losses | | | | **11.6** | (1.0) | 7.0 | 3.5 | (4.1) | | (0.3) | | 2.1 | | 1.3 |
| Statutory combined ratio excluding catastrophe losses | | | | **99.2%** | 1.0% | 96.6% | 95.1% | 97.6% | | 96.1% | | 96.2% | | 92.8% |
| **GAAP combined ratio** | | | | | | | | | | | | | | |
| GAAP combined ratio | | | | **110.1%** | 79.7% | 103.8% | 99.9% | 92.0% | | 96.0% | | 98.6% | | 93.9% |

* *Dollar amounts shown are rounded to millions; certain amounts may not add due to rounding. Ratios are calculated based on whole dollar amounts. The sum of quarterly amounts may not equal the full year as each is computed independently.*

* *nm — Not meaningful*

* *Statutory data prepared in accordance with statutory accounting rules as defined by the National Association of Insurance Commissioners and filed with the appropriate regulatory bodies.*

## The Cincinnati Life Insurance Company
## GAAP Statements of Income

| | For the Three Months Ended March 31, 2008 | 2007 | Change | % Change |
|---|---|---|---|---|
| Revenues: | | | | |
| Premiums earned: | | | | |
| Life | $ 40,068,179 | $ 38,946,474 | $ 1,121,705 | 2.88 |
| Accident health | 1,868,167 | 1,758,851 | 109,316 | 6.22 |
| Premiums ceded | (12,489,397) | (10,286,342) | (2,203,055) | 21.42 |
| Total premiums earned | 29,446,949 | 30,418,983 | (972,034) | (3.20) |
| Investment income | 29,080,394 | 28,312,584 | 767,810 | 2.71 |
| Realized investment gains and losses | (9,802,238) | 8,144,413 | (17,946,651) | (220.36) |
| Other income | 742,390 | 1,365,571 | (623,181) | (45.64) |
| **Total revenues** | **$ 49,467,495** | **$ 68,241,551** | **$(18,774,056)** | **(27.51)** |
| | | | | |
| Benefits & expenses: | | | | |
| Losses & policy benefits | $ 39,885,436 | $ 36,890,212 | $ 2,995,224 | 8.12 |
| Reinsurance recoveries | (4,358,148) | (9,652,925) | 5,294,777 | (54.85) |
| Commissions | 6,282,112 | 8,939,275 | (2,657,163) | (29.72) |
| Other operating expenses | 6,288,651 | 7,485,616 | (1,196,965) | (15.99) |
| Interest expense | — | — | — | — |
| Taxes, licenses & fees | 1,012,324 | 946,862 | 65,462 | 6.91 |
| Incr deferred acq expense | (2,036,729) | (3,936,437) | 1,899,708 | (48.26) |
| **Total expenses** | **$ 47,073,646** | **$ 40,672,603** | **$ 6,401,043** | **15.74** |
| | | | | |
| **Income before income taxes** | **$ 2,393,849** | **$ 27,568,948** | **$(25,175,099)** | **(91.32)** |
| Provision for income taxes: | | | | |
| Current | $ 7,672,506 | $ 2,700,754 | $ 4,971,752 | 184.09 |
| Current capital gains/losses | (3,410,783) | 2,870,544 | (6,281,327) | (218.82) |
| Deferred | (3,583,310) | 4,059,429 | (7,642,739) | (188.27) |
| **Total income taxes** | **$ 678,413** | **$ 9,630,727** | **$ (8,952,314)** | **(92.96)** |
| | | | | |
| **Net income** | **$ 1,715,436** | **$ 17,938,221** | **$(16,222,785)** | **(90.44)** |

