

Cincinnati Financial Corporation ("CFC") was incorporated on September 20, 1968 under the laws of the State of Delaware. On April 4, 1992, the

shareholders voted to adopt an Agreement of Merger by means of which the reincorporation of the Corporation from the State of Delaware to the State of Ohio was accomplished. CFC owns 100% of The Cincinnati Insurance Company ("CIC") and 100% of CFC Investment Company ("CFC-I"). The principal purpose of CFC is to be a holding company for CIC and CFC-I and in addition for the purpose of acquiring other companies.

CIC, incorporated in August, 1950, is an insurance carrier presently licensed to conduct multiple line underwriting in accordance with Section 3941.02 of the Revised Code of Ohio. This includes the sale of fire, automobile, casualty, bonds, and all related forms of property and casualty insurance in 50 states, the District of Columbia, and Puerto Rico. CIC is not authorized to write any other forms of insurance. CIC is in a highly competitive industry and competes in varying degrees with a large number of stock and mutual companies. CIC also owns 100% of the stock of the following insurance companies.

1. The Cincinnati Life Insurance Company ("CLIC") incorporated in 1987 under the laws of Ohio for the purpose of acquiring the business of Inter-Ocean and The Life Insurance Company of Cincinnati. CLIC acquired The Life Insurance Company of Cincinnati and Inter-Ocean Insurance Company on February 1, 1988. CLIC is engaged in the sale of life insurance and accident and health insurance in 46 states and the District of Columbia.
2. The Cincinnati Casualty Company ("CCC") (formerly the Queen City Indemnity Company), incorporated in 1972 under the laws of Ohio, is engaged in the fire and casualty insurance business on a direct billing basis in 29 states. The business of CIC and CCC is conducted separately, and there are no plans for combining the business of said companies.
3. The Cincinnati Indemnity Company ("CID"), incorporated in 1988 under the laws of Ohio, is engaged in the writing of nonpreferred personal and casualty lines of insurance in 21 states. The business of CIC and CID is conducted separately, and there are no plans for combining the business of said companies.

CFC-I, organized in 1970, owns certain real estate in the Greater Cincinnati area and is in the business of leasing of financing various items principally automobiles, trucks, computer equipment, machine tools, construction equipment, and office equipment.

Industry segment information for operating profits and identifiable assets is included on page 30 of the Company's Annual Report to Shareholders and is incorporated herein by reference (see Exhibit 13 to this filing).

As more fully discussed in pages 7, 9, and 11 through 13 in the Company's Annual Report to Shareholders, incorporated herein by reference (see Exhibit 13 to this filing), the Company sells insurance primarily in the Midwest and Southeast through a network of a limited number (988 in 26

states at December 31, 1995) of selectively appointed independent agents, most of whom own stock in the Company. Gross written premiums by property/casualty lines increased 7% to \$1.377 billion in 1995. The Company's mix of property/casualty business did not change significantly in 1995. Life and accident and health insurance (which constituted only 4% of the Company's premium income for 1995) is also sold primarily through property/casualty agencies and did not change significantly in 1995.

The consolidated financial statements include the estimated liability for unpaid losses and loss adjustment expenses ("LAE") of the Company's property/casualty ("P/C") insurance subsidiaries. Property and casualty insurance is written in 50 states, the District of Columbia, and Puerto Rico. The liabilities for losses and LAE are determined using case-basis evaluations and statistical projections and represent estimates of the ultimate net cost of all unpaid losses and LAE incurred through December 31 of each year. These estimates are subject to the effect of trends in future claim severity and



Ten Years Later	370									
Net Cumulative Redundancy (Deficiency)	\$ (98)	\$ (62)	\$ 29	\$129	\$105	\$113	\$172	\$ 189	\$ 177	\$ 126
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Net Cumulative Amount of Liability Paid Through:										
One Year Later	\$137	\$153	\$178	\$204	\$238	\$232	\$280	\$310	\$343	\$ 368
Two Years Later	217	247	292	321	356	397	440	498	538	
Three Years Later	266	313	362	390	446	493	546	612		
Four Years Later	300	351	398	441	497	552	611			
Five Years Later	316	367	427	467	528	588				
Six Years Later	324	387	441	485	550					
Seven Years Later	338	394	454	496						
Eight Years Later	340	402	461							
Nine Years Later	348	408								
Ten Years Later	349									
Gross Liability--End of Year								\$1,200	\$1,365	\$1,510
Reinsurance Recoverable								62	72	78
								-----	-----	-----
Net Liability--End of Year								\$1,138	\$1,293	\$1,432
								-----	-----	-----
Gross Reestimated Liability--Latest								\$1,032	\$1,203	\$1,407
Reestimated Recoverable--Latest								83	87	101
								-----	-----	-----
Net Reestimated Liability--Latest								\$ 949	\$1,116	\$1,306
								-----	-----	-----
Gross Cumulative Redundancy								\$ 189	\$ 177	\$ 126
								=====	=====	=====

The table above presents the development of balance sheet liabilities for 1985 through 1995. The top line of the table shows the

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estimated liability for unpaid losses and LAE recorded at the balance sheet date for each of the indicated years. This liability represents the estimated amount of losses and LAE for claims arising in all prior years that are unpaid at the balance sheet date, including losses that had been incurred but not yet reported to the Company. The upper portion of the table shows the reestimated amount of the previously recorded liability based on experience as of the end of each succeeding year. The estimate is increased or decreased as more information becomes known about the frequency and severity of claims for individual years.

The "cumulative redundancy (deficiency)" represents the aggregate change in the estimates over all prior years. For example, the 1987 liability has developed a \$29,000,000 redundancy over eight years and has been reflected in income over the eight years. The effects on income of the past three years of changes in estimates of the liabilities for losses and LAE for all accident years is shown in the reconciliation table.

The lower section of the table shows the cumulative amount paid with respect to the previously recorded liability as of the end of each succeeding year. For example, as of December 31, 1995, the Company had paid \$461,000,000 of the currently estimated \$505,000,000 of losses and LAE that have been incurred as of the end of 1987; thus an estimated \$44,000,000 of losses incurred as of the end of 1987 remain unpaid as of the current financial statement date.

In evaluating this information, it should be noted that each amount includes the effects of all changes in amounts for prior periods. For example, the amount of deficiency or redundancy related to losses settled in 1992, but incurred in 1987, will be included in the cumulative deficiency or redundancy amount for 1987 and each subsequent year. This table does not present accident or policy year development data which readers may be more accustomed to analyzing. Conditions and trends that have affected development of the liability in the past may not necessarily occur in the future. Accordingly, it may not be appropriate to extrapolate future redundancies or deficiencies based on this table.

The Company limits the maximum net loss that can arise by large risks or risks concentrated in areas of exposure by reinsuring (ceding) with other insurers or reinsurers. Related thereto, the Company's retention levels were last increased from \$1,000,000 to \$2,000,000 in 1995. The Company reinsures with only financially sound companies. The composition of its reinsurers has not changed, and the Company has not experienced any uncollectible reinsurance amounts or coverage disputes with its reinsurers in more than ten years.

Information concerning the Company's investment strategy and philosophy

is contained in page 32 of the Annual Report to Shareholders, incorporated herein by reference (see Exhibit 13 to this filing). The Company's primary strategy is to maintain liquidity to meet both its immediate and long-range insurance obligations through the purchase and maintenance of medium-risk fixed maturity and equity securities, while earning optimal returns on medium-risk equity securities which offer growing dividends and capital appreciation. The Company usually holds

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these securities to maturity unless there is a change in credit risk or the securities are called by the issuer. Historically, municipal bonds (with concentrations in the essential services, i.e. schools, sewer, water, etc.) have been attractive to the Company due to their tax exempt features. Because of Alternative Minimum Tax matters, the Company uses a blend of tax-exempt and taxable fixed maturity securities. Investments in common stocks have been made with an emphasis on securities with an annual dividend yield of at least 2 to 3 percent and annual dividend increases. The Company's strategy in equity investments is to identify approximately 10 to 12 companies in which it can accumulate 10 to 20 percent of their common stock. As a long-term investor, a buy and hold strategy has been followed for many years, resulting in an accumulation of a significant amount of unrealized appreciation on equity securities.

As of December 31, 1995, CFC employed 2,289 persons.

## ITEM 2. PROPERTIES

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CFC-I owns a fully leased 85,000 square foot office building in downtown Cincinnati that is currently leased to Procter and Gamble Company, an unaffiliated company, on a net, net, net lease basis. This property is carried in the financial statements at \$634,298 as of December 31, 1995.

CFC-I also owns the Home Office building located on 75 acres of land in Fairfield, Ohio. This building contains approximately 380,000 square feet. The John J. and Thomas R. Schiff & Company, an affiliated company, occupies approximately 5,350 square feet, and the balance of the building is occupied by CFC and its subsidiaries. The property is carried in the financial statements at \$12,450,028 as of December 31, 1995.

CFC-I also owns the Fairfield Executive Center which is located on the northwest corner of the home office property in Fairfield, Ohio. This is a four-story office building containing approximately 124,000 square feet. CFC and its subsidiaries occupy approximately 47% of the building, unaffiliated tenants occupy approximately 34% of the building, and the balance is available for Company expansion. The property is carried in the financial statements at \$10,290,635 as of December 31, 1995.

The CLIC owns a four-story office building in the Tri-County area of Cincinnati containing approximately 127,000 square feet. At the present time, 100% of the building is currently being leased by an unaffiliated tenant. This property is carried in the financial statements at \$4,560,999 as of December 31, 1995.

## ITEM 3. LEGAL PROCEEDINGS

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

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

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CFC filed with the commission on March 4, 1996, definitive proxy statements and annual reports pursuant to Regulation 14A. Material filed was the same as that described in Item 4 and is incorporated herein by reference. No matters were submitted during the fourth quarter.

## PART II

## ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED

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STOCKHOLDER MATTERS  
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This information is included in the Annual Report of the Registrant to its shareholders on page 5 for the year ended December 31, 1995 and is incorporated herein by reference (see Exhibit 13 to this filing).

ITEM 6. SELECTED FINANCIAL DATA  
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This information is included in the Annual Report of the Registrant to its shareholders on pages 18 and 19 for the year ended December 31, 1995 and is incorporated herein by reference (see Exhibit 13 to this filing).

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND

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RESULTS OF OPERATIONS  
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This information is included in the Annual Report of the Registrant to its shareholders on pages 30 through 32 for the year ended December 31, 1995 and is incorporated herein by reference (see Exhibit 13 to this filing).

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA  
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- (a) Financial Statements  
The following consolidated financial statements of the Registrant and its subsidiaries, included in the Annual Report of the Registrant to its shareholders on pages 19 to 30 for the year ended December 31, 1995, are incorporated herein by reference (see Exhibit 13 to this filing).

Independent Auditors' Report  
Consolidated Balance Sheets--December 31, 1995 and 1994  
Consolidated Statements of Income--Years ended  
December 31, 1995, 1994, and 1993  
Consolidated Statements of Shareholders' Equity--Years  
ended December 31, 1995, 1994, and 1993  
Consolidated Statements of Cash Flows--Years ended  
December 31, 1995, 1994, and 1993.

Notes to Consolidated Financial Statements

- (b) Supplementary Data  
Selected quarterly financial data, included in the Annual Report of the Registrant to its shareholders on Page 1 for the year ended December 31, 1995, is incorporated herein by reference (see Exhibit 13 to this filing).

## ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING

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AND FINANCIAL DISCLOSURE  
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There were no disagreements on accounting and financial disclosure requirements with accountants within the last 24 months prior to December 31, 1995.

## PART III

CFC filed with the Commission on March 4, 1996 definitive proxy statements pursuant to regulation 14- A. Material filed was the same as that described in Item 10, Directors and Executive Officers of the Registrant; Item 11, Executive Compensation; Item 12, Security Ownership of Certain Beneficial

Owners and Management; Item 13, Certain Relationships and Related Transactions, and is incorporated herein by reference.

#### PART IV

#### ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

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(a) Filed Documents. The following documents are filed as part of this report:

1. Financial Statements--incorporated herein by reference (see Exhibit 13 to this filing) as listed in Part II of this Report.
2. Financial Statement Schedules and Independent Auditors' Report:  
Independent Auditors' Report  
Schedule I-- Summary of Investments  
Other than Investments in Related Parties  
Schedule II-- Condensed Financial Information of Registrant  
Schedule III-- Supplementary Insurance Information  
Schedule IV-- Reinsurance  
Schedule VI-- Supplemental Information Concerning  
Property-Casualty Insurance Operations

All other schedules are omitted because they are not required, inapplicable or the information is included in the financial statements or notes thereto.

