UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2000 — Commission file number 0-4604

CINCINNATI FINANCIAL CORPORATION
(Exact name of registrant as specified in its charter)

Ohio	31-0746871
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
6200 S. Gilmore Road, Fairfield, Ohio	45014-5141
(Address of principal executive offices)	(Zip Code)

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

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

NONE

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

Title of Each Class	Exchange on Which Registered
$2.00 Par, Common	Over The Counter
5.5% Convertible Senior Debentures Due 2002	Over The Counter
6.9% Senior Debentures Due 2028	Over The Counter

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. [X] Yes [ ] No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

The aggregate market value of voting stock held by nonaffiliates of Cincinnati Financial Corporation was $5,025,147,563 as of March 1, 2001.

As of March 1, 2001, there were 160,940,141 shares of common stock outstanding.

Documents Incorporated by Reference

Annual Report to Shareholders for year ended December 31, 2000 (in part) into Parts I, II and IV and Registrant's Proxy Statement dated March 7, 2001 into Parts I, III and IV.

PART I

ITEM 1. BUSINESS

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"), 100% of CFC Investment Company ("CFC-I") and 100% of CinFin Capital Management Company ("CinFin"). CFC is the parent for CIC, CFC-I and CinFin.

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 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 licensed for the sale of life insurance and accident and health insurance in 48 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 licensed in the fire and casualty insurance business on both a direct and agency billing basis in 40 states. The business of CIC and CCC is conducted separately, and there are no plans for combining the business of said companies. CCC reinsures substantially all of their business to CIC.

3. The Cincinnati Indemnity Company ("CID"), incorporated in 1988 under the laws of Ohio, is engaged in the writing of nonstandard personal and casualty lines of insurance in 31 states. The business of CIC and CID is conducted separately, and there are no plans for combining the business of said companies. CID reinsures substantially all of their business to CIC.

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

CinFin, incorporated in 1998, offers investment management services to corporations, insurance agencies and companies, institutions, pension plans, and high net worth individuals.

Industry segment information for revenues, income before income taxes, and identifiable assets is included on page 42 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 6 through 17 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 (969 in 31 states at December 31, 2000) of selectively appointed independent agents, many of whom own stock in the Company. Net earned premiums by property casualty lines increased 10% to $1.828 billion in 2000. The Company's mix of property casualty business did not change significantly in 2000. Life and accident and health insurance (which constituted 4% of the Company's premium income for 2000) is sold primarily through property casualty agencies and independent life agencies. The earned premium growth rate of 6% compares to 7% growth in 1999 and 11% in 1998.

The consolidated financial statements include the estimated liability for unpaid losses and loss adjustment expenses ("LAE") of the Company's property casualty insurance subsidiaries. Property 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 (for estimates of unreported claims) 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 frequency. These estimates are continually reviewed; and as experience develops and new information becomes known, the liability is adjusted as necessary. Such adjustments, if any, are reflected in current operations.

The Company does not discount any of its property casualty liabilities for unpaid losses and unpaid loss adjustment expenses.

There are two tables used to present an analysis of the liability for losses and LAE. The first table, providing a reconciliation of beginning and ending liability balances for 2000, 1999, and 1998, is on page 37 in the Company's Annual Report to Shareholders, incorporated herein by reference (see Exhibit 13 to this filing). The second table, showing the development of the estimated liability for the ten years prior to 2000 is presented on the next page.

The reconciliation referred to in the preceding paragraph shows recognition of approximately $20,000,000 in redundant reserves during 2000 related to the December 31, 1999 liability. This redundancy is due in part to the effects of settling case reserves established in prior years for less than expected and also in part to the over estimation of the severity of incurred but not reported (IBNR) losses. Average severity continues to increase primarily because of increases in medical costs related to workers' compensation and auto liability insurance. Litigation expenses for recent court cases on pending liability claims continue to be very costly; and judgments continue to be high and difficult to estimate. Reserves for environmental claims have been reviewed, and the Company believes that the reserves are adequate. Environmental exposures are minimal as a result of the types of risks we have insured in the past. Historically, most commercial accounts are written with post-date coverages that afford clean-up costs and Superfund responses.

The anticipated effect of inflation is implicitly considered when estimating liabilities for losses and LAE. While anticipated price increases due to inflation are considered in estimating the ultimate claim costs, the increase in average severities of claims is caused by a number of factors that vary with the individual type of policy written. Average severities are based on historical trends adjusted for anticipated changes in underwriting standards, policy provisions, and general economic trends. These trends are monitored based on actual development and are modified if necessary.

The principal reason for differences between the property casualty liabilities reported in the accompanying consolidated financial statements in accordance with generally accepted accounting principles ("GAAP") and that reported in the annual statements filed with state insurance departments in accordance with statutory accounting practices ("SAP") relates to the reporting of reinsurance recoverables which are recognized as receivables for GAAP purposes and as an offset to reserves for SAP purposes.

