UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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# FORM 10-Q

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

For the Quarterly Period Ended March 31, 1999

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

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Commission File Number 0-4604

CINCINNATI FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

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

6200 South Gilmore Road
Fairfield, Ohio 45014-5141

(Address of principal executive offices)

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

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

YES X . NO .

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

$2.00 Par Common--165,112,000 shares outstanding at March 31, 1999

$50,837,000 of 5.5% Convertible Senior Debentures Due 2002

$419,604,000 of 6.9% Senior Debentures Due 2028

# PART I

## ITEM 1. FINANCIAL STATEMENTS

### CINCINNATI FINANCIAL CORPORATION AND SUBSIDIARIES
### CONSOLIDATED BALANCE SHEETS

(000's omitted)

| | (Unaudited) March 31, 1999 | December 31, 1998 |
|---|---|---|
| **ASSETS** | | |
| Investments | | |
| Fixed Maturities (Cost: 1999--$2,690,314; 1998--$2,682,659) | $ 2,782,252 | $ 2,812,231 |
| Equity Securities (Cost: 1999--$1,968,242; 1998--$1,943,206) | 7,224,132 | 7,454,817 |
| Other Invested Assets | 59,241 | 57,902 |
| Cash | 60,187 | 58,611 |
| Investment Income Receivable | 77,581 | 76,773 |
| Finance Receivables | 31,798 | 32,107 |
| Premiums Receivable | 167,003 | 164,412 |
| Reinsurance Receivable | 139,112 | 135,991 |
| Prepaid Reinsurance Premiums | 23,711 | 26,435 |
| Deferred Acquisition Costs Pertaining to Unearned Premiums and to Life Policies in Force | 142,998 | 142,896 |
| Land, Buildings and Equipment for Company Use (at Cost Less Accumulated Depreciation) | 50,329 | 53,639 |
| Other Assets | 96,861 | 70,689 |
| Total Assets | $ 10,855,205 | $ 11,086,503 |
| **LIABILITIES** | | |
| Insurance Reserves: | | |
| Losses and Loss Expenses | $ 2,093,085 | $ 2,054,725 |
| Life Policy Reserves | 543,610 | 533,730 |
| Unearned Premiums | 455,938 | 459,695 |
| Notes Payable | 10,000 | -0- |
| 5.5% Convertible Senior Debentures Due 2002 | 50,837 | 51,919 |
| 6.9% Senior Debentures Due 2028 | 419,604 | 419,601 |
| Federal Income Taxes | | |
| Current | 30,579 | 9,740 |
| Deferred | 1,703,073 | 1,809,003 |
| Other Liabilities | 141,518 | 127,154 |
| Total Liabilities | 5,448,244 | 5,465,567 |
| **SHAREHOLDERS' EQUITY** | | |
| Common Stock, $2 per Share; Authorized 200,000 Shares; Issued 1999--170,608; 1998--170,435 Shares; Outstanding 1999--165,112; 1998--166,681 Shares | 341,216 | 340,871 |
| Paid-In Capital | 220,724 | 218,328 |
| Retained Earnings | 1,517,269 | 1,480,914 |
| Accumulated Other Comprehensive Income | 3,487,337 | 3,678,019 |
| | 5,566,546 | 5,718,132 |
| Less Treasury Shares at Cost (1999--5,496 Shares; 1998--3,754 Shares) | (159,585) | (97,196) |
| Total Shareholders' Equity | 5,406,961 | 5,620,936 |
| Total Liabilities and Shareholders' Equity | $ 10,855,205 | $ 11,086,503 |

Accompanying notes are an integral part of these financial statements.