## The Cincinnati Life Insurance Company
## Statutory Statements of Income

| | For the Three Months Ended March 31, 2008 | 2007 | % Change |
|---|---|---|---|
| Net premiums written | $41,996,272 | $40,441,018 | 3.85 |
| Net investment income | 29,080,732 | 28,317,576 | 2.69 |
| Amortization of interest maintenance reserve | (269,001) | 18,286 | (1,571.08) |
| Commissions and expense allowances on reinsurance ceded | 1,941,492 | 1,962,089 | (1.05) |
| Income from fees associated with Separate Accounts | 742,390 | 1,365,571 | (45.64) |
| **Total revenues** | **$73,491,885** | **$72,104,540** | **1.92** |
| Death benefits and matured endowments | $10,682,392 | $ 7,025,780 | 52.05 |
| Annuity benefits | 7,389,683 | 8,446,244 | (12.51) |
| Disability benefits and benefits under accident and health contracts | 575,866 | 392,588 | 46.68 |
| Surrender benefits and group conversions | 5,986,229 | 4,872,348 | 22.86 |
| Interest and adjustments on deposit-type contract funds | 2,749,630 | 2,701,644 | 1.78 |
| Increase in aggregate reserves for life and accident and health contracts | 22,344,475 | 27,127,730 | (17.63) |
| Payments on supplementary contracts with life contingencies | 84,382 | 90,522 | (6.78) |
| **Total benefit expenses** | **$49,812,657** | **$50,656,856** | **(1.67)** |
| Commissions | $ 8,147,979 | $ 8,834,275 | (7.77) |
| General insurance expenses and taxes | 9,509,358 | 9,826,285 | (3.23) |
| Increase in loading on deferred and uncollected premiums | (250,714) | (1,378,574) | 81.81 |
| Net transfers to or (from) Separate Accounts | — | — | — |
| Other deductions | 63 | 64 | (1.56) |
| **Total operating expenses** | **$17,406,686** | **$17,282,050** | **0.72** |
| Federal and Foreign Income Taxes Incurred | 7,659,148 | 2,611,204 | 193.32 |
| **Net gain from operations before realized capital gains or (losses)** | **$ (1,386,606)** | **$ 1,554,430** | **(189.20)** |
| Net realized gains or (losses) net of capital gains tax | (6,566,723) | 5,811,552 | (212.99) |
| **Net Income (loss) (Statutory)** | **$ (7,953,329)** | **$ 7,365,982** | **(207.97)** |

* *Statutory data prepared in accordance with statutory accounting rules as defined by the National Association of Insurance Commissioners and filed with the appropriate regulatory bodies.*

## The Cincinnati Life Insurance Company
## Expenses as a Percentage of Premium

| (Dollars in millions) | Three months ended 12/31/08 | 09/30/08 | 06/30/08 | **03/31/08** | 12/31/07 | 09/30/07 | 06/30/07 | 03/31/07 | Six months ended 06/30/08 | 06/30/07 | Nine months ended 09/30/08 | 09/30/07 | Twelve months ended 12/31/08 | 12/31/07 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Gross Written Premiums | | | | **$ 54** | $ 55 | $ 49 | $ 54 | $ 53 | | $ 107 | | $ 156 | | $ 211 |
| Bank Owned Life Insurance (BOLI) Adjustment | | | | **—** | — | — | — | — | | — | | — | | — |
| Adjusted Gross Written Premiums | | | | **$ 54** | $ 55 | $ 49 | $ 54 | $ 53 | | $ 107 | | $ 156 | | $ 211 |
| Insurance Expense | | | | **$ 8** | $ 8 | $ 8 | $ 9 | $ 9 | | $ 18 | | $ 26 | | $ 34 |
| Expense Ratio | | | | **15.0%** | 14.5% | 16.3% | 16.7% | 17.7% | | 16.8% | | 16.7% | | 16.1% |
| Expense Ratio based on Adjusted Gross Written Premium | | | | **15.0%** | 14.5% | 16.3% | 16.7% | 17.7% | | 16.8% | | 16.7% | | 16.1% |

* *Dollar amounts shown are rounded to millions; certain amounts may not add due to rounding. Ratios are calculated based on whole dollar amounts. The sum of quarterly amounts may not equal the full year as each is computed independently.*