3. Exhibits:

Exhibit 11--Statement re computation of per share earnings for years ended December 31, 1995, 1994, and 1993  
Exhibit 13--Material incorporated by reference from the annual report of the registrant to its shareholders for the year ended December 31, 1995  
Exhibit 21--Subsidiaries of the registrant--information contained in Part I of this report.  
Exhibit 22--Notice of Annual Meeting of Shareholders and Proxy Statement dated March 4, 1996 filed with Securities and Exchange Commission, Washington, D.C., 20549  
Exhibit 23--Independent Auditors' Consent  
Exhibit 27--Financial Data Schedule  
Exhibit 28--Information from reports furnished to state insurance regulatory authorities

(b) Reports on Form 8-K--NONE

#### INDEPENDENT AUDITORS' REPORT

To The Shareholders and Board of Directors of Cincinnati Financial Corporation

We have audited the consolidated financial statements of Cincinnati Financial Corporation and its subsidiaries as of December 31, 1995 and 1994, and for each of the three years in the period ended December 31, 1995, and have issued our report thereon dated February 9, 1996; such consolidated financial statements and report are included in your 1995 Annual Report to Shareholders and are incorporated herein by reference. Our audits also included the consolidated financial statement schedules of Cincinnati Financial Corporation and its subsidiaries, listed in Item 14(a)(2). These financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such consolidated financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly in all material respects the information set forth therein.

Cincinnati, Ohio  
February 9, 1996

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SCHEDULE I

CINCINNATI FINANCIAL CORPORATION AND SUBSIDIARIES  
SUMMARY OF INVESTMENTS--OTHER THAN INVESTMENTS IN RELATED PARTIES  
DECEMBER 31, 1995

(000 omitted)			
Type of Investment	Cost	Fair Value	Amount at which shown in balance sheet
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Fixed Maturities:			
Bonds:			
United States Government and government agencies and authorities			
The Cincinnati Insurance Company .	\$ 252	\$ 278	\$ 278
The Cincinnati Indemnity Company .	203	223	223
The Cincinnati Casualty Company .	150	171	171
The Cincinnati Life Insurance Company . . . . .	3,750	3,812	3,812
Total . . . . .	4,355	4,484	4,484
States, municipalities and political subdivisions:			
The Cincinnati Insurance Company .	761,037	800,271	800,271
The Cincinnati Indemnity Company .	6,897	7,367	7,367
The Cincinnati Casualty Company .	48,569	52,175	52,175
The Cincinnati Life Insurance Company . . . . .	3,638	3,933	3,933
Total . . . . .	820,141	863,746	863,746
Public Utilities:			
The Cincinnati Insurance Company .	40,171	40,417	40,417
The Cincinnati Casualty Company .	6,520	7,431	7,431
The Cincinnati Life Insurance Company . . . . .	35,274	37,013	37,013
The Cincinnati Financial Corporation . . . . .	900	1,020	1,020
Total . . . . .	82,865	85,881	85,881
Convertibles and Bonds with warrants attached:			
The Cincinnati Insurance Company .	144,518	148,533	148,533
The Cincinnati Casualty Company .	1,533	1,400	1,400
The Cincinnati Life Insurance Company . . . . .	22,261	22,959	22,959
Cincinnati Financial Corporation .	12,770	12,889	12,889
Total . . . . .	181,082	185,781	185,781
All other Corporate Bonds:			
The Cincinnati Insurance Company .	435,362	480,375	480,375
The Cincinnati Indemnity Company .	16,510	17,809	17,809
The Cincinnati Casualty Company .	53,573	60,367	60,367
The Cincinnati Life Insurance Company . . . . .	354,233	389,686	389,686
Cincinnati Financial Corporation .	350,597	358,866	358,866
Total . . . . .	1,210,275	1,307,103	1,307,103
TOTAL FIXED MATURITIES	\$2,298,718	\$2,446,995	\$2,446,995



(000 omitted)			
Type of Investment	Cost	Fair Value	Amount at which shown in balance sheet
-----	----	-----	-----
Equity Securities:			
Common Stocks			
Public Utilities			
The Cincinnati Insurance Company . .	\$ 74,079	\$ 174,714	\$ 174,714
The Cincinnati Casualty Company . .	7,762	14,382	14,382
The Cincinnati Life Ins. Company . .	26,130	67,177	67,177
Cincinnati Financial Corp . . . . .	75,519	268,094	268,094
Total . . . . .	183,490	524,367	524,367
Banks, trust and insurance companies			
The Cincinnati Insurance Company . .	80,545	319,847	319,847
The Cincinnati Casualty Company . .	3,716	19,004	19,004
The Cincinnati Life Ins. Company . .	14,185	34,026	34,026
Cincinnati Financial Corporation . .	280,118	962,943	962,943
Total . . . . .	378,564	1,335,820	1,335,820
Industrial miscellaneous and all other			
The Cincinnati Insurance Company . .	237,714	421,109	421,109
The Cincinnati Indemnity Company . .	8,576	10,624	10,624
The Cincinnati Casualty Company . .	21,723	30,095	30,095
The Cincinnati Life Ins. Company . .	40,791	64,250	64,250
Cincinnati Financial Corporation . .	55,473	78,201	78,201
Total . . . . .	364,277	604,279	604,279
Nonredeemable preferred stocks			
The Cincinnati Insurance Company . .	399,873	458,023	458,023
The Cincinnati Casualty Company . .	9,793	12,503	12,503
The Cincinnati Life Ins. Company . .	64,458	80,259	80,259
Cincinnati Financial Corporation . .	23,216	26,511	26,511
Total . . . . .	497,340	577,296	577,296
TOTAL EQUITY SECURITIES . . . . .	\$1,423,671	\$3,041,762	\$3,041,762
Other Invested Assets:			
Mortgage loans on real estate			
The Cincinnati Life Ins. Company . .	\$ 1,983	XXXXXXXXXX	\$ 1,983
CFC-I Investment Company . . . . .	3,506	XXXXXXXXXX	3,506
Total . . . . .	5,489	XXXXXXXXXX	5,489
Real Estate			
The Cincinnati Life Ins. Company . .	4,561	XXXXXXXXXX	4,561
CFC-I Investment Company . . . . .	10,925	XXXXXXXXXX	10,925
Total . . . . .	15,486	XXXXXXXXXX	15,486
Policy Loans			
The Cincinnati Life Ins. Company . .	18,827	XXXXXXXXXX	18,827
TOTAL OTHER INVESTED ASSETS . . . . .	39,802	XXXXXXXXXX	39,802
TOTAL INVESTMENTS . . . . .	\$3,762,191	XXXXXXXXXX	\$5,528,559
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SCHEDULE II CINCINNATI FINANCIAL CORPORATION  
CONDENSED FINANCIAL INFORMATION OF REGISTRANT  
(OOO OMITTED)

Condensed Statements of Income (Parent Company Only)

For the Years ended December 31	1995	1994	1993
	----	----	----
Income			
-----			
Dividends from Subsidiaries	\$149,000	\$ 78,000	\$ 140,000
Investment Income	65,839	50,276	38,679

Realized Gains on Investments	742	(453)	3,063
Total Income	\$215,581	\$ 127,823	\$ 181,742
Expenses			
Interest	\$ 17,229	\$ 9,937	\$ 7,389
Other	3,071	3,119	2,643
Total Expenses	20,300	13,056	10,032
Income Before Taxes and Cumulative Effect of Accounting Change and Earnings of Subsidiaries	195,281	114,767	171,710
Applicable Income Taxes	8,286	5,113	10,890
Income Before Cumulative Effect of Accounting Change and Undistributed Earnings of Subsidiaries	186,995	109,654	160,820
Cumulative Effect of a Change in Accounting for Taxes	0	0	507
Net Income Before Change in Undistributed Earnings of Subsidiaries	186,995	109,654	161,327
Increase in Undistributed Earnings of Subsidiaries	40,355	91,576	54,697
Net Income	\$227,350	\$ 201,230	\$ 216,024

Condensed Balance Sheets (Parent Company Only)  
December 31

	1995	1994
Assets		
Cash	\$ 1,354	\$ 1,013
Fixed Maturities, at Fair Value	372,776	208,698
Equity Securities, at Fair Value	1,335,749	945,688
Investment Income Receivable	15,739	11,149
Inter-Company Dividends Receivable	12,527	8,300
Equity in Net Assets of Subsidiaries	1,569,026	1,196,940
Other Assets	3,590	3,796
Total Assets	\$3,310,761	\$2,375,584
Liabilities		
Notes Payable	\$ 221,005	\$ 129,116
Dividends Declared but Unpaid	18,038	16,134
Federal Income Tax		
Current	7,689	5,453
Deferred	321,094	198,027
5.5% Convertible Senior Debentures Due 2002	80,000	80,000
Other Liabilities	4,964	6,807
Total Liabilities	\$ 652,790	\$ 435,537
Stockholders' Equity	2,657,971	1,940,047
Total Liabilities and Stockholders' Equity	\$3,310,761	\$2,375,584

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SCHEDULE II CINCINNATI FINANCIAL CORPORATION  
CONDENSED FINANCIAL INFORMATION OF REGISTRANT  
(OOO OMITTED)

Condensed Statements of Cash Flows (Parent Company Only)

For the Years ended December 31	1995	1994	1993
	----	----	----
Operating Activities			
Net Income	\$ 227,350	\$ 201,230	\$ 216,024
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Amortization	(706)	(188)	(62)
Increase in investment income receivable	(4,590)	(2,576)	(1,745)
Increase in Current Federal Income Taxes Payable	2,236	607	489
Provision for Deferred Income Taxes	1,125	0	5,865

Decrease (Increase) in Dividends Receivable from Subsidiaries	(4,227)	7,700	(16,000)
Decrease (Increase) in Other Assets	206	1,820	(2,832)
(Decrease) Increase in Accrued Expenses and Other Liabilities	(1,843)	1,407	(12,637)
Increase in Undistributed Earnings of Subsidiaries	(40,355)	(91,576)	(54,697)
Realized Gains (Losses) on Investments	(742)	453	(3,063)
Net Cash Provided by Operating Activities	178,454	118,877	131,342
Investing Activities			
Sale of Fixed Maturity Invest.	44,063	17,224	18,417
Maturity of Fixed Maturity Invest.	14,641	2,794	15,368
Sale of Equity Security Invest.	19,830	25,268	18,180
Purchase of Fixed Maturity Investments	(203,081)	(86,711)	(93,580)
Purchase of Equity Security Investments	(79,739)	(70,874)	(58,867)
Net Cash Used in Investing Activities	(204,286)	(112,299)	(100,482)
Financing Activities			
Increase in Other Short-Term Borrowings	91,889	51,050	11,114
Payment of Cash Dividends	(69,542)	(62,436)	(55,103)
(Purchase) Issuance of Treasury Shares	(287)	(460)	5,179
Proceeds from Stock Options Exercised	4,113	3,745	7,102
Net Cash Provided (Used) in Financing Activities	26,173	(8,101)	(31,708)
Increase (Decrease) in Cash	341	(1,523)	(848)
Cash at Beginning of Year	1,013	2,536	3,384
Cash at End of Year	\$ 1,354	\$ 1,013	\$ 2,536

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SCHEDULE III CINCINNATI FINANCIAL CORPORATION & SUBSIDIARIES  
SUPPLEMENTARY INSURANCE INFORMATION  
FOR YEARS ENDED DECEMBER 31, 1995, 1994, AND 1993  
(000 omitted)

Column A	Column B	Column C	Column D	Column E	Column F
Segment	Deferred Policy Acquisition Cost	Future Policy Benefits, Losses, Claims & Expense Losses	Unearned Premiums	Other Policy Claims & Benefits Payable	Premium Revenue
1995					
Property and Liability Insurance	\$ 76,365	\$1,690,461	\$407,254	\$32,180	\$1,263,257
Life/Health Insurance	43,224	412,552	1,371	11,604	50,869
Total	\$119,589	\$2,103,013	\$408,625	\$43,784	\$1,314,126
1994					
Property and Liability Insurance	\$ 69,169	\$1,510,150	\$377,764	\$24,654	\$1,169,940
Life/Health Insurance	40,334	378,432	1,655	11,856	49,093
Total	\$109,503	\$1,888,582	\$379,419	\$36,510	\$1,219,033
1993					
Property and Liability Insurance	\$ 64,086	\$1,365,052	\$357,515	\$21,582	\$1,092,135
Life/Health Insurance	40,005	354,028	1,762	10,557	48,656