CINCINNATI FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS FOR INCOME
(UNAUDITED)

(000's omitted except per share data)

| Revenues: | Three Months Ended March 31, 1999 | 1998 |
|---|---|---|
| Premiums Earned: | | |
| Property and Casualty | $ 396,097 | $ 378,400 |
| Life | 15,532 | 14,128 |
| Accident and Health | 2,171 | 2,064 |
| Net Premiums Earned | 413,800 | 394,592 |
| Investment Income, Less Expenses | 95,816 | 90,300 |
| Realized Gain on Investments | 24,746 | 25,642 |
| Other Income | 2,297 | 2,020 |
| Total Revenues | 536,659 | 512,554 |
| Benefits & Expenses: | | |
| Insurance Losses and Policyholder Benefits | 324,466 | 270,131 |
| Commissions | 72,915 | 70,211 |
| Other Operating Expenses | 37,807 | 36,121 |
| Taxes, Licenses & Fees | 10,208 | 12,821 |
| Increase in Deferred Acquisition Costs Pertaining to Unearned Premiums and to Life Policies in Force | (102) | 9 |
| Interest Expense | 7,785 | 5,338 |
| Other Expenses | 1,519 | 1,590 |
| Total Benefits & Expenses | 454,598 | 396,221 |
| Income Before Income Taxes | 82,061 | 116,333 |
| Provision for Income Taxes: | | |
| Current | 20,839 | 31,927 |
| Deferred | (3,255) | 228 |
| Total Provision for Income Taxes | 17,584 | 32,155 |
| Net Income | $ 64,477 | $ 84,178 |
| Average Shares Outstanding | 166,102 | 166,601 |
| Average Shares Outstanding (diluted) | 171,116 | 172,538 |
| Per Common Share: | | |
| Net Income | $ .39 | $ .51 |
| Net Income (diluted) | $ .38 | $ .49 |
| Cash Dividends Declared | $ .1700 | $ .1533 |

Accompanying notes are an integral part of these financial statements.

CINCINNATI FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
(UNAUDITED)
(000's omitted)

THREE MONTHS ENDED MARCH 31, 1998 AND 1999

| | Common Shares | Stock Amount | Treasury Stock | Paid-In Capital | Retained Earnings | Accumulated Other Comprehensive Income | Total Shareholders' Equity |
|---|---|---|---|---|---|---|---|
| Bal. Dec. 31, 1997 | 169,391 | $338,782 | $ (72,585) | $ 203,282 | $1,341,730 | $ 2,905,756 | $4,716,965 |
| Net Income | | | | | 84,178 | | 84,178 |
| Change in Unreal. Gains Net of Inc. Taxes of $152,599 | | | | | | 283,397 | 283,397 |
| Comprehensive Income | | | | | | | 367,575 |
| Div. Declared | | | | | (25,567) | | (25,567) |
| Purchase/Issuance of Treasury Shares | | | 16 | 14 | | | 30 |
| Stock Options Exercised | 281 | 562 | | 4,142 | | | 4,704 |
| Conversion of Debentures | 115 | 230 | | 1,478 | | | 1,708 |
| Bal. March 31, 1998 | 169,787 | $339,574 | $ (72,569) | $ 208,916 | $ 1,400,341 | $ 3,189,153 | $5,065,415 |
| Bal. Dec. 31, 1998 | 170,435 | $340,871 | $ (97,196) | $ 218,328 | $ 1,480,914 | $ 3,678,019 | $5,620,936 |
| Net Income | | | | | 64,477 | | 64,477 |
| Change in Unreal. Gains Net of Inc. Taxes of $102,675 | | | | | | (190,682) | (190,682) |
| Comprehensive Income | | | | | | | (126,205) |
| Div. Declared | | | | | (28,122) | | (28,122) |
| Purchase/Issuance of Treasury Shares | | | (62,389) | 7 | | | (62,382) |
| Stock Options Exercised | 100 | 200 | | 1,453 | | | 1,653 |
| Conversion of Debentures | 73 | 145 | | 936 | | | 1,081 |
| Bal. March 31, 1999 | 170,608 | $ 341,216 | $ (159,585) | $ 220,724 | $ 1,517,269 | $ 3,487,337 | $5,406,961 |

Accompanying notes are an integral part of these financial statements.

