

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

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2000

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

Commission File Number 0-4604

CINCINNATI FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

An Ohio Corporation
(State or other jurisdiction of
incorporation or organization)

31-0746871
(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 .
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Securities registered pursuant to Section 12(g) of the Act:

\$2.00 Par Common--160,780,000 shares outstanding at March 31, 2000

\$36,347,000 of 5.5% Convertible Senior Debentures Due 2002

\$419,618,000 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, 2000 -----	December 31, 1999 -----
ASSETS		
Investments		
Fixed Maturities (Cost: 2000--\$3,046,552; 1999--\$2,692,154)	\$ 2,941,676	\$ 2,617,412
Equity Securities (Cost: 2000--\$2,076,282; 1999--\$2,022,555)	6,631,681	7,510,918
Other Invested Assets	68,127	65,909
Cash	54,473	339,554
Investment Income Receivable	86,146	80,128
Finance Receivables	32,066	32,931
Premiums Receivable	184,693	166,585
Reinsurance Receivable	173,922	159,229
Prepaid Reinsurance Premiums	24,113	24,684
Deferred Acquisition Costs Pertaining to Unearned Premiums and to Life Policies in Force	155,836	154,385
Land, Buildings and Equipment for Company Use (at Cost Less Accumulated Depreciation)	115,414	107,784
Other Assets	95,761	120,695
	-----	-----
Total Assets	\$ 10,563,908	\$ 11,380,214
	=====	=====
LIABILITIES		
Insurance Reserves:		
Losses and Loss Expenses	\$ 2,185,742	\$ 2,154,149
Life Policy Reserves	872,903	860,561
Unearned Premiums	480,883	480,453
Notes Payable	137,000	118,000
5.5% Convertible Senior Debentures Due 2002	36,347	36,759
6.9% Senior Debentures Due 2028	419,618	419,614
Federal Income Taxes		
Current	68,873	30,492
Deferred	1,385,175	1,719,673
Other Liabilities	174,259	139,229
	-----	-----
Total Liabilities	5,760,800	5,958,930
	-----	-----
SHAREHOLDERS' EQUITY		
Common Stock, \$2 per Share; Authorized 200,000 Shares; Issued 2000--172,269; 1999--171,862 Shares; Outstanding 2000--160,780; 1999--162,021 Shares	344,537	343,725
Paid-In Capital	245,742	237,859
Retained Earnings	1,672,704	1,623,890
Accumulated Other Comprehensive Income	2,904,090	3,530,104
	-----	-----
	5,167,073	5,735,578
Less Treasury Shares at Cost (2000--11,489 Shares; 1999--9,841 Shares)	(363,965)	(314,294)
	-----	-----
Total Shareholders' Equity	4,803,108	5,421,284
	-----	-----
Total Liabilities and Shareholders' Equity	\$ 10,563,908	\$ 11,380,214
	=====	=====

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)

	Three Months Ended March 31, 2000	1999
	-----	-----
Revenues:		
Premiums Earned:		
Property and Casualty	\$ 430,370	\$ 396,097
Life	17,012	15,532
Accident and Health	711	2,171
	-----	-----
Net Premiums Earned	448,093	413,800
Investment Income, Less Expenses	106,279	95,816
Realized Gains on Investments	14,524	24,746
Other Income	2,374	2,297
	-----	-----
Total Revenues	571,270	536,659
	-----	-----
Benefits & Expenses:		
Insurance Losses and Policyholder Benefits.....	317,290	324,466
Commissions	82,722	72,915
Other Operating Expenses	41,514	37,807
Taxes, Licenses & Fees	13,221	10,208
Increase in Deferred Acquisition Costs		
Pertaining to Unearned Premiums		
and to Life Policies in Force	(1,451)	(102)
Interest Expense	9,162	7,785
Other Expenses	5,284	1,519
	-----	-----
Total Benefits & Expenses	467,742	454,598
	-----	-----
Income Before Income Taxes	103,528	82,061
	-----	-----
Provision for Income Taxes:		
Current	21,578	20,839
Deferred	2,587	(3,255)
	-----	-----
Total Provision for Income Taxes	24,165	17,584
	-----	-----
Net Income	\$ 79,363	\$ 64,477
	=====	=====
Average Shares Outstanding	161,430	166,102
	=====	=====
Average Shares Outstanding (diluted)	164,859	171,116
	=====	=====
Per Common Share:		
Net Income (basic)	\$.49	\$.39
	=====	=====
Net Income (diluted)	\$.48	\$.38
	=====	=====
Cash Dividends Declared	\$.19	\$.17
	=====	=====

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, 1999 AND 2000						
	Common Shares	Stock Amount	Treasury Stock	Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Shareholders' Equity
	-----	-----	-----	-----	-----	-----	-----
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
	=====	=====	=====	=====	=====	=====	=====
Bal. Dec. 31, 1999	171,862	\$343,725	\$(314,294)	\$237,859	\$1,623,890	\$3,530,104	\$5,421,284

Net Income					79,363		79,363
Change in Unreal Gains Net of Inc. Taxes of \$337,084						(626,014)	(626,014)