Total	\$104,091	\$1,719,080	\$359,277	\$32,139	\$1,140,791
	=====	=====	=====	=====	=====

Column A	Column G	Column H	Column I	Column J	Column K
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Segment	Net Investment Income	Benefits, Claims Losses & Settlement Expenses	Amortization of Deferred Policy Acquisition Costs	Other Operating Expenses	Premium Written
-----	-----	-----	-----	-----	-----
1995					
Property and Liability Insurance	\$180,074	\$913,139	\$264,281	\$ 87,420	\$1,295,852
Life/Health Insurance	52,440	51,077	8,032	15,289	7,277 (4)
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Total	\$232,514	\$964,216	\$272,313	\$102,709	\$1,303,129
	=====	=====	=====	=====	=====
1994					
Property and Liability Insurance	\$165,260	\$854,804	\$244,856	\$ 80,205	\$1,190,824
Life/Health Insurance	48,339	46,010	8,824	14,579	7,204 (4)
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Total	\$213,599	\$900,814	\$253,680	\$ 94,784	\$1,198,028
	=====	=====	=====	=====	=====
1993					
Property and Liability Insurance	\$168,190	\$788,318	\$235,704	\$ 75,635	\$1,123,780
Life/Health Insurance	45,844	44,160	7,760	13,146	7,459 (4)
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Total	\$214,034	\$832,478	\$243,464	\$ 88,781	\$1,131,239
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<FN>  
Notes to Schedule III:  
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- (1) The sum of columns C, D, & E is equal to the sum of Losses and loss expense reserves, Life policy reserves, and Unearned premium reserves reported in the Company's consolidated balance sheets.
- (2) The sum of columns I & J is equal to the sum of Commissions, Other operating expenses, Taxes, licenses, and fees, Increase in deferred acquisition costs, and Other expenses shown in the consolidated statements of income, less other expenses not applicable to the above insurance segments.
- (3) Investment income amounts for the above insurance segments represent investment income on the actual investment securities in each such segment. Investment expenses, which are deducted from investment income, and other operating expenses include both expenses incurred directly in the insurance segments and expenses allocated to and among the insurance segments based on historical usage factors. The life/health segment is conducted totally within one subsidiary that has no other segments.
- (4) Amounts represent written premiums on accident and health insurance business only.

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SCHEDULE IV

CINCINNATI FINANCIAL CORPORATION AND SUBSIDIARIES  
REINSURANCE  
FOR YEARS ENDING DECEMBER 31, 1995, 1994, AND 1993  
(000 omitted)

Column A	Column B	Column C	Column D
-----	-----	-----	-----
	Gross Amount	Ceded to Other Companies	Assumed from Other Companies
-----	-----	-----	-----
1995			
-----			
Life Insurance in Force	\$8,328,764	\$980,023	\$ 20,047
	=====	=====	=====
Premiums			
Life/Health Insurance	\$ 54,437	\$ 3,713	\$ 145
Property/Liability Ins.	1,310,105	83,804	36,956

	-----	-----	-----
Total Premiums	\$1,364,542	\$ 87,517	\$ 37,101
	=====	=====	=====
1994			
- ----			
Life Insurance in Force	\$7,473,906	\$855,389	\$ 23,102
	=====	=====	=====
Premiums			
Life/Health Insurance	\$ 52,251	\$ 3,303	\$ 145
Property/Liability Ins.	1,207,036	100,842	63,746
	-----	-----	-----
Total Premiums	\$1,259,287	\$104,145	\$ 63,891
	=====	=====	=====
1993			
- ----			
Life Insurance in Force	\$6,740,142	\$761,452	\$ 25,712
	=====	=====	=====
Premiums			
Life/Health Insurance	\$ 51,011	\$ 2,521	\$ 166
Property/Liability Ins.	1,114,330	87,820	65,625
	-----	-----	-----
Total Premiums	\$1,165,341	\$ 90,341	\$ 65,791
	=====	=====	=====

Column A	Column E	Column F
-----	-----	-----
	Net	Percentage of
	Amount	Amount Assumed
		to Net
-----		
1995		
- ----		
Life Insurance in Force	\$7,368,788	.3%
	=====	=====
Premiums		
Life/Health Insurance	\$ 50,869	.3%
Property/Liability Ins.	1,263,257	2.9%
	-----	-----
Total Premiums	\$1,314,126	2.8%
	=====	=====
1994		
- ----		
Life Insurance in Force	\$6,641,619	.3%
	=====	=====
Premiums		
Life/Health Insurance	\$ 49,093	.3%
Property/Liability Ins.	1,169,940	5.4%
	-----	-----
Total Premiums	\$1,219,033	5.2%
	=====	=====
1993		
- ----		
Life Insurance in Force	\$6,004,402	.4%
	=====	=====
Premiums		
Life/Health Insurance	\$ 48,656	.3%
Property/Liability Ins.	1,092,135	6.0%
	-----	-----
Total Premiums	\$1,140,791	5.8%
	=====	=====

(000 omitted)

Column A	Column B	Column C	Column D	Column E	Column F
-----	-----	-----	-----	-----	-----
Affiliation with Registrant	Deferred Policy Acquisition Costs	Reserves for Unpaid Claims and Claim Adjustment Expenses	Discount, if any, Deducted in Column C	Unearned Premiums	Earned Premiums
-----	-----	-----	-----	-----	-----

Consolidated  
Property-Casualty  
Entities

1995	\$76,365 =====	\$1,690,461 =====	\$-0- =====	\$407,254 =====	\$1,263,257 =====
1994	\$69,169 =====	\$1,510,150 =====	\$-0- =====	\$377,764 =====	\$1,169,940 =====
1993	\$64,086 =====	\$1,365,052 =====	\$-0- =====	\$357,515 =====	\$1,092,135 =====

	Column G		Column H		Column I		Column J		Column K
	-----		-----		-----		-----		-----
			Claims and Claim Adjustment Expenses Incurred Related to -----		Amortization of Deferred Policy Acquisition Costs		Paid Claims and Claim Adjustment Expenses		Premiums Written
Affiliation with Registrant	Net Investment Income	(1) Current Year	(2) Prior Years						

Consolidated  
Property-Casualty  
Entities

1995	\$180,074 =====	\$1,040,541 =====	\$ (126,509) =====	\$264,281 =====	\$765,315 =====	\$1,295,852 =====
1994	\$165,260 =====	\$ 948,581 =====	\$ (92,892) =====	\$244,856 =====	\$717,025 =====	\$1,190,824 =====
1993	\$168,190 =====	\$ 828,978 =====	\$ (39,769) =====	\$235,704 =====	\$633,681 =====	\$1,123,780 =====

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#### Index of Exhibits

Exhibit 11--	Statement re computation of per share earnings for the years ended December 31, 1995, 1994, and 1993.
Exhibit 13--	Material incorporated by reference from the annual report of the registrant to the shareholders for the year ended December 31, 1995.
Exhibit 23--	Independent Auditors' Consent
Exhibit 27--	Financial Data Schedule
Exhibit 28--	Information from reports furnished to state insurance regulatory authorities.

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## S I G N A T U R E S

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

## CINCINNATI FINANCIAL CORPORATION

Signature -----	Title -----	Date ----
/s/ Robert B. Morgan ----- Robert B. Morgan	Chief Executive Officer, President and Director	March 19, 1996
/s/ Robert J. Driehaus ----- Robert J. Driehaus	Financial Vice President Treasurer and Director (Principal Financial Officer) (Principal Accounting Officer)	March 19, 1996
/s/ William F. Bahl ----- William F. Bahl	Director	March 19, 1996
Vincent H. Beckman	Secretary and Director	March , 1996
/s/ Michael Brown ----- Michael Brown	Director	March 19, 1996
Richard M. Burridge	Director	March , 1996
John E. Field	Director	March , 1996
David R. Huhn	Director	March , 1996
/s/ Kenneth C. Lichtendahl ----- Kenneth C. Lichtendahl	Director	March 19, 1996
/s/ Jackson H. Randolph ----- Jackson H. Randolph	Director	March 19, 1996

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Signature -----	Title -----	Date ----
John J. Schiff	Director	March , 1996
/s/ John J. Schiff, Jr. ----- John J. Schiff, Jr.	Chairman of the Board and Director	March 19, 1996
/s/ Robert C. Schiff ----- Robert C. Schiff	Director	March 19, 1996
/s/ Thomas R. Schiff ----- Thomas R. Schiff	Director	March 19, 1996
Frank J. Schultheis	Director	March , 1996
Larry R. Webb	Director	March , 1996
Alan R. Weiler	Director	March , 1996

## EXHIBIT 11

CINCINNATI FINANCIAL CORPORATION  
STATEMENT RE COMPUTATION OF PER SHARE EARNINGS  
(in thousands except for per share amounts)

	1995 ----	1994 ----	1993 ----
Weighted average shares outstanding	53,017	52,878*	52,625*
Equivalent shares assumed to be outstanding for:			
Stock options:	215	220*	337*
Convertible debentures	1,707	1,707*	1,707*
	-----	-----	-----
Number of shares for primary computation	54,939	54,805*	54,669*
Other dilutive equivalent shares--stock options	86	--	--
	-----	-----	-----
Number of shares assuming full dilution	55,025 =====	54,805* =====	54,669* =====
Net income before cumulative effect of change in accounting for income taxes	\$227,350	\$201,230	\$202,179
Interest on convertible debentures--net of tax	2,860	2,860	2,858
Cumulative effect of change in accounting for income taxes	-0-	-0-	13,845
	-----	-----	-----
Net income for per share computation	\$230,210 =====	\$204,090 =====	\$218,882 =====
Earnings per share:			
Primary before cumulative effect of change in accounting for income taxes	\$ 4.19	\$ 3.72*	\$ 3.75*
Cumulative effect of change in accounting for income taxes	-0-	-0-	.25*
	-----	-----	-----
Total Primary	\$ 4.19 =====	\$ 3.72* =====	\$ 4.00* =====
Fully Diluted	\$ 4.18 =====	\$ 3.72* =====	\$ 4.00* =====

&lt;FN&gt;

\*Adjusted to reflect a 5% stock dividend declared in February 1995.



## EXHIBIT 13

Material incorporated by reference from the annual report of the registrant to the shareholders for the year ended December 31, 1995.

Segment information from page 30 (incorporated into Item 1).

## Cincinnati Financial Corporation and Subsidiaries

-----  
15. SEGMENT INFORMATION

The Company operates principally in two industries-- property and casualty insurance and life insurance. Information concerning the Company's operations in different industries is presented below (000's omitted). Revenue is primarily from unaffiliated customers. Identifiable assets by industry are those assets that are used in the Company's operations in each industry. Corporate assets are principally cash and marketable securities.

	Income Before Income Taxes,		
	1995	1994	1993
Property/casualty insurance .....	\$ 2,894	\$ (5,703)	\$ (3,429)
Life/health insurance .....	(2,512)	(1,691)	357
Investment income (less required interest on life reserves)	279,346	244,347	222,992
Realized gains on investments .....	30,781	19,557	51,529
Other .....	4,979	5,874	5,578
General corporate expenses .....	(20,300)	(13,056)	(10,032)
Total .....	\$ 295,188	\$ 249,328	\$ 266,995
	=====	=====	=====

	Identifiable Assets		
	1995	1994	1993
Property/casualty insurance .....	\$ 3,526,900	\$ 2,830,788	\$ 2,736,960
Life/health insurance .....	809,418	689,838	688,516
Other .....	44,487	44,006	42,822
Corporate assets .....	1,728,493	1,169,647	1,133,990
Total .....	\$ 6,109,298	\$ 4,734,279	\$ 4,602,288
	=====	=====	=====

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Text data from pages 7, 9, and 11 through 13 (incorporated into Item 1).

## PROPERTY CASUALTY INSURANCE

Gross written premiums increased at a slightly higher rate during 1995, up 7 percent to \$1.377 billion versus 5.8 percent and \$1.287 billion in 1994.