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

| | (000's omitted) | |
|---|---|---|
| | Three Months Ended March 31, | |
| | 1999 | 1998 |
| Cash flows from operating activities: | | |
| Net income | $ 64,477 | $ 84,178 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation and amortization | 3,345 | 2,626 |
| Increase in investment income receivable | (808) | (352) |
| Increase in premiums receivable | (2,591) | (1,987) |
| Increase in reinsurance receivable | (3,121) | (898) |
| Decrease (increase) in prepaid reinsurance premiums | 2,724 | (368) |
| (Increase) decrease in deferred acquisition costs | (102) | 9 |
| Decrease in accounts receivable | 15,896 | 3,811 |
| (Increase) decrease in other assets | (10,063) | 3,663 |
| Increase in loss and loss expense reserves | 38,360 | 31,557 |
| Increase in life policy reserves | 9,880 | 11,814 |
| Decrease in unearned premiums | (3,757) | (2,357) |
| Increase (decrease) in other liabilities | 11,805 | (4,327) |
| (Decrease) increase in deferred income taxes | (3,255) | 228 |
| Realized gains on investments | (24,746) | (25,642) |
| Increase in current income taxes | 20,839 | 27,394 |
| Other | 13,280 | (5,645) |
| Net cash provided by operating activities | 132,163 | 123,704 |
| Cash flows from investing activities: | | |
| Sale of fixed maturities | 13,416 | 3,034 |
| Call or maturity of fixed maturities investments | 88,301 | 79,408 |
| Sale of equity securities investments | 65,565 | 80,437 |
| Collection of finance receivables | 3,718 | 3,426 |
| Purchase of fixed maturities investments | (106,877) | (123,074) |
| Purchase of equity securities investments | (67,859) | (142,547) |
| Investment in land, buildings and equipment | (45,721) | (5,946) |
| Investment in finance receivables | (3,409) | (3,928) |
| Investment in other invested assets | (1,428) | (1,359) |
| Net cash used in investing activities | (54,294) | (110,549) |
| Cash flows from financing activities: | | |
| Proceeds from stock options exercised | 1,653 | 4,704 |
| Purchase/Issuance of treasury shares | (62,382) | 30 |
| Increase in notes payable | 10,000 | 542 |
| Payment of cash dividends to shareholders | (25,564) | (22,704) |
| Net cash used in financial activities | (76,293) | (17,428) |
| Net increase (decrease) in cash | 1,576 | (4,273) |
| Cash at beginning of period | 58,611 | 80,168 |
| Cash at end of period | $ 60,187 | $ 75,895 |
| Supplemental disclosures of cash flow information | | |
| Interest paid | $ 0 | $ 4,248 |
| Income taxes paid | $ 0 | $ 0 |

Accompanying notes are an integral part of these financial statements.

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

NOTE I - ACCOUNTING POLICIES

The consolidated financial statements include the accounts of the Company and all of its subsidiaries, each of which is wholly owned, and are presented in conformity with generally accepted accounting principles. All significant inter-company investments and transactions have been eliminated in consolidation. The December 31, 1998 consolidated balance sheet amounts are derived from the audited financial statements but do not include all disclosures required by generally accepted accounting principles.

INVESTMENTS--Fixed maturities and equity securities have been classified as available for sale and are carried at fair values at March 31, 1999 and December 31, 1998.

UNREALIZED GAINS AND LOSSES (000's omitted)--The increases (decreases) in unrealized gains for fixed maturities and equity securities (net of income tax effect) for the three-month periods ended March 31 are as follows:

| | Fixed Maturities | Equity Securities | Total |
|---|---|---|---|
| 1999 | $ (24,463) | $ (166,219) | $ (190,682) |
| 1998 | $ (1,126) | $ 284,523 | $ 283,397 |

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

REINSURANCE (000's omitted)--Premiums earned are net of $26,565 and $24,054 of premium on ceded business for March 31, 1999 and 1998, respectively. Insurance losses and policyholder benefits in the accompanying consolidated statements of income are net of $11,289 and $11,954 reinsurance recoveries for March 31, 1999 and 1998, respectively.

NOTE II - 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. On March 31, 1999, outstanding options for Stock Option Plan No. III totalled 49,614 shares with a purchase price of $7.34, outstanding options for Stock Plan No. IV totalled 2,621,591 shares with purchase prices ranging from a low of $7.46 to a high of $42.88, outstanding options for Stock Plan V totalled 1,444,405 shares with purchase prices ranging from a low of $20.48 to a high of $45.38 and outstanding options for Stock Plan VI totalled 1,393,500 shares with purchase prices ranging from a low of $33.75 to a high of $37.88.