ANALYSIS OF LOSS AND LOSS ADJUSTMENT EXPENSE DEVELOPMENT
(Millions of Dollars)

Year Ended December 31	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Net Liability for Unpaid Losses and Loss Adjustment Expenses	$ 833	$ 986	$1,138	$1,293	$ 1,432	$ 1,581	$ 1,702	$ 1,777	$ 1,840	$ 1,932	$ 2,182
Net Liability Reestimated as of:											
One Year Later	869	956	1,098	1,200	1,306	1,429	1,582	1,623	1,724	1,912	
Two Years Later	816	928	993	1,116	1,220	1,380	1,470	1,551	1,728		
Three Years Later	795	823	949	1,067	1,214	1,279	1,405	1,520			
Four Years Later	723	814	937	1,067	1,131	1,236	1,380				
Five Years Later	720	824	943	1,103	1,106	1,227					
Six Years Later	732	827	910	1,005	1,091						
Seven Years Later	734	804	900	997							
Eight Years Later	731	795	897								
Nine Years Later	719	796									
Ten Years Later	725										
Net Cumulative Redundancy	$ 108	$ 190	$ 241	$ 296	$ 341	$ 354	$ 322	$ 257	$ 112	$ 20	
Net Cumulative Amount of Liability Paid Through:											
One Year Later	$ 232	$ 280	$ 310	$ 343	$ 368	$ 395	$ 453	$ 499	$ 522	$ 591	
Two Years Later	397	440	498	538	578	630	732	761	853		
Three Years Later	493	546	612	663	709	801	884	965			
Four Years Later	552	611	681	734	802	881	992				
Five Years Later	588	647	718	788	847	946					
Six Years Later	610	666	743	814	885						
Seven Years Later	621	676	760	838							
Eight Years Later	631	689	777								
Nine Years Later	640	701									
Ten Years Later	650										
Net Liability--End of Year			$1,138	$1,293	$ 1,432	$ 1,581	$ 1,702	$ 1,777	$ 1,840	$ 1,932	$ 2,182
Reinsurance Recoverable			62	72	78	109	122	112	138	161	219
Gross Liability--End of Year			$1,200	$1,365	$ 1,510	$ 1,690	$ 1,824	$ 1,889	$ 1,978	$ 2,093	$ 2,401
Net Reestimated Liability--Latest			$ 897	$ 997	$ 1,091	$ 1,227	$ 1,380	$ 1,520	$ 1,728	$ 1,912	
Reestimated Recoverable--Latest			98	104	114	124	123	129	160	180	
Gross Reestimated Liability--Latest			$ 995	$1,101	$ 1,205	$ 1,351	$ 1,503	$ 1,649	$ 1,888	$ 2,092	
Gross Cumulative Redundancy			$ 205	$ 264	$ 305	$ 339	$ 321	$ 240	$ 90	$ 1	

The table above presents the development of balance sheet liabilities for 1990 through 2000. The top line of the table shows the 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 "net cumulative redundancy" represents the aggregate change in the estimates over all prior years. For example, the 1990 liability has developed a $108,000,000 redundancy over ten years and has been reflected in income over the ten 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 referred to above.

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, 2000, the Company had paid $650,000,000 of the currently estimated $725,000,000 of losses and LAE that have been incurred as of the end of 1990; thus an estimated $75,000,000 of losses incurred as of the end of 1990 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 1995, but incurred in 1990, will be included in the cumulative deficiency or redundancy amount for 1990 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. The Company's property casualty risk retention program is affected by various factors, which include, but are not limited to, the Company's changes in underwriting practices, the capacity to retain risks, and reinsurance market conditions. The Companies property casualty treaties provide coverage up to $25,000,000 per occurrence, excess of retention limits. The Company raised its casualty line per occurrence retention limits in 1995 and 1999 from $1,000,000 to $2,000,000 to $2,400,000, respectively, and raised its property line per occurrence retention limits in 1995 from $1,000,000 to $2,000,000. 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 on pages 25 through 28 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 these securities to maturity unless there is a change in credit risk or the securities are called by the issuer. Historically, municipal bonds (focusing on 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, 2000, CFC employed 3,106 associates.

ITEM 2. PROPERTIES

CFC owns the Home Office building located on 75 acres of land in Fairfield, Ohio. This building contains approximately 615,000 square feet. The John J. and Thomas R. Schiff & Company, an affiliated company, occupies approximately 6,750 square feet, and the balance of the building is occupied by CFC and its subsidiaries. The property is carried in the financial statements at $67,781,219 as of December 31, 2000 and is classified as "Land, buildings and equipment for Company use."

CFC-I 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 96,000 rentable square feet. CFC and its subsidiaries occupy approximately 38% of the building, unaffiliated tenants occupy approximately 8% of the building, approximately 28% of the building is available for future CFC usage and approximately 26% is available for rent. The property is carried in the financial statements at $9,002,980 as of December 31, 2000 and is classified as "Land, buildings and equipment for Company use."

CFC-I also owns an 85,000 square feet office building in downtown Cincinnati that was leased to an unaffiliated company, on a net, net, net lease basis that expired at the end of 2000. The building is currently available for rent or for purchase. This property is carried in the financial statements at $535,000 as of December 31, 2000 and is classified as "Other invested assets."