This year's combined loss and expense ratio is our best since 1988. The ratio improved to 99.4 percent versus 100.6 percent in 1994. These ratios near the break-even point include catastrophe losses of 2.1 percent and 1.8 percent, respectively, for 1995 and 1994. Hurricanes Erin in August and Opal in October brought in more than 5,500 claims with a \$21.2 million total price tag. Other nameless storms during the second quarter brought our total catastrophe losses for 1995 to \$27.2 million versus \$20.7 million in 1994.

Outside, storms are raging as weather experts predict more of the same or worse. Inside our industry, carriers are waging price wars. Here too, forecasters predict no relief. Through all kinds of weather and all kinds of market conditions, our principal achievement is consistent and profitable growth. Our 1995 growth rate is approximately double the estimated industry growth rate. Superior profitability is indicated by our 99.4 percent combined ratio versus 106.1 percent estimated for the industry.

#### COMMERCIAL LINES

Gross written premiums from commercial lines of insurance reached \$965.7 million, up 8.1 percent. The loss and allocated loss adjustment expense ratio improved to 65.1 percent from 1994's 67 percent.

Times like these call for aggressive action in every aspect of operations. Working from our strengths, we are energized and confident that we are going in the right direction:

**AGGRESSIVE ON PRICING:** When it is necessary to compete on pricing to get or keep good business, we do it. Competitors who have entered our marketing territories are pricing for strategy, not profit. Agents are giving us their above average new and renewal accounts, but at increasingly discounted premium. The unprofitability of workers' compensation has been considerably reduced by the positive effects of managed care, loss control and state reforms. We have had to file rate decreases in selected states to compete for this desirable business. The pricing pendulum swings and doesn't center.

**AGGRESSIVE ON BRINGING DIFFERENTIATED PRODUCTS TO MARKET:** Our target market is savvy consumers who understand that not all policies are created equal and who appreciate the expertise and service their agent offers. We are exceptionally aggressive in providing points of difference that give our agents selling advantages. New coverages introduced during 1995 and early 1996 address our society's changing legal and social environment.

- - Who would have guessed a few years ago that employees would be taking employers to court over their employment practices? Now a host of federal, state and local statutes, as well as court decisions, define discrimination related to hiring, firing,

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disciplining, promoting or demoting, granting leave of absence or even giving a reference for an ex-employee. Every day we hear about companies, large and small, sued over sexual harassment alleged against an owner or supervisor. Affordable coverage for employment-related liability has not been readily available in the standard market until now. Cincinnati is introducing Employment Practices Liability Insurance, a timely coverage created by some of our sharpest associates in an unprecedented collaboration across our Commercial Lines, Legal, Claims, Sales and Research & Development Departments.

- - Insurance reporters and risk managers seem to have suddenly discovered gaps in liability coverage for injuries caused by substances classified as pollutants. Cincinnati has already addressed the gap. We added limited coverage, at no extra charge, for injuries due to release of toxic vapors and created a unique optional endorsement for businesses that want broad coverage for bodily injury caused by pollutants.

- - We're aggressive about improving existing products too. One of our premier products, the Dentist's Package Policy, is being fine tuned for the second time in three years. We're determined to keep our professional liability coverages state of the art, with built-in advantages and options no one can match.

**AGGRESSIVE ON EXTENDING OUR REACH:** New relationships are opening doors for our agents. Cincinnati recently became the endorsed insurer of the Ohio Funeral Directors Association. Associations accustomed to doing business with direct insurers are awakening to the added value of connecting their members with local agents.

New relationships are helping us get and retain prosperous accounts that have grown to Fortune 500 size, including several marquee accounts with brand names recognized all over the world. During 1995, we formed an alliance with Gothaer USA, Inc., a German insurer, increasing our ability to handle accounts with European exposures. A Special Marketing Program is now in place to make

sure we do what it takes to service larger accounts.

The Sales & Marketing Department appointed 33 agencies to sell our commercial policies in Arkansas, Maryland and Minnesota during 1995. Production in these new states reached \$9.6 million. We're off to a fast start and planning to keep up the pace, with rapid introduction of personal lines products in these and several other states.

#### PERSONAL LINES

Gross written premiums from personal lines of insurance rose 4.6 percent to \$411.7 million. The loss and allocated loss adjustment expense ratio of 66.7 percent compares to 64.5 percent in 1994, reflecting this year's hurricane losses.

During 1995, a large national insurer withdrew from some territories where its risks were too concentrated. Other carriers are going through mergers, acquisitions and restructuring. The Cincinnati Insurance Companies are seizing opportunities to aggressively capitalize on uncertainty in the marketplace. Agents are rolling over entire

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books of personal lines business from national carriers, looking to regional insurers like Cincinnati for stability and quality markets.

We are going out and asking for good personal lines business, analyzing our rates, upgrading products and improving software to remove all barriers to growth in individual agencies and across the board. Over the past year, we filed improved homeowners and family auto policies and introduced our new Residential Business Program in most states. Twenty-five million Americans now work out of their homes--but their homeowners policies don't cover business inventory, equipment and liability. The Residential Business Program lets agents add coverage for many eligible classes of home businesses, at very affordable rates compared to a full-fledged commercial policy.

#### LIFE INSURANCE

The Cincinnati Life Insurance Company contributed net operating earnings of \$20.7 million in 1995 versus \$20.2 million in 1994. This year's total net earnings of \$25 million include \$4.3 million of capital gains compared to 1994 net earnings of \$22 million with \$1.8 million of capital gains. Earned premiums rose to \$50.9 million from \$49.1 million in 1994.

Customers of Cincinnati's property casualty insurance agencies often look to them for additional professional assistance with individual financial planning, business perpetuation and estate preservation. Cincinnati Life gives agents resources necessary to provide appropriate products and services.

We start by helping identify, recruit and train life insurance producers for property casualty agencies. Established life producers can meet state licensing requirements by earning continuing education credits for attending approved Cincinnati Life seminars at our headquarters or field locations. During 1995, advanced sales seminars addressed how to best serve wealthier clients who need more complex planning and products. Product and service orientation seminars kept producers up to date on underwriting guidelines, sales techniques and product improvements.

We continue to meet demand for guaranteed life insurance policies with fixed, budgetable premiums and fixed death benefits. Sales of guaranteed policies reached \$4.1 million during 1995, up 17.8 percent from 1994. Guarantees are currently popular with policyholders who want absolute assurance, before they buy, that proposed costs, values and benefits will not change during the policy period, no matter

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how the interest rate climate changes. During 1995, Cincinnati Life took steps to heighten our advantage in this market. We extended preferred nonsmoker rates to policies with face amounts \$100,000 and higher, made rates more competitive

on our guaranteed whole life policies and introduced guaranteed term life policies with 10-, 15- or 20-year policy periods.

Many businesses insured through Cincinnati's property casualty insurance agents participate in Cincinnati Life's payroll deduction programs. Their employees make convenient, affordable payments to buy individually owned, portable life insurance policies. Expense conscious employers simply administer payroll deductions for them, paying nothing out of pocket to deliver a significant benefit. Payroll deduction premiums grew 12 percent to \$10.9 million during 1995. With our quality products and time-tested processes, Cincinnati Life is positioned for further growth in payroll deduction sales.

#### FINANCIAL SERVICES

CFC Investment Company's gross lease, notes and finance receivables reached \$39.5 million as of December 31, 1995, up 27 percent from \$31.2 million at this time last year. Receivables include \$13 million in leases managed for Cincinnati's insurance subsidiaries. We continue to develop new vendor relationships and add to our marketing staff, our goal being growth of receivables and profits.

1995 net income was \$272,000 versus \$1.8 million in 1994. The decrease is due to an accounting adjustment related to 1994.

CFC Investment Company writes convenient, competitive equipment and vehicle leases and loans for insurance agents and their business clients. Agents expanding, acquiring or relocating their offices are eligible for commercial real estate loans. These transactions support strategic business partnerships of The Cincinnati Insurance Companies. We welcome every opportunity to join in the growth plans of strong Cincinnati agencies.

Several investment properties owned or managed by CFC Investment Company continue to operate profitably due to high occupancy rates. As leases expire, offices in our nearby Fairfield Executive Center are being converted for Cincinnati departments crowded out of CFC Headquarters by growth of our insurance business.

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#### INVESTMENTS

Our income-oriented strategy yielded \$300 million of pre-tax investment income in 1995. This 14.2 percent increase over 1994's \$262.6 million exceeds the insurance industry's estimated investment earnings growth rate of 10.4 percent.

Securities selected for our portfolio must have both the potential for appreciation and the ability to generate a steady stream of cash flow. We receive much of our return on securities as dividends and coupon payments, reaping the benefits of compound growth by reinvesting this cash flow. This scenario has been effective due to concentration in higher yielding bank and utility stocks as well as convertible preferred stocks and bonds. We steer clear of trendy instruments with inherent risk and potential for heavy loss of principal.

Lower interest rates sparked confidence and created positive financial markets during 1995. High year-end market values contrast with 1994's depressed year-end values. Total market value of our portfolio rose 31 percent to \$5.529 billion as of December 31, 1995 versus \$4.212 billion at this time last year. Net unrealized appreciation of invested assets grew \$558 million, contributing to record high assets of \$6.109 billion and shareholders' equity of \$2.658 billion. Book value rose 35 percent to \$49.77 per share.

Congress is pushing for a capital gains tax rate reduction. The Investment Department is monitoring this and other congressional activity that may affect our strategies to increase current earnings and long-term appreciation.

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Loss and loss expenses in Notes to Financial Statements from page 27

(incorporated into Item 1).

#### 4. LOSSES AND LOSS EXPENSES

Activity in the reserve for losses and loss expenses is summarized as follows (000's omitted):

	Years Ended December 31,		
	1995	1994	1993
Balance at January 1 .....	\$ 1,510,150	\$ 1,365,052	\$ 1,200,182
Less reinsurance receivable	78,125	71,691	62,349
Net balance at January 1 ...	1,432,025	1,293,361	1,137,833
Incurred related to:			
Current year .....	1,040,541	948,581	828,978
Prior years .....	(126,509)	(92,892)	(39,769)
Total incurred .....	914,032	855,689	789,209
Paid related to:			
Current year .....	396,856	373,721	323,616
Prior years .....	368,459	343,304	310,065
Total paid .....	765,315	717,025	633,681
Net balance at December 31 ..	1,580,742	1,432,025	1,293,361
Plus reinsurance receivable	109,719	78,125	71,691
Balance at December 31 .....	\$ 1,690,461	\$ 1,510,150	\$ 1,365,052

As a result of changes in estimates of insured events in prior years, the provision for losses and loss expenses (net of reinsurance recoveries of (\$9,441,000), \$8,211,000 and \$1,064,000 in 1995, 1994 and 1993, respectively) decreased by \$126,509,000, \$92,892,000 and \$39,769,000 in 1995, 1994 and 1993. These decreases are due in part to the effects of settling reported (case) and unreported (IBNR) reserves established in prior years for less than expected.

The reserve for losses and loss expenses in the accompanying balance sheets also includes \$53,073,000 and \$42,147,000 at December 31, 1995 and 1994, respectively, for certain life/health losses and loss checks payable.

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"Price range of Common Stock" section from page 5 (incorporated into Item 5).

#### PRICE RANGE OF COMMON STOCK

Cincinnati Financial Corporation had approximately 9,555 shareholders of record as of December 31, 1995. Most of CFC's 2,289 associates own stock in their Company.

CFC shares are traded nationally over the counter. Closing sale price is quoted under the symbol CINF on the National Market List of the NASDAQ (National Association of Securities Dealers Automated Quotation System). Tables below show the price range reported for each quarter based on daily last sale prices.

1995				
Quarter	1st	2nd	3rd	4th
High	\$54 1/8	\$58 1/4	\$56 1/4	\$66 3/4
Low	48 1/3	52	51 1/4	54 1/8

Dividend Paid	.30	.34	.34	.34
---------------	-----	-----	-----	-----

1994

Quarter	1st	2nd	3rd	4th
High	\$55 1/2	\$51 2/3	\$53 3/4	\$51 1/4
Low	48 3/4	47 2/3	49 1/4	43 3/4
Dividend Paid	.27	.30	.30	.30

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"Selected Financial Information" from pages 18 and 19 (incorporated into Item 6).