NOTE III - INTERIM ADJUSTMENTS

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

NOTE IV - SEGMENT INFORMATION

The Company is organized and operates principally in two industries and has four reportable segments--commercial lines property and casualty insurance, personal lines property and casualty insurance, life insurance and investment operations. The accounting policies of the segments are the same as those described in Note I - Accounting Policies. Revenue is primarily from unaffiliated customers. Identifiable assets by segment are those assets, including investment securities, used in the Company's operations in each industry. Corporate and other identifiable assets are principally cash and marketable securities. Segment information, for which results are regularly reviewed by Company management in making decisions about resources to be allocated to the segments and assess their performance, is summarized as follows (000's omitted):

| | Quarter Ended March 31, 1999 | 1998 |
|---|---|---|
| REVENUES | | |
| Commercial lines insurance ......... | $ 258,455 | $ 251,563 |
| Personal lines insurance ........... | 137,642 | 126,837 |
| Life insurance ..................... | 17,703 | 16,192 |
| Investment operations .............. | 120,562 | 115,942 |
| Corporate and other ................ | 2,297 | 2,020 |
| Total revenues ................. | $ 536,659 | $ 512,554 |
| INCOME BEFORE INCOME TAXES | | |
| Property and casualty insurance .... | $ (20,836) | $ 15,295 |
| Life insurance ..................... | 138 | 355 |
| Investment operations .............. | 112,883 | 108,691 |
| Corporate and other ................ | (10,124) | (8,008) |
| Total income before income taxes | $ 82,061 | $ 116,333 |
| IDENTIFIABLE ASSETS | | |
| Property and casualty insurance .... | $ 5,471,113 | $ 5,240,650 |
| Life insurance ..................... | 1,193,610 | 1,149,587 |
| Corporate and other ................ | 4,190,482 | 3,670,486 |
| Total identifiable assets ...... | $ 10,855,205 | $ 10,060,723 |

NOTE V - FINANCIAL ACCOUNTING PRONOUNCEMENTS

DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES - SFAS No. 133 "Accounting For Derivative Instruments and Hedging Activities" is effective for the Company in 2000. This Statement establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, (collectively referred to as derivatives) and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. The effects of the Statement to the Company are not yet known.

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

This Management Discussion is intended to supplement the data contained in the financial statements and related notes of Cincinnati Financial Corporation and subsidiaries. The following discussion, related consolidated financial statements and accompanying notes contain certain forward-looking statements that involve potential risks and uncertainties. The Company's future results could differ materially from those discussed. Factors that could cause or contribute to such differences include, but are not limited to: unusually high levels of catastrophe losses due to changes in weather patterns or other natural causes; changes in insurance regulations or legislation that place the Company at a disadvantage in the marketplace; recession or other economic conditions resulting in lower demand for insurance products; sustained decline in overall stock market values negatively impacting the Company's equity portfolio and the ability to generate investment income; and the potential inability of the Company and/or the independent agencies with which it works to complete the necessary information system changes required to handle the Year 2000 issue. Readers are cautioned that the Company undertakes no obligation to review or update the forward-looking statements included in this material.

Premiums earned for the three months ended March 31, 1999 have increased $19,208 (5%) over the three months ended March 31, 1998. For our property and casualty insurance companies, gross written premiums increased $18,426 and gross earned premiums increased by $19,878. The growth rate of our property and casualty subsidiaries on a gross written and earned basis is less than last year. The growth rate is less than last year because the increase in new business and some rate increases on personal lines business were offset by a continued soft commercial lines market and lower premiums on workers' compensation coverages. The premium volume of our life and health company has increased approximately 9% as the Company had increases in both life and health insurance production. The premium growth in our life subsidiary is mainly attributable to increased sales of both traditional and work site marketing products. For the three-month period ended March 31, 1999, investment income, net of expenses, has increased $5,516 (6%) when compared with the first three months of 1999. This increase is the result of the growth of the investment portfolio because of investing cash flows from operations and dividend increases from equity securities.

Realized gains on investments for the three months ended March 31, 1999 amounted to $24,746 compared to $25,642 for the comparable three-month period ended March 31, 1998. The realized gains are predominantly the result of the sale of equity securities and management's decision to realize the gains and reinvest the proceeds at higher yields. Other equity securities are sold at the discretion of management and reinvested in other equity securities.