Comprehensive Income							(546,651)
Div. Declared					(30,549)		(30,549)
Purchase/Issuance of Treasury Shares			(49,671)	1			(49,670)
Stock Options Exercised	379	757		7,525			8,282
Conversion of Debentures	28	55		357			412
	-----	-----	-----	-----	-----	-----	-----
Bal. March 31, 2000	172,269	\$344,537	\$(363,965)	\$245,742	\$1,672,704	\$2,904,090	\$4,803,108
	=====	=====	=====	=====	=====	=====	=====

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,

	2000	1999
	-----	-----
Cash flows from operating activities:		
Net income	\$ 79,363	\$ 64,477
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	4,969	3,345
Increase in investment income receivable	(6,018)	(808)
Increase in premiums receivable	(18,108)	(2,591)
Increase in reinsurance receivable	(14,693)	(3,121)
Decrease in prepaid reinsurance premiums	571	2,724
Decrease in deferred acquisition costs	(1,451)	(102)
Decrease (increase) in accounts receivable	29,016	15,896
Increase (decrease) in other assets	968	(10,063)
Decrease in loss and loss expense reserves	31,593	38,360
Increase in life policy reserves	12,342	9,880
Increase (decrease) in unearned premiums	430	(3,757)
Increase in other liabilities	32,091	11,805
Decrease (increase) in deferred income taxes	2,587	(3,255)
Realized gains on investments	(14,524)	(24,746)
Decrease in current income taxes	38,381	20,839
Other	(3,326)	13,280
	-----	-----
Net cash provided by operating activities	174,191	132,163
	-----	-----
Cash flows from investing activities:		
Sale of fixed maturities	144,831	13,416
Call or maturity of fixed maturities investments..	108,004	88,301
Sale of equity securities investments	40,166	65,565
Collection of finance receivables	3,512	3,718
Purchase of fixed maturities investments	(607,833)	(100,877)
Purchase of equity securities investments	(78,160)	(67,859)
Investment in land, buildings and equipment	(14,861)	(45,721)
Investment in finance receivables	(2,647)	(3,409)
Investment in other invested assets	(2,287)	(1,428)
	-----	-----
Net cash used in investing activities	(409,275)	(54,294)
	-----	-----
Cash flows from financing activities:		
Proceeds from stock options exercised	8,282	1,653
Purchase/Issuance of treasury shares	(49,670)	(62,382)
Increase in notes payable	19,000	10,000
Payment of cash dividends to shareholders	(27,609)	(25,564)
	-----	-----
Net cash used in financial activities	(49,997)	(76,293)
	-----	-----
Net increase (decrease) in cash	(285,081)	1,576
Cash at beginning of period	339,554	58,611
	-----	-----
Cash at end of period	\$ 54,473	\$ 60,187
	=====	=====
Supplemental disclosures of cash flow information		
Interest paid	\$ 1,636	\$ 0
	=====	=====
Income taxes paid	\$ (18,048)	\$ 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, 1999 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, 2000 and December 31, 1999.

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

Year	Fixed Maturities	Equity Securities	Total
----	-----	-----	-----
2000	\$(19,587)	\$(606,427)	\$(626,014)
1999	\$(24,463)	\$(166,219)	\$(190,682)

Such amounts are included as deductions from shareholders' equity.

REINSURANCE (000's omitted)--Premiums earned are net \$27,710 and \$26,565 of premiums on ceded business for March 31, 2000 and 1999, respectively. Insurance losses and policyholder benefits in the accompanying consolidated statements of income are net of \$22,866 and \$11,289 reinsurance recoveries for March 31, 2000 and 1999, 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, 2000, outstanding options for Stock Plan IV totalled 2,200,318 shares with purchase prices ranging from a low of \$7.71 to a high of \$42.87, outstanding options for Stock Plan V totalled 1,200,774 shares with purchase prices ranging from a low of \$20.47 to a high of \$45.37 and outstanding options for Stock Plan VI totalled 2,716,293 shares with purchase prices ranging from a low of \$29.38 to a high of \$41.47.

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,	
	2000	1999
	-----	-----
REVENUES		
Commercial lines insurance	\$ 283,393	\$ 258,455
Personal lines insurance	146,977	137,642
Life insurance	17,723	17,703
Investment operations	120,803	120,562
Corporate and other	2,374	2,297
	-----	-----
Total revenues	\$ 571,270	\$ 536,659
	=====	=====
INCOME BEFORE INCOME TAXES		
Property and casualty insurance	\$ 7,459	\$ (20,836)
Life insurance	(312)	138
Investment operations	108,186	112,883
Corporate and other	(11,805)	(10,124)
	-----	-----
Total income before income taxes.....	\$ 103,528	\$ 82,061
	=====	=====
IDENTIFIABLE ASSETS		
Property and casualty insurance	\$ 5,144,927	\$ 5,471,113
Life insurance	1,455,394	1,193,610
Corporate and other	3,963,587	4,190,482
	-----	-----
Total identifiable assets	\$10,563,908	\$10,855,205
	=====	=====