SELECTED FINANCIAL INFORMATION  
(000's omitted except per share data)

Cincinnati Financial Corporation and Subsidiaries

	1995	Years Ended December 31,		1992
	1994	1993		
TOTAL ASSETS.....	\$ 6,109,298	\$ 4,734,279	\$ 4,602,288	\$ 4,098,713
LONG-TERM OBLIGATIONS.....	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000
REVENUES				
Premium Income.....	\$ 1,314,126	\$ 1,219,033	\$ 1,140,791	\$ 1,038,772
Investment Income (Less Expense).....	300,015	262,649	239,436	218,942
Realized Gains on Investments.....	30,781	19,557	51,529	35,885
Other Income.....	10,729	11,267	10,396	10,552
NET INCOME BEFORE REALIZED GAINS ON INVESTMENTS				
In Total.....	\$ 207,342	\$ 188,538	\$ 182,530*	\$ 147,669
Per Common Share.....	3.83	3.49	3.39*	2.79
NET INCOME				
In Total.....	\$ 227,350	\$ 201,230	\$ 216,024*	\$ 171,325
Per Common Share.....	4.19	3.72	4.00*	3.23
CASH DIVIDENDS DECLARED				
Per Common Share.....	\$ 1.34	\$ 1.22	\$ 1.07	\$ .98
CASH DIVIDENDS PAID				
Per Common Share.....	\$ 1.32	\$ 1.18	\$ 1.05	\$ .95

\* 1993 earnings include a credit for \$13,845,000 (\$.25 per share) cumulative effect of a change in the method of accounting for income taxes to conform with FASB Statement No. 109 and a net charge of \$8,641,000 (\$.16 per share) related to the effect of the 1993 increase in income tax rates on deferred taxes recorded for various prior year items.

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Cincinnati Financial Corporation and Subsidiaries

	1991	1990	1989	1988	1987	1986	1985
TOTAL ASSETS	\$3,513,749	\$2,626,156	\$2,602,990	\$2,163,341	\$1,828,032	\$1,581,591	\$1,272,242
LONG-TERM OBLIGATIONS	\$ 182	\$ 202	\$ 753	\$ 890	\$ 3,898	\$ 8,468	\$ 8,825
REVENUES							
Premium Income	\$ 947,576	\$ 871,196	\$ 813,313	\$ 754,335	\$ 747,266	\$ 666,892	\$ 513,864
Investment Income (Less Expense)	193,220	167,425	149,285	130,885	108,915	90,875	76,561
Realized Gains on Investments	7,641	1,488	4,678	6,423	3,845	13,881	3,528
Other Income	12,698	8,822	7,134	10,281	7,686	1,932	2,554
NET INCOME BEFORE REALIZED GAINS ON INVESTMENTS							
In Total	\$ 141,273	\$ 128,052	\$ 111,477	\$ 124,618	\$ 90,714	\$ 83,477	\$ 52,452
Per Common Share	2.70	2.47	2.16	2.45	1.80	1.64	1.05
NET INCOME							
In Total	\$ 146,280	\$ 128,962	\$ 114,490	\$ 128,748	\$ 93,154	\$ 93,471	\$ 54,993
Per Common Share	2.80	2.49	2.22	2.52	1.85	1.84	1.10
CASH DIVIDENDS DECLARED							
Per Common Share	\$ .87	\$ .77	\$ .69	\$ .55	\$ .47	\$ .40	\$ .37
CASH DIVIDENDS PAID							
Per Common Share	\$ .85	\$ .75	\$ .66	\$ .54	\$ .45	\$ .39	\$ .36

Per share data adjusted for three-for-one stock split in 1992, two-for-one stock split in 1985 and stock dividends of 5 percent in 1995 and 1987.

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"Management Discussion" from pages 30 through 32 (incorporated into Items 1 and 7).

## MANAGEMENT DISCUSSION

This Management Discussion is intended to supplement the data contained in the financial statements and related notes of Cincinnati Financial Corporation and subsidiaries.

## RESULTS OF OPERATIONS

The Company's \$227.3 million net income for 1995 reflected a \$26.1 million, 13 percent, increase over 1994. Net income for 1994 and 1993, respectively, reflected a 6.9 percent decrease and 26.1 percent increase from the preceding years. Realized gains on investments (net of income taxes) were \$20 million for 1995, compared to \$12.7 million in 1994 and \$33.5 million in 1993. The effect on income per share (adjusted to reflect a 5 percent stock dividend declared in February, 1995) of various matters discussed herein is illustrated in the following summary:

	1995 ----	1994 ----	1993 ----
Net income excluding			
the items below.....	\$4.15	\$3.74	\$3.57
Realized gains.....	.36	.23	.61
Catastrophe losses.....	(.32)	(.25)	(.27)
Effect of tax rate change:			
Unrealized appreciation.....	-0-	-0-	(.21)
Other prior year differences...	-0-	-0-	.05
Cumulative effect of accounting			
change.....	-0-	-0-	.25
	-----	-----	-----
Net income per share.....	\$4.19	\$3.72	\$4.00
	=====	=====	=====

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Cincinnati Financial Corporation and Subsidiaries

The Company has continued in the same lines of property casualty business and has continued not to market in California and not to write flood insurance. The Company continues to review exposure for huge disasters and to reduce coverage in certain coastal areas. Developing newer territories has helped the property and casualty operations increase premium income. Net premium income amounted to \$1.263 billion for 1995, an increase of 8 percent over 1994. 1994 and 1993 reflected increases of 7.1 percent and 10 percent, respectively. The combined loss and expense ratio for the Company's property and casualty operations was 99.4 percent for 1995, 100.6 percent for 1994 and 100.1 percent for 1993. The catastrophe losses affected the loss expense ratio by 2.1 percent, 1.8 percent and 2.1 percent for the years 1995, 1994 and 1993, respectively. The Company has been able to control the growth of operating expenses; and along with increased premiums written, the expense ratio has declined by .4 percent for the years 1995 and 1994 and 1.1 percent for 1993.

The Company incurred catastrophe losses of \$27.2 million, \$20.7 million and \$22.6 million in 1995, 1994 and 1993, respectively. For property catastrophes, the Company retains the first \$25 million of losses and then has reinsurance to cover 95 percent of the losses from \$25 million up to \$175 million.

Uncertainty always exists as to the adequacy of established reserves. The

Company has consistently established property casualty insurance reserves, including adjustment of estimates as facts become known, using information from internal analysis and review by external actuaries. Because of the stability of the Company's book of business, management believes that uncertainty as to reserves is less than it otherwise would be.

Total life and accident and health premium income remained relatively level over the past three years at \$50.9 million, \$49.1 million and \$48.7 million for 1995, 1994 and 1993, respectively.

Investment income increased 14.2 percent to \$300 million in 1995. Investment income was \$262.6 million in 1994 and \$239.4 million in 1993, increases of 9.7 percent and 9.4 percent, respectively. Increases in investment income have principally been the result of investing the cash flows from operating and financing activities and the Company's strategy to shift to relatively more investments in securities whose income is taxable and higher yielding than tax-exempt investments.

The Company's income tax expense was \$67.8 million, \$48.1 million and \$64.8 million for 1995, 1994 and 1993, respectively. The Company's effective tax rate was 22.98%, 19.29% and 24.28% for 1995, 1994 and 1993, respectively. The higher 1995 effective tax rate partly reflects the shift to relatively more taxable investments. As discussed in the Notes to Consolidated Financial Statements, 1993 income tax expense includes an \$11.2 million charge and a \$2.6 million credit related to the effect of the income tax rate change on unrealized appreciation on investments in equity securities and on other prior years' temporary book-tax differences. The Company incurred no additional alternative minimum tax expense for 1995, 1994 or 1993. The alternative minimum basis effectively taxes certain income that is exempt from taxation on a regular tax basis.

Statutory risk-based capital requirements became effective for life companies in 1993 and for property casualty companies in 1994. The Company's capital was well above the minimum required amounts.

#### CASH FLOWS AND LIQUIDITY

Net cash provided by operating activities amounted to \$385.4 million, \$325.8 million and \$363.2 million for 1995, 1994 and 1993, respectively. Operating cash flows have been sufficient to meet operating needs and provide for financing needs and increased investments. Management expects that this situation will continue because of no substantial changes in the Company's mix of business, protection by reinsurance agreements with financially stable companies and no significant exposure to assumed reinsurance. Assumed reinsurance comprised no more than 6 percent of gross premiums in each of the last three years.

The Company used \$439.8 million in 1995, \$317.6 million in 1994 and \$333.3 million in 1993 in investing activities. Net cash flows used in additions to fixed maturity and equity securities, respectively, amounted to \$310 million and \$115 million in 1995, \$209 million and \$92 million in 1994 and \$113 million and \$212 million in 1993.

Notes payable increased \$92 million in 1995, \$51 million in 1994 and \$11 million in 1993. The growth of the Company required increased cash flows for the operating and investing activities.

Cash and marketable securities of \$5.509 billion make up 90.2 percent of the Company's \$6.109 billion of assets; this compares to 89.2 percent in 1994. The Company has only minor investments in real estate and mortgages, which are typically illiquid. Information regarding the composition of investments, together with maturity data regarding investments in fixed maturities, is included in the Notes to Consolidated Financial Statements. As discussed in such notes, the Company's insurance reserve liabilities are estimated by management based upon Company experience data. Such reserves are related to various lines of business and will be paid out over various future periods. The Company has continued to utilize some short-term debt.



## INVESTMENTS

The Company's primary investment strategy is to maintain liquidity to meet both immediate and long-range insurance obligations through the purchase and maintenance of medium-risk, fixed maturity and equity securities, while earning optimal returns on medium-risk equity securities which offer growing dividends and capital appreciation.

The Company's investment decisions on an individual insurance company basis are influenced by insurance statutory requirements, which are designed to protect policyholders from investment risk. Cash generated from insurance operations is almost entirely invested in either corporate, governmental, municipal, public utility and other fixed maturity securities or equity securities. Such securities are evaluated prior to purchase based on yield and risk criteria.

The Company's portfolio of fixed maturity securities at December 31, 1995 has an average yield-to-cost of 8.4 percent and an average maturity of 12.1 years. For the insurance companies' purposes, strong emphasis has been placed on purchasing current income producing securities and maintaining such securities as long as they continue to meet the Company's yield and risk criteria. Historically, municipal bonds have been attractive due to their tax-exempt feature. Concentrations in the essential service (i.e., schools, sewer, water, etc.) bonds issued by municipalities are prevalent in this area. Due to the small size of several of these offerings, many of these bonds are not rated by a rating agency.

At December 31, 1995 and 1994, investments totaling approximately \$813 million and \$532 million, respectively (\$789 million and \$563 million at cost), of the Company's \$5.529 billion and \$4.212 billion investment portfolio relate to securities that are rated noninvestment grade or that are not rated by Moody's Investors Service or Standard & Poor's. Such investments have historically had a beneficial effect on the Company's results of operations.

Because of alternative minimum tax matters, the Company uses a blend of tax-exempt and taxable fixed maturity securities. Tax-exempt bonds comprise 16 percent of invested assets as of December 31, 1995, compared to 18 percent in 1994 and 1993.

Investments in common stocks have been made with emphasis on securities with an annual dividend yield of at least 2 percent to 3 percent and annual dividend increases. The Company's portfolio of equity investments at December 31, 1995 has an average dividend yield to cost of 8 percent. Strategy in equity investments continues to include identifying approximately 10 to 12 companies in which the Company can accumulate 10 percent to 20 percent of their common stock.

As a long-term investor, the Company has followed a buy-and-hold strategy for many years. A significant amount of unrealized appreciation on equity investments has been generated as a result of this policy for over 37 years. Unrealized appreciation, before deferred income taxes, on equity investments was \$1.618 billion as of December 31, 1995 and constituted 29 percent of the total investment portfolio; 53 percent of the equities investment portfolio; and, after deferred income taxes, 40 percent of total shareholders' equity. Such unrealized appreciation, before deferred income taxes, amounted to \$941 million and \$1.135 billion at December 31, 1994 and 1993, respectively.

## SHAREHOLDERS' EQUITY AND LONG- AND SHORT-TERM DEBT

At December 31, 1995, shareholders' equity was \$2.658 billion. Shareholders' equity was 44 percent of assets in 1995, 41 percent in 1994 and 42 percent in 1993. During 1995, shareholders' equity increased \$718 million. This increase was the result of a \$558 million increase in unrealized appreciation on fixed maturity and equity investments discussed above, net of income tax effects. During 1994 and 1993, respectively, shareholders' equity decreased \$7 million and increased \$234 million, of which \$147 million decrease and \$61 million increase were related to the change in unrealized appreciation on equity investments discussed above, net of income tax effects. Long-term and short-term debt each amounted to less than 5 percent of total assets at December 31, 1995 and 1994. At December 31, 1995 and 1994, long-term debt consisted of \$80 million of convertible debentures. Short-term debt amounted to \$221 million, up from \$129 million in 1994 and \$78 million in 1993. The additional borrowings were used to provide additional working capital as previously discussed in the Cash Flows and Liquidity section of Management Discussion.