Insurance losses and policyholder benefits (net of reinsurance recoveries) increased $54,335 (20%) for the first three months of 1999 over the same period in 1998. Property and casualty company losses increased $54,190 in the first quarter of 1999, compared to the first quarter of 1998. Catastrophic claims were higher by $20,522 in the same period. Policyholder benefits increased $145 over the first quarter of 1998 in the life insurance subsidiary.

Commission expenses increased $2,704 for the first quarter of 1999 compared to the same period of 1998. The increase for the year matches the premium growth. Other operating expenses increased $1,686 for the three-month period ended March 31, 1999 compared to the same period for 1998. The increase is attributable to increases in staff and costs associated to our investment in infrastructure to support future growth. Taxes, licenses, and fees decreased $2,613 for the first quarter of 1999, compared to the first quarter of 1998. The decrease is attributable to decreases in tax rates in our domicile state Ohio, and related lower retaliatory taxes. Interest expense increased $2,447 for the three-month period ended March 31, 1999 compared to the same period for 1998. The increase is attributable to increased debt and to the higher interest rate of the 30-year senior debenture compared to short-term debt previously held.

Provision for income taxes, current and deferred, have decreased by $14,571 for the first three months of 1999 compared to the first three months of 1998. The decrease in federal taxes is attributable to lower income before taxes and a decrease in the effective tax rate from 27.64% to 21.43% at March 31, 1998 and 1999.

In the first quarter of 1999, the Company experienced a decrease in gains unrealized in investments, compared to an increase in unrealized gains in investments in the first quarter of 1998, resulting in comprehensive income of $(126,205) in 1999, compared to $367,575 in 1998.

The Company has been working on the Year 2000 project for several years to address potential problems within the Company's operations that could result from the century change. The corporate Information Systems Department is primarily responsible for this endeavor and has a designated team of Company associates assigned to this effort. This team has access to key associates in all areas of the Company's operations as well as to outside consultants and resources on an as-needed basis.

The Information Systems Department provides a comprehensive report on a quarterly basis for corporate management and the Audit Committee of the Board of Directors. This report identifies progress against the plan as well as projections on specific issues.

| | % of Hardware/Software Applications Year 2000 Compliant | |
|---|---|---|
| | Actual as of March 31, 1999 | Planned as of June 30, 1999 |
| Mission critical systems | 95% | 100% |
| All other systems | 95% | 100% |

We have identified computer systems (both hardware and software), including equipment with embedded computer chips, that were not Year 2000 compliant; determined what revisions or replacements would be needed to achieve compliance; prioritized and proceeded to implement those revisions or replacements; instituted testing procedures to ensure that the revisions and fixes are operational; and moved the compliant systems into production. As of March 31, 1999, approximately 95% of the applications have either been modified to be compliant or have been replaced by purchased compliant systems. Additional in-depth testing, both internal and third-party related, is planned into 1999. We believe that all critical systems will be Year 2000 compliant by June 30, 1999.

As part of the overall review of Year 2000, the Company is verifying with certain key outside vendors, and with others where a significant business relationship exists to determine their Year 2000 compliance status and plans. Because the Company markets products through independent agencies, it is of paramount importance that those approximately 1,000 agencies (1,300 offices) successfully transition to a Year 2000 compliant processing system. We are actively working with those agencies. As of March 31, 1999, nearly all of the agencies' processing systems have either been made compliant or the agencies have plans to get them compliant by June 30, 1999. Phone and personal interviews are being used to verify the progress of the agencies.

Contingency planning for the Year 2000 includes standard backup and recovery procedures to be followed in the event of a critical system failure. While we do not expect any unusual kinds of failure as a result of specific Year 2000 related changes, by June 30, 1999, we plan to develop specific backup procedures for the Year 2000 to minimize the effect of any potential problems.

Should the Company or a third party with whom the Company transacts business have a system failure due to the century change, it is believed it will not result in more than a delay in processing or reporting, with no material financial impact.

We have budgeted $9.5 million pretax to resolve the Year 2000 issues. This would encompass the costs of modifications, the salaries of the associates primarily assigned to this effort and the fees of outside consultants for this effort. As of March 31, 1999, the Company has incurred approximately $8.8 million of these costs. The expenses incurred during the first three months of 1999 were approximately $.9 million.