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 2001. 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. 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, 2000 have increased \$34,293 (8%) over the three months ended March 31, 1999. For our property and casualty insurance companies, gross written premiums increased \$38,032 and gross earned premiums increased by \$33,975. The growth rate of our property and casualty subsidiaries on a gross written and earned basis is greater than last year, because of rate increases and increased new business in commercial lines. The premium volume of our life and health company increased \$20. The premium growth in our life products is mainly attributable to increased sales of both traditional and work site marketing products. For the three-month period ended March 31, 2000, investment income, net of expenses, has increased \$10,463 (11%) when compared with the first three months of 1999. This increase includes \$5.4 million from a \$302.9 million premium for a bank-owned life insurance (BOLI) policy booked at the end of 1999. Excluding BOLI interest income, pre-tax investment income rose 5.4 percent to \$100.9 million versus a comparable \$95.8 million in the first quarter 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, 2000 amounted to \$14,524 compared to \$24,746 for the comparable three-month period March 31, 1999. The realized gains are predominantly the result of the sale of preferred equity securities and management's decision to realize the gains and reinvest the proceeds at higher yields. Other equity securities are sold at the discretion of management and reinvested in other equity securities.

Insurance losses and policyholder benefits (net of reinsurance recoveries) decreased \$7,176 (2%) for the first three months of 2000 over the same period in 1999. Property and casualty company losses decreased \$11,473 in the first quarter of 2000, compared to the first quarter of 1999. Catastrophic claims were lower by \$15,474 in the same period. Policy holder benefits increased \$4,297 over the first quarter of 1999 in the life insurance subsidiary.

Commission expenses increased \$9,807 for the first quarter of 2000 compared to the same period of 1999. Property and casualty commissions increased \$8,055, reflecting higher contingent commissions and higher growth of premiums written. Life commissions increased 43%, or \$1,752, caused by higher commissions on term life insurance products. Other operating expenses increased \$3,707 for the three-month period ended March 31, 2000 compared to the same period for 1999. The increase is attributable to increases in staff and costs associated to our investment in infrastructure to support future growth. Taxes, licenses and fees increased \$3,013 for the first quarter of 2000 compared to the first quarter of 1999. First quarter 1999 reflected a savings of more than \$2,000 from decreased tax rates in our domicile state, Ohio, and related lower retaliatory taxes. Interest expense increased \$1,377 for the three-month period ended March 31, 2000 compared to the same period for 1999. The increase is attributable to increased short-term debt compared to short-term debt previously held.

Provision for income taxes, current and deferred, have increased by \$6,581 for the first three months of 2000 compared to the first three months of 1999. The increase in federal taxes is attributable to higher income before taxes and an increase in the effective tax rate of 23.34% at March 31, 2000 from 21.43% at March 31, 1999.

In the first quarter of 2000 and 1999, the Company experienced a decrease in unrealized gains in investments resulting in comprehensive income of (\$546,651) in 2000 compared to (\$126,204) in 1999.

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, 2000, the Company has repurchased 7,370 shares, leaving 9,630 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.

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, 2000.

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 4, 2000

By /s/ Kenneth W. Stecher

Kenneth W. Stecher
Senior Vice President
(Principal Financial Officer)

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

	Three Months Ended March 31,	
	2000	1999
	-----	-----
Basic earnings per share:		
Net income	\$ 79,363	\$ 64,477
	=====	=====
Average shares outstanding	161,430	166,102
	=====	=====
Net income per common share (basic)	\$.49	\$.39
	=====	=====
Diluted earnings per share:		
Net income	\$ 79,363	\$ 64,477
Interest on convertible debentures--net of tax of tax	328	450
	-----	-----
Net income for per share calculation (diluted)	\$ 79,691	\$ 64,927
	=====	=====
Average shares outstanding	161,430	166,102
Effective of dilutive securities:		
5.5% convertible senior debentures	2,443	3,417
Stock options	986	1,597
	-----	-----
Total dilutive shares	164,859	171,116
	=====	=====
Net income per common share (diluted)	\$.48	\$.38
	=====	=====

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.

1,000

3-MOS	
	DEC-31-2000
	JAN-01-2000
	MAR-31-2000
2,941,676	
0	
0	
	6,631,681
	16,640
	4,203
9,641,484	
	54,473
34,788	
155,836	
	10,563,908
	3,006,503
480,883	
	47,070
19,559	
	592,965
0	
	0
	344,537
	4,458,571
10,563,908	
	448,093
106,279	
14,524	
	2,374
	317,290
90,367	
	60,085
	103,528
	24,165
79,363	
	0
	0
	0
	79,363
	.49
	.48
1,931,767	
0	
0	
0	
0	
1,954,849	
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 \$5,072 which is classified as Other Policyholder Funds

Equals the sum of Notes payable, the 5.5% Convertible Senior Debentures and the 6.9% Senior Debentures

Equals the total Shareholders' Equity

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, 1999

Equals the net reserve for unpaid claims for the property casualty subsidiaries less loss checks payable as of March 31, 2000