Independent Auditors' Report and Financial Statements from pages 19 thru 30  
(incorporated into Item 8).

# INDEPENDENT AUDITORS' REPORT

[LOGO]

To the Shareholders and Board of Directors of Cincinnati Financial Corporation:

We have audited the consolidated balance sheets of Cincinnati Financial Corporation and subsidiaries as of December 31, 1995 and 1994 and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 1995. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Cincinnati Financial Corporation and subsidiaries at December 31, 1995 and 1994 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1995, in conformity with generally accepted accounting principles.

As discussed in the Notes to Consolidated Financial Statements, the Company changed its method of accounting for fixed maturity investments to conform with Statement of Financial Accounting Standards (SFAS) No.115 effective January 1, 1994 and its method of accounting for income taxes to conform with SFAS No.109 effective January 1, 1993.

/s/ Delotte & Touche LLP  
Cincinnati, Ohio  
February 9, 1996

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## CONSOLIDATED BALANCE SHEETS

Cincinnati Financial Corporation and Subsidiaries

	December 31,	
	1995	1994
ASSETS		
Investments		
Fixed maturities, at fair value (cost: 1995--\$2,298,718,000; 1994--\$1,976,314,000) .....	\$ 2,446,995,000	\$ 1,943,116,000
Equity securities, at fair value (cost: 1995--\$1,423,671,000; 1994--\$1,289,444,000) .....	3,041,762,000	2,230,247,000
Other invested assets .....	39,802,000	38,816,000
Cash .....	20,019,000	48,254,000
Investment income receivable .....	65,045,000	56,069,000
Finance receivables .....	20,282,000	16,169,000
Premiums receivable .....	161,117,000	141,972,000
Reinsurance receivable .....	103,683,000	67,125,000
Prepaid reinsurance premiums .....	21,835,000	24,066,000
Deferred acquisition costs pertaining to unearned premiums and to life policies in force .....	119,589,000	109,503,000
Land, buildings and equipment for Company use (at cost, less		

accumulated depreciation: 1995--\$73,153,000; 1994--\$64,819,000) .....	33,056,000	32,673,000
Other assets .....	36,113,000	26,269,000
Total assets .....	\$ 6,109,298,000	\$ 4,734,279,000
<u>=====</u>		
LIABILITIES		
Insurance reserves		
Losses and loss expenses .....	\$ 1,743,534,000	\$ 1,552,297,000
Life policy reserves .....	403,264,000	370,095,000
Unearned premiums .....	408,624,000	382,119,000
Other liabilities .....	107,060,000	85,158,000
Deferred income taxes .....	487,840,000	195,447,000
Notes payable .....	221,005,000	129,116,000
5.5% convertible senior debentures due 2002 .....	80,000,000	80,000,000
Total liabilities .....	3,451,327,000	2,794,232,000
<u>=====</u>		
SHAREHOLDERS' EQUITY		
Common stock, par value--\$2 per share; authorized 80,000,000 shares; issued, 1995--53,084,081; 1994--50,435,974 .....	106,168,000	100,872,000
Paid-in capital .....	237,172,000	105,792,000
Retained earnings .....	1,156,627,000	1,133,105,000
Unrealized gains on investments .....	1,159,388,000	601,192,000
	2,659,355,000	1,940,961,000
Less treasury shares at cost (1995--27,147 shares; 1994--18,033 shares) .....	(1,384,000)	(914,000)
Total shareholders' equity .....	2,657,971,000	1,940,047,000
Total liabilities and shareholders' equity .....	\$ 6,109,298,000	\$ 4,734,279,000
<u>=====</u>		

Accompanying notes are an integral part of this statement.

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# CONSOLIDATED STATEMENTS OF INCOME

## Cincinnati Financial Corporation and Subsidiaries

	Years Ended December 31,		
	1995	1994	1993
<u>-----</u>			
REVENUE			
Premium income			
Property and casualty .....	\$ 1,263,257,000	\$ 1,169,940,000	\$ 1,092,135,000
Life .....	43,551,000	41,888,000	41,169,000
Accident and health .....	7,318,000	7,205,000	7,487,000
	<u>-----</u>	<u>-----</u>	<u>-----</u>
Net premiums earned .....	1,314,126,000	1,219,033,000	1,140,791,000
Investment income .....	300,015,000	262,649,000	239,436,000
Realized gains on investments .....	30,781,000	19,557,000	51,529,000
Other income .....	10,729,000	11,267,000	10,396,000
	<u>-----</u>	<u>-----</u>	<u>-----</u>
Total revenues .....	1,655,651,000	1,512,506,000	1,442,152,000
<u>-----</u>			
BENEFITS AND EXPENSES			
Insurance losses and policyholder			
benefits .....	964,216,000	900,814,000	832,478,000
Commissions .....	244,862,000	230,551,000	220,830,000
Other operating expenses .....	97,909,000	85,405,000	83,357,000
Taxes, licenses and fees .....	38,887,000	39,070,000	35,088,000
Increase in deferred acquisition costs			
pertaining to unearned premiums and			
to life policies in force .....	(10,086,000)	(5,412,000)	(6,757,000)
Interest expense .....	17,231,000	9,961,000	7,389,000
Other expenses .....	7,444,000	2,789,000	2,772,000
	<u>-----</u>	<u>-----</u>	<u>-----</u>
Total benefits and expenses .....	1,360,463,000	1,263,178,000	1,175,157,000
<u>-----</u>			
INCOME BEFORE INCOME TAXES			
AND CUMULATIVE EFFECT OF			
AN ACCOUNTING CHANGE .....	295,188,000	249,328,000	266,995,000
	<u>-----</u>	<u>-----</u>	<u>-----</u>
PROVISION FOR INCOME TAXES			

Current .....	76,012,000	64,229,000	71,119,000
Deferred .....	(8,174,000)	(16,131,000)	(6,303,000)
	-----	-----	-----
	67,838,000	48,098,000	64,816,000
	-----	-----	-----
INCOME BEFORE CUMULATIVE EFFECT OF AN ACCOUNTING CHANGE .....	227,350,000	201,230,000	202,179,000
CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING FOR INCOME TAXES .....	-0-	-0-	13,845,000
	-----	-----	-----
NET INCOME .....	\$ 227,350,000	\$ 201,230,000	\$ 216,024,000
	=====	=====	=====
PER COMMON SHARE			
Income before cumulative effect of an accounting change .....	\$ 4.19	\$ 3.72*	\$ 3.75*
Cumulative effect of a change in accounting for income taxes .....	-0-	-0-	.25*
	-----	-----	-----
Net income .....	\$ 4.19	\$ 3.72*	\$ 4.00*
	=====	=====	=====
Cash dividends (declared) .....	\$ 1.34	\$ 1.22*	\$ 1.07*
	=====	=====	=====

\*Adjusted to reflect a 5 percent stock dividend declared in February, 1995.  
Accompanying notes are an integral part of this statement.

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CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY  
Cincinnati Financial Corporation and Subsidiaries

	Common Stock	Treasury Stock	Paid-In Capital	Retained Earnings	Unrealized Gains on Investments
	-----	-----	-----	-----	-----
Balance, December 31, 1992 .....	\$ 100,146,000	\$ (2,491,000)	\$ 92,529,000	\$ 836,533,000	\$ 687,059,000
Net income .....				216,024,000	
Change in unrealized gains on investments .....					93,255,000
Income taxes on unrealized gains .....					(31,800,000)
Dividends declared .....				(56,198,000)	
Purchase/issuance of treasury shares .....		2,095,000	3,084,000		
Stock options exercised .....	480,000		6,622,000		
	-----	-----	-----	-----	-----
Balance, December 31, 1993 .....	100,626,000	(396,000)	102,235,000	996,359,000	748,514,000
Effect of a change in accounting for fixed maturity investments, net of income taxes of \$ 42,722,000 .....					79,340,000
Net income .....				201,230,000	
Change in unrealized gains on investments .....					(348,711,000)
Income taxes on unrealized gains .....					122,049,000
Dividends declared .....				(64,484,000)	
Purchase/issuance of treasury shares .....		(518,000)	58,000		
Stock options exercised .....	246,000		3,499,000		
	-----	-----	-----	-----	-----
Balance, December 31, 1994 .....	100,872,000	(914,000)	105,792,000	1,133,105,000	601,192,000
Net income .....				227,350,000	
Change in unrealized gains on investments .....					858,763,000
Income taxes on unrealized gains .....					(300,567,000)
Dividends declared .....				(71,262,000)	
5% stock dividend at market .....	5,043,000		127,338,000	(132,566,000)	
Purchase/issuance of treasury shares .....		(470,000)	182,000		
Stock options exercised .....	253,000		3,860,000		
	-----	-----	-----	-----	-----
Balance, December 31, 1995 .....	\$ 106,168,000	\$ (1,384,000)	\$ 237,172,000	\$ 1,156,627,000	\$ 1,159,388,000
	=====	=====	=====	=====	=====

Accompanying notes are an integral part of this statement.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

Cincinnati Financial Corporation and Subsidiaries

	Years Ended December 31,		
	1995	1994	1993
Cash flows from operating activities:			
Net income .....	\$ 227,350,000	\$ 201,230,000	\$ 216,024,000
Adjustments to reconcile net income to net cash flows provided by operating activities:			
Depreciation and amortization .....	9,641,000	9,923,000	10,466,000
Increase in investment income receivable .....	(8,976,000)	(5,949,000)	(3,121,000)
Increase in premiums receivable .....	(19,145,000)	(7,611,000)	(10,199,000)
Increase in reinsurance receivable .....	(36,558,000)	(8,064,000)	(7,511,000)
Decrease (increase) in prepaid reinsurance premiums .....	2,231,000	(100,000)	(5,266,000)
Increase in deferred acquisition costs .....	(10,086,000)	(5,412,000)	(6,757,000)
(Increase) decrease in policy loans and accounts receivable .....	(14,801,000)	1,008,000	(8,045,000)
Increase in loss and loss expense reserves .....	191,237,000	149,790,000	166,995,000
Increase in life policy reserves .....	33,169,000	24,118,000	29,208,000
Increase in unearned premiums .....	26,505,000	20,107,000	36,937,000
Increase (decrease) in other liabilities .....	9,522,000	(7,274,000)	20,374,000
Decrease in deferred income taxes .....	(8,174,000)	(16,131,000)	(20,148,000)
Realized gains on investments .....	(30,781,000)	(19,557,000)	(51,529,000)
Other .....	14,245,000	(10,258,000)	(4,238,000)
Net cash provided by operating activities .....	385,379,000	325,820,000	363,190,000
Cash flows from investing activities:			
Sale of fixed maturities investments .....	118,986,000	83,360,000	118,064,000
Maturity of fixed maturities investments .....	187,320,000	207,843,000	287,096,000
Sale of equity securities investments .....	255,542,000	250,722,000	200,775,000
Collection of finance receivables .....	8,222,000	6,567,000	6,523,000
Purchase of fixed maturities investments .....	(616,001,000)	(500,283,000)	(518,339,000)
Purchase of equity securities investments .....	(370,445,000)	(342,949,000)	(412,630,000)
Investment in land, buildings and equipment .....	(10,806,000)	(11,356,000)	(7,648,000)
Investment in finance receivables .....	(12,335,000)	(9,725,000)	(7,471,000)
(Increase) decrease in other invested assets .....	(270,000)	(1,758,000)	279,000
Net cash used in investing activities .....	(439,787,000)	(317,579,000)	(333,351,000)
Cash flows from financing activities:			
Proceeds from stock options exercised .....	4,113,000	3,745,000	7,102,000
(Purchase) issuance of treasury shares .....	(287,000)	(460,000)	5,179,000
Increase in notes payable .....	91,889,000	51,050,000	11,114,000
Payment of cash dividends to shareholders .....	(69,542,000)	(62,436,000)	(55,103,000)
Net cash provided (used) in financing activities .....	26,173,000	(8,101,000)	(31,708,000)
Net (decrease) increase in cash .....	(28,235,000)	140,000	(1,869,000)
Cash at beginning of year .....	48,254,000	48,114,000	49,983,000
Cash at end of year .....	\$ 20,019,000	\$ 48,254,000	\$ 48,114,000
Supplemental disclosures of cash flow information:			
Interest paid .....	\$ 16,001,000	\$ 10,216,000	\$ 7,543,000
Income taxes paid .....	\$ 67,000,000	\$ 71,192,000	\$ 67,000,000

Accompanying notes are an integral part of this statement.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Cincinnati Financial Corporation and Subsidiaries

1. SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES

NATURE OF OPERATIONS--Cincinnati Financial Corporation (the "Company") sells insurance primarily in the Midwest and Southeast through a network of local independent agents. Insurance products sold include fire, automobile, casualty, bonds and all related forms of property and casualty insurance as well as life insurance and accident and health insurance.