Although the Company expects its systems to be Year 2000 compliant on or before December 31, 1999, it cannot predict the outcome or the success of its Year 2000 project, or that third-party systems are or will be Year 2000 compliant, or that the costs required to address the Year 2000 issue or the impact of a failure to achieve substantial Year 2000 compliance will not have a material adverse effect on the Company's business, financial condition or results of operations.

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

On February 6, 1999, the Board authorized repurchase of up to seventeen million of the Company's outstanding shares, with the intent to complete the repurchase by December 31, 2000. This authorization supersedes the previous authorization of nine million shares. As of March 31, 1999, the Company has repurchased 1,742 shares, leaving 15,258 future repurchased shares authorized.

# PART II
# OTHER INFORMATION

## ITEM 1. Legal Proceedings

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

## ITEM 2. Changes in Securities

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

## ITEM 3. Defaults Upon Senior Securities

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

## ITEM 4. Submission of Matters to a Vote of Security Holders

No special matters were voted upon by security holders during the first quarter.

On April 3, 1999, shareholders voted on and approved Stock Option Plan No. VI.

## ITEM 5. Other Information

No matters to report.

## ITEM 6. Exhibits and Reports on Form 8-K

(a) Exhibits included:

Exhibit 11--Statement re Computation of Per Share Earnings.
Exhibit 27--Financial Data Schedule

(b) The Company was not required to file any reports on Form 8-K during the quarter ended March 31, 1999.

Signature

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

CINCINNATI FINANCIAL CORPORATION
(Registrant)

Date May 10, 1999

By/s/ T.F. Elchynski
T.F. Elchynski
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

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EXHIBIT 11
CINCINNATI FINANCIAL CORPORATION
STATEMENT RE COMPUTATION OF PER SHARE EARNINGS
FOR THE QUARTER ENDED MARCH 31,
(000's omitted except per share data)

| | 1999 | 1998 |
|---|---|---|
| Basic Earnings per share: | | |
| Net income | $ 64,477 | $ 84,178 |
| Average shares outstanding | 166,102 | 166,601 |
| Net income per common share | $ .39 | $ .51 |
| Diluted earnings per share: | | |
| Net income | $ 64,477 | $ 84,178 |
| Interest on convertible debentures--net of tax | 450 | 497 |
| Net income for per share calculation (diluted) | $ 64,927 | $ 84,675 |
| Average shares outstanding | 166,102 | 166,601 |
| Effective of dilutive securities: | | |
| 5.5% convertible senior debentures | 3,417 | 3,813 |
| Stock options | 1,597 | 2,124 |
| Total dilutive shares | 171,116 | 172,538 |
| Net income per common share--diluted | $ .38 | $ .49 |

10Q/sa

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEETS AND CONSOLIDATED STATEMENTS OF INCOME AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

3-MOS
DEC-31-1999
JAN-01-1999
MAR-31-1999
2,782,252
0
0
7,224,132
15,065
4,404
10,065,625
60,187
2,048
142,998
10,855,205
2,601,355
455,938
31,574
17,673
480,441
0
0
341,216
5,065,745
10,855,205
413,800
95,816
24,746
2,297
324,466
86,705
43,427
82,061
17,584
64,477
0
0
0
64,477
.39
.38
1,840,323
0
0
0
0
2,044,548
0

Equals the sum of Fixed maturities, Equity securities and other Invested assets
Equals the sum of Life policy reserves and Losses and loss expenses less the Life Company liability for Supplementary contracts without Life contingencies of $3,766 which is classified as Other Policyholder Funds
Equals the sum of Notes payable, the 5.5% Convertible Senior Debenture and the 6.9% Senior Debenture
Equals the total Shareholders' Equity F5--Equals the sum of Commissions, Other operating expenses, Taxes and licenses and fees, Increase in deferred acquisition costs, Interest expense and other expenses
Equals the sum of Commissions, Other operating expenses, Taxes and licenses and fees, Increase in deferred acquisition costs, Interest expense and other expenses
Equals the net reserve for unpaid claims for the property casualty subsidiaries less loss checks payable as of December 31, 1998
Equals the net reserve for unpaid claims for the property casualty subsidiaries less loss checks payable as of March 31, 1999