BASIS OF PRESENTATION--The consolidated financial statements include the accounts of the Company and its subsidiaries, each of which is wholly owned, and are presented in conformity with generally accepted accounting principles. Generally accepted accounting principles differ in certain respects from statutory insurance accounting practices prescribed or permitted for insurance companies by regulatory authorities. All significant inter-company balances and transactions have been eliminated in consolidation.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. The accompanying consolidated financial statements include estimates for such items as insurance reserves and income taxes. Actual results could differ from those estimates.

PROPERTY AND CASUALTY INSURANCE-- Expenses incurred in the issuance of policies are deferred and amortized over the terms of the policies. Anticipated investment income is not considered in determining if a premium deficiency related to insurance contracts exists. Policy premiums are included in income on a pro rata basis over the terms of the policies. Losses and loss expense reserves are based on claims reported prior to the end of the year and estimates of unreported claims.

LIFE INSURANCE--Policy acquisition costs are deferred and amortized over the premium paying period of the policies. Life policy reserves are based on anticipated rates of mortality derived primarily from industry experience data, anticipated withdrawal rates based principally on Company experience and estimated future interest earnings using initial interest rates ranging from 3% to 10 1/2%. Interest rates on approximately \$271,000,000 and \$246,000,000 of such reserves at December 31, 1995 and 1994, respectively, are periodically adjusted based upon market conditions.

Payments received for investment, limited pay and universal life-type contracts are recognized as income only to the extent of the current cost of insurance and policy administration, with the remainder recognized as liabilities and included in life policies reserves.

ACCIDENT AND HEALTH INSURANCE--Expenses incurred in the issuance of policies are deferred and amortized over a five-year period. Policy premium income, unearned premiums and reserves for unpaid losses are accounted for in substantially the same manner as property and casualty insurance discussed above.

REINSURANCE--In the normal course of business, the Company seeks to reduce losses that may arise from catastrophes or other events that cause unfavorable underwriting results by reinsuring certain levels of risk in various areas of exposure with other insurance companies, reinsurers and involuntary state pools. Reinsurance contracts do not relieve the Company from any obligation to policyholders. Although the Company historically has not experienced uncollectible reinsurance, failure of reinsurers to honor their obligations could result in losses to the Company. Amounts recoverable from reinsurers are estimated in a manner consistent with the claim liability associated with the reinsured policy.

The Company also assumes some reinsurance from other insurance companies, reinsurers and involuntary state pools. Such assumed reinsurance activity is recorded principally on the basis of reports received from the ceding companies.

INVESTMENTS--The Company adopted Statement of Financial Accounting Standards (SFAS) No. 115 "Accounting for Certain Investments in Debt and Equity Securities" effective January 1, 1994. With the adoption of SFAS No. 115, fixed maturities (bonds and notes) have been classified as available for sale and are stated at fair values. Prior to 1994, fixed maturities were principally stated at amortized cost. Equity securities (common and preferred stocks) are stated at fair values.

Unrealized gains and losses on investments carried at fair value, net of income taxes associated therewith, are included in shareholders' equity. Realized gains and losses on sales of investments are recognized in net income on a specific identification basis.

INCOME TAXES--As further discussed below, effective January 1, 1993, the Company adopted SFAS No. 109, "Accounting for Income Taxes." SFAS No. 109 requires deferred tax liabilities and assets to be computed using the tax rates in effect for the time when temporary differences in book and taxable income are

estimated to

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Cincinnati Financial Corporation and Subsidiaries

reverse and limits the amount of deferred tax assets that can be recognized. Deferred income taxes are recognized for numerous temporary differences between the Company's taxable income and book-basis income and other changes in shareholders' equity. Such temporary differences relate primarily to unrealized gains on investments and differences in the recognition of deferred acquisition costs and insurance reserves. Deferred taxes associated with unrealized appreciation (except the amounts related to the effect of income tax rate changes) are charged to shareholders' equity, and deferred taxes associated with other differences are charged to income.

EARNINGS PER SHARE--Net income per common share is based on the average number of shares and equivalent shares outstanding during each of the respective years. Stock options and convertible debentures are treated as common stock equivalents.

FAIR VALUE DISCLOSURES--Fair values for investments in fixed maturity securities (including redeemable preferred stock) are based on quoted market prices, where available. For such securities not actively traded, fair values are estimated by discounting expected future cash flows using a current market rate applicable to the yield, credit quality and maturity of the investments. Fair values for equity securities are based on quoted market prices.

The fair values for liabilities under investment-type insurance contracts (annuities) are estimated using discounted cash flow calculations, based on interest rates currently being offered for similar contracts with maturities consistent with those remaining for the contracts being valued. Fair values for short-term notes payable are estimated using interest rates currently available to the Company. Fair values for long-term convertible debentures are based on the quoted market prices for such debentures.

## 2. INVESTMENTS

	Years Ended December 31,		
	1995	1994	1993
Investment income summarized by investment category (000's omitted):			
Interest on fixed maturities .....	\$ 186,071	\$ 158,015	\$ 150,732
Dividends on equity securities .....	111,458	103,307	87,415
Other investment income .....	6,480	5,434	5,306
Total .....	304,009	266,756	243,453
Less investment expenses .....	3,994	4,107	4,017
Net investment income .....	\$ 300,015	\$ 262,649	\$ 239,436
Realized gains on investments summarized by investment category (000's omitted):			
Fixed maturities:			
Gross realized gains .....	\$ 14,466	\$ 13,570	\$ 32,361
Gross realized losses .....	(7,263)	(6,058)	(7,168)
Equity securities:			
Gross realized gains .....	38,705	31,785	36,134
Gross realized losses .....	(15,127)	(19,740)	(9,798)
Realized gains on investments .....	\$ 30,781	\$ 19,557	\$ 51,529
Change in unrealized gains on investments summarized by investment category (000's omitted):			
Fixed maturities .....	\$ 181,475	\$ (154,883)	\$ 8,492
Equity securities .....	677,288	(193,828)	84,763
Change in unrealized gains on investments .....	\$ 858,763	\$ (348,711)	\$ 93,255

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Cincinnati Financial Corporation and Subsidiaries

Analysis of cost, fair value, gross unrealized gains and gross unrealized losses  
as of December 31, 1995 and 1994 (000's omitted):

1995	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Fixed maturities:				
States, municipalities and political subdivisions .....	\$ 820,141	\$ 47,168	\$ 3,563	\$ 863,746
Convertibles and bonds with warrants attached .....	181,082	8,925	4,226	185,781
Public utilities .....	82,865	4,135	1,119	85,881
United States government and government agencies and authorities .....	4,355	129	0	4,484
All other corporate bonds .....	1,210,275	104,806	7,978	1,307,103
Total .....	\$2,298,718	\$ 165,163	\$ 16,886	\$2,446,995
Equity securities .....	\$1,423,671	\$1,625,461	\$ 7,370	\$3,041,762
1994				
Fixed maturities:				
States, municipalities and political subdivisions .....	\$ 777,995	\$ 23,591	\$ 32,099	\$ 769,487
Convertibles and bonds with warrants attached .....	182,576	8,113	10,352	180,337
Public utilities .....	78,347	1,078	4,679	74,746
United States government and government agencies and authorities .....	4,100	71	34	4,137
All other corporate bonds .....	933,296	16,668	35,555	914,409
Total .....	\$1,976,314	\$ 49,521	\$ 82,719	\$1,943,116
Equity securities .....	\$1,289,444	\$ 977,580	\$ 36,777	\$2,230,247

Maturity dates for investments in fixed maturity securities as of December 31,  
1995 (000's omitted):

	Cost	Fair Value
Maturity dates occurring:		
One year or less .....	\$ 67,606	\$ 69,589
After one year through five years .....	147,984	156,734
After five years through ten years .....	879,396	929,038
After ten years .....	1,203,732	1,291,634
Total .....	\$2,298,718	\$2,446,995

Investments in companies that exceed 10% of the Company's shareholders' equity  
include the following as of December 31 (000's omitted):

	1995		1994	
	Cost	Fair Value	Cost	Fair Value
Fifth Third Bancorp common stock .....	\$185,345	\$988,417	\$157,843	\$623,040
Alltel Corporation common stock .....	\$ 95,720	\$375,392	\$ 95,810	\$383,346



### 3. DEFERRED ACQUISITION COSTS

Acquisition costs incurred and capitalized during 1995, 1994 and 1993 amounted to \$282,399,000, \$259,092,000 and \$250,221,000, respectively. Amortization of deferred acquisition costs was \$272,313,000, \$253,680,000 and \$243,464,000 for 1995, 1994 and 1993, respectively.

### 4. LOSSES AND LOSS EXPENSES

Activity in the reserve for losses and loss expenses is summarized as follows (000's omitted):

	Years Ended December 31,		
	1995	1994	1993
Balance at January 1 .....	\$ 1,510,150	\$ 1,365,052	\$ 1,200,182
Less reinsurance receivable .....	78,125	71,691	62,349
Net balance at January 1 .....	1,432,025	1,293,361	1,137,833
Incurred related to:			
Current year .....	1,040,541	948,581	828,978
Prior years .....	(126,509)	(92,892)	(39,769)
Total incurred .....	914,032	855,689	789,209
Paid related to:			
Current year .....	396,856	373,721	323,616
Prior years .....	368,459	343,304	310,065
Total paid .....	765,315	717,025	633,681
Net balance at December 31 .....	1,580,742	1,432,025	1,293,361
Plus reinsurance receivable .....	109,719	78,125	71,691
Balance at December 31 .....	\$ 1,690,461	\$ 1,510,150	\$ 1,365,052

As a result of changes in estimates of insured events in prior years, the provision for losses and loss expenses (net of reinsurance recoveries of (\$9,441,000), \$8,211,000 and \$1,064,000 in 1995, 1994 and 1993, respectively) decreased by \$126,509,000, \$92,892,000 and \$39,769,000 in 1995, 1994 and 1993. These decreases are due in part to the effects of settling reported (case) and unreported (IBNR) reserves established in prior years for less than expected.

The reserve for losses and loss expenses in the accompanying balance sheets also includes \$53,073,000 and \$42,147,000 at December 31, 1995 and 1994, respectively, for certain life/health losses and loss checks payable.

### 5. LIFE POLICY RESERVES

Life policy reserves have been calculated using the account value basis for universal life and annuity policies and primarily the Basic Table (select) mortality basis for ordinary/traditional, industrial and other policies. Following is a summary of such reserves (000's omitted):

	1995	1994
Ordinary/Traditional Life.....	\$111,442	\$ 103,197
Universal Life.....	166,634	147,599
Annuities.....	104,625	98,750
Industrial.....	17,411	18,032

Other.....	3,152	2,517
	-----	-----
Total.....	\$403,264	\$ 370,095
	=====	=====

At December 31, 1995 and 1994, the fair value associated with the annuities shown above approximated \$105,000,000 and \$99,000,000, respectively.

#### 6. NOTES PAYABLE

The Company and subsidiaries had no compensating debt balance for either 1995 or 1994. Notes payable in the accompanying balance sheets are short term and interest rates charged on such borrowings ranged from 5.18% to 9.00% during 1995 which resulted in an average interest rate of 7.19%. At December 31, 1995 and 1994, the fair value of the notes payable approximated the carrying value and the weighted average interest rate approximated 6.51% and 6.77%, respectively.

#### 7. CONVERTIBLE SENIOR DEBENTURES

The convertible senior debentures are convertible by the debenture holders into shares of common stock at a conversion price of \$46.86 (21.34 shares for each \$1,000 principal). At December 31, 1995 and 1994, the fair value of the debentures approximated \$112,000,000 and \$88,800,000, respectively.

#### 8. REINSURANCE

Property and casualty premium income in the accompanying statements of income includes approximately \$36,956,000, \$63,746,000, and \$65,625,000 of earned premiums on assumed business and is net of approximately \$83,805,000, \$100,842,000 and \$87,819,000 of premiums on ceded business for 1995, 1994 and 1993, respectively.

Written premiums for 1995, 1994 and 1993 consist of the following (000's omitted):

	1995	1994	1993
	-----	-----	-----
Direct business .....	\$ 1,338,205	\$ 1,233,948	\$ 1,145,185
Assumed business .....	39,221	53,332	71,581
Ceded business .....	(81,574)	(96,456)	(92,986)
	-----	-----	-----
Net .....	\$ 1,295,852	\$ 1,190,824	\$ 1,123,780
	=====	=====	=====

Insurance losses and policyholder benefits in the accompanying statements of income are net of approximately \$40,316,000, \$33,645,000 and \$25,995,000 of reinsurance recoveries for 1995, 1994 and 1993, respectively.

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#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Cincinnati Financial Corporation and Subsidiaries

#### 9. FEDERAL INCOME TAXES

Effective January 1, 1993, the Company adopted SFAS No. 109, "Accounting for Income Taxes," and recognized in 1993 income the \$13,845,000 cumulative effect on prior years of the change in method of accounting for income taxes. Income tax rates were increased during 1993; and, as a result of the use of SFAS No.109, the Company also charged to 1993 income \$11,245,000 of taxes related to the effect of the change in rates on unrealized appreciation on equity investments at the date the rate increases were signed into law. Further, under SFAS No. 109, the effect (\$2,604,000) of the change on accumulated temporary

differences as of January 1, 1993 was credited to income. Under the previous methods of accounting for income taxes, the net \$8,641,000 charge to income would not have been recognized.

Significant components of the Company's net deferred tax liability as of December 31, 1995 and 1994 are as follows (000's omitted):

	1995	1994
	-----	-----
Deferred tax liabilities:		
Unrealized gain on investments.....	\$ 618,229	\$317,662
Deferred acquisition costs.....	37,981	34,691
Other.....	10,379	11,970
	-----	-----
Total.....	666,589	364,323
	-----	-----
Deferred tax assets:		
Losses and loss expense reserves.....	128,758	122,665
Unearned premiums.....	27,008	24,786
Life policy reserves.....	16,844	15,570
Other.....	6,139	5,855
	-----	-----
Total.....	178,749	168,876
	-----	-----
Net deferred tax liability.....	\$ 487,840	\$195,447
	=====	=====

The provision for federal income taxes is based upon a consolidated income tax return for the Company and subsidiaries.

The differences between the statutory federal rates and the Company's effective federal income tax rates are as follows:

	1995	1994	1993
	Percent	Percent	Percent
	-----	-----	-----
Tax at statutory rate .....	35.00	35.00	35.00
Increase (decrease) resulting from:			
Tax-exempt municipal bonds .....	(6.10)	(7.40)	(7.61)
Dividend exclusion .....	(8.04)	(8.71)	(6.73)
Effect of rate change on unrealized appreciation .....			4.21
Other .....	2.12	.40	(.59)
	-----	-----	-----
Effective rate .....	22.98	19.29	24.28
	=====	=====	=====

No provision has been made (at December 31, 1995, 1994 and 1993) for federal income taxes on approximately \$14,000,000 of the life insurance subsidiary's retained earnings, since such taxes will become payable only to the extent that such retained earnings are distributed as dividends or exceed limitations prescribed by tax laws. The Company does not contemplate any such dividend.

#### 10. PENSION PLAN

The Company and subsidiaries have a defined benefit pension plan covering substantially all employees. Benefits are based on years of credited service and compensation level. Contributions to the plan are based on the frozen entry age

actuarial cost method. Pension expense is composed of several components that are determined using the projected unit credit actuarial cost method and based on certain actuarial assumptions. The following table sets forth the plan's funded status and the amounts recognized in the Company's balance sheets as of December 31, 1995 and 1994 (000's omitted):

	1995 -----	1994 -----
Actuarial present value of accumulated benefit obligation (vested benefits: 1995--\$27,873; 1994--\$22,650) .....	\$ 28,770 =====	\$ 23,452 =====
Plan assets at fair value .....	\$ 79,210	\$ 59,699
Actuarial present value of projected benefit obligation .....	49,425 -----	39,523 -----
Plan assets in excess of projected benefit obligation .....	29,785	20,176
Unrecognized net transition asset at January 1, 1987 (\$7,774 amortized over 21 years) .....	(4,442)	(4,813)
Unrecognized prior service costs .....	(476)	(516)
Unrecognized net gain .....	(25,138) -----	(15,546) -----
Accrued pension cost .....	\$ (271) =====	\$ (699) =====

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Cincinnati Financial Corporation and Subsidiaries

Net pension expense for 1995, 1994 and 1993 includes the following components (000's omitted):

	1995 -----	1994 -----	1993 -----
Service cost for current year .....	\$ 2,555	\$ 2,682	\$ 2,297
Interest cost .....	3,014	2,788	2,429
Actual return on plan assets .....	(20,717)	1,571	(2,593)
Net amortization and deferral .....	14,720	(7,009)	(2,254)
Net pension expense .....	\$ (428) =====	\$ 32 =====	\$ (121) =====

The weighted average discount rate used in determining the actuarial present value of the projected benefit obligation as of December 31 was 6.75%, 7.25% and 6.75% in 1995, 1994 and 1993, respectively. The rates of increase in future compensation levels were 5% to 7% for each year. The expected long-term rate of return on retirement plan assets, consisting principally of equity securities (including those of the Company), was 8% as of December 31, 1995, 1994 and 1993.

#### 11. SHAREHOLDERS' EQUITY AND RESTRICTION

The insurance subsidiaries paid cash dividends to the Company of

approximately \$143,773,000, \$85,700,000 and \$119,000,000 in 1995, 1994 and 1993, respectively. Dividends paid to the Company by insurance subsidiaries are restricted by regulatory requirements of the insurance subsidiaries' domiciliary state. Generally, the maximum dividend that may be paid without prior regulatory approval is limited to the greater of 10% of statutory surplus or 100% of statutory net income for the prior calendar year, up to the amount of statutory unassigned surplus as of the end of the prior calendar year. Dividends exceeding these limitations can be paid only with approval of the insurance department of the subsidiaries' domiciliary state. During 1996, the total dividends that can be paid to the Company without regulatory approval are approximately \$172,577,000.

2,559,934 shares of common stock were reserved as of December 31, 1995 for the issuance of debenture conversions and stock options.

## 12. STOCK OPTIONS

The Company has primarily qualified stock option plans under which options are granted to employees of the Company at prices which are not less than market price at the date of grant and which are exercisable over ten-year periods. A summary of options information for the years ended December 31, 1995, 1994 and 1993 and the related range of prices per share for the year ended December 31, 1995 follows:

	1995 -----	1994 -----	1993 -----
Shares under option (\$12.46 to \$64.50).....	852,617	849,648	917,393
Options exercisable (\$12.46 to \$59.29).....	611,100	539,214	450,090
Options exercised (\$23.50 to \$59.29).....	126,561	128,954	252,015

At December 31, 1995, the average purchase price of the shares under option was \$42.25 and the aggregate market value of the shares under option was approximately \$55,633,000; such options expire on dates ranging from November 28, 1997 to December 12, 2005.

SFAS No.123, "Accounting for Stock-Based Compensation," defines a fair value based method of accounting for stock-based compensation but permits compensation expense to continue to be measured using the intrinsic value based method previously used. The Company intends to continue measuring compensation expense using the intrinsic value based method and under the provisions of SFAS No.123, which must be adopted in 1996, will be required to make proforma disclosures of net income and earnings per share as if the fair value method had been used.

## 13. STATUTORY ACCOUNTING INFORMATION

Net income and shareholders' equity, as determined in accordance with statutory accounting practices for the Company's insurance subsidiaries, are as follows (000's omitted):

	Years Ended December 31, -----		
	1995 -----	1994 -----	1993 -----
Net income:			
Property/casualty insurance subsidiaries.....	\$ 152,003	\$ 125,684	\$131,151
Life/health insurance subsidiary.....	\$ 7,096	\$ 13,438	\$ 14,577

	December 31,	
	1995	1994
Shareholders' equity:		
Property/casualty insurance subsidiaries....	\$ 1,077,047	\$ 776,813
Life/health insurance subsidiary.....	\$ 195,100	\$ 207,725

#### 14. TRANSACTION WITH AFFILIATED PARTIES

The Company paid certain officers and directors, or insurance agencies of which they are shareholders, commissions of approximately \$10,034,000, \$7,824,000 and \$9,405,000 on premium volume of approximately \$60,720,000, \$45,811,000 and \$50,723,000 for 1995, 1994 and 1993, respectively.

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#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Cincinnati Financial Corporation and Subsidiaries

#### 15. SEGMENT INFORMATION

The Company operates principally in two industries-- property and casualty insurance and life insurance. Information concerning the Company's operations in different industries is presented below (000's omitted). Revenue is primarily from unaffiliated customers. Identifiable assets by industry are those assets that are used in the Company's operations in each industry. Corporate assets are principally cash and marketable securities.

	Income Before Income Taxes,		
	1995	1994	1993
Property/casualty insurance .....	\$ 2,894	\$ (5,703)	\$ (3,429)
Life/health insurance .....	(2,512)	(1,691)	357
Investment income (less required interest on life reserves) .....	279,346	244,347	222,992
Realized gains on investments .....	30,781	19,557	51,529
Other .....	4,979	5,874	5,578
General corporate expenses .....	(20,300)	(13,056)	(10,032)
Total .....	\$ 295,188	\$ 249,328	\$ 266,995

	Identifiable Assets		
	1995	1994	1993
Property/casualty insurance .....	\$ 3,526,900	\$ 2,830,788	\$ 2,736,960
Life/health insurance .....	809,418	689,838	688,516
Other .....	44,487	44,006	42,822
Corporate assets .....	1,728,493	1,169,647	1,133,990
Total .....	\$ 6,109,298	\$ 4,734,279	\$ 4,602,288

"Selected Quarterly Financial Data" from page 1 (incorporated into Item 8).

#### SELECTED QUARTERLY FINANCIAL DATA

Financial data for each quarter in the two years ended December 31, 1995 (000's omitted except per share data)

	1995				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Revenues.....	\$ 414,688	\$ 405,023	\$ 416,658	\$ 419,283	\$ 1,655,651
Income Before Income Taxes.....	83,823	69,629	76,973	64,763	295,188
Net Income.....	63,245	55,141	58,603	50,362	227,350
Net Income Per Share.....	1.17	1.02	1.08	.93	4.19

	1994				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Revenues.....	\$ 379,703	\$ 378,821	\$ 381,726	\$ 372,256	\$ 1,512,506
Income Before Income Taxes.....	59,891	75,969	56,867	56,601	249,328
Net Income.....	48,500	59,083	47,552	46,095	201,230
Net Income Per Share(2).....	.90	1.09	.88	.85	3.72

(1) 1993 earnings include a credit for \$13,845,000 (\$.25 per share) cumulative effect of a change in the method of accounting for income taxes to conform with FASB Statement No. 109 and a net charge of \$8,641,000 (\$.16 per share) related to the effect of the 1993 increase in income tax rates on deferred taxes recorded for various prior year items.

(2) Adjusted to reflect a 5 percent stock dividend declared in February, 1995.

(3) Includes common stock equivalents for stock options and convertible debentures.

Note: The sum of the quarterly reported amounts may not equal the full year as each is computed independently.

## EXHIBIT 23

## INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement No. 2-71575 (on Form S-8), Registration Statement No. 33-34127 (on Form S-8), and Registration Statement No. 33-48970 (on Form S-4) of Cincinnati Financial Corporation of our reports dated February 9, 1996, appearing in and incorporated by reference in the Annual Report on Form 10-K of Cincinnati Financial Corporation for the year ended December 31, 1995.

DELOITTE & TOUCHE LLP

/S/ Deloitte & Touche LLP

Cincinnati, Ohio  
March 20, 1996



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Information from reports furnished to state insurance regulatory authorities.