CLIC owns a four-story office building in the Tri-County area of Cincinnati containing approximately 102,000 rentable square feet. At the present time, 98% of the building is currently being leased by an unaffiliated tenant. This property is carried in the financial statements at $3,373,047 as of December 31, 2000 and is classified as "Other invested assets."

ITEM 3. LEGAL PROCEEDINGS

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

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

CFC filed with the Securities and Exchange Commission (SEC) on March 7, 2001, a definitive proxy statement and an annual report 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 of 2000.

PART II

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

Cincinnati Financial Corporation had approximately 11,225 direct shareholders of record as of December 31, 2000. The information related to the market for the registrant's common stock is included in the Annual Report of the Registrant to its shareholders on page 44 for the year ended December 31, 2000 and is incorporated herein by reference (see exhibit 13 to this filing).

ITEM 6. SELECTED FINANCIAL DATA

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, 2000 and is incorporated herein by reference (see exhibit 13 to this filing).

ITEM 7 AND 7(A). MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS AND QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

This information is included in the Annual Report of the Registrant to its shareholders on pages 20 to 28 for the year ended December 31, 2000 and is incorporated herein by reference (see Exhibit 13 to this filing).

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

(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 30 to 42 for the year ended December 31, 2000, are incorporated herein by reference (see Exhibit 13 to this filing).

Consolidated Balance Sheets--December 31, 2000 and 1999
Consolidated Statements of Income--Years ended December 31, 2000, 1999, and 1998
Consolidated Statements of Shareholders' Equity--Years ended December 31, 2000, 1999, and 1998
Consolidated Statements of Cash Flows--Years ended December 31, 2000, 1999, and 1998.
Notes to Consolidated Financial Statements
Independent Auditors' Report

(b) Supplementary Data
Selected quarterly financial data, included in the Annual Report of the Registrant to its shareholders on page 29 for the year ended December 31, 2000, is incorporated herein by reference (see Exhibit 13 to this filing).

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There were no disagreements on accounting and financial disclosure requirements with accountants within the last 24 months prior to December 31, 2000.

PART III

CFC filed with the SEC on March 7, 2001 a definitive proxy statement 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

(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:
   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 3(i)-- Amended Articles of Incorporation of Cincinnati Financial Corporation incorporated by reference to the 1999 10K dated March 23, 2000.
   Exhibit 3(ii)--Regulations of Cincinnati Financial Corporation--incorporated by reference to Exhibit 2 to registrant's Proxy Statement dated March 2, 1992.
   Exhibit 11-- Statement re computation of per share earnings for years ended December 31, 2000, 1999, and 1998
   Exhibit 13-- Material incorporated by reference from the annual report of the registrant to its shareholders for the year ended December 31, 2000
   Exhibit 21-- Subsidiaries of the registrant--information contained in Part I of this report
   Exhibit 22-- Published Report regarding matters submitted to vote of securityholders--notice of Annual Meeting of Shareholders and Proxy Statement dated March 7, 2001--incorporated by reference to such document previously filed with Securities and Exchange Commission, Washington, D.C., 20549
   Exhibit 23-- Independent Auditors' Consent

(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, 2000 and 1999, and for each of the three years in the period ended December 31, 2000, and have issued our report thereon dated February 6, 2001; such consolidated financial statements and report are included in your 2000 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. These consolidated 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.

DELOITTE & TOUCHE LLP

/S/ Deloitte & Touche LLP

Cincinnati, Ohio
February 6, 2001

SCHEDULE I

CINCINNATI FINANCIAL CORPORATION AND SUBSIDIARIES
SUMMARY OF INVESTMENTS--OTHER THAN INVESTMENTS IN RELATED PARTIES
DECEMBER 31, 2000

(000's omitted)

Type of Investment	Cost	Fair Value	Amount at which shown in balance sheet
Fixed maturities:			
Bonds:			
United States government and government agencies and authorities:			
The Cincinnati Insurance Company	$ 251	$ 267	$ 267
The Cincinnati Casualty Company	402	441	441
The Cincinnati Indemnity Company	454	478	478
The Cincinnati Life Insurance Company	5,923	6,030	6,030
Total	7,030	7,216	7,216
States, municipalities and political subdivisions:			
The Cincinnati Insurance Company	899,113	932,678	932,678
The Cincinnati Casualty Company	27,769	28,821	28,821
The Cincinnati Indemnity Company	14,072	14,609	14,609
The Cincinnati Life Insurance Company	6,516	7,122	7,122
Total	947,470	983,230	983,230
Public utilities:			
The Cincinnati Insurance Company	38,474	38,745	38,745
The Cincinnati Casualty Company	3,217	3,438	3,438
The Cincinnati Life Insurance Company	29,243	30,146	30,146
Cincinnati Financial Corporation	9,995	10,204	10,204
Total	80,929	82,533	82,533
Convertibles and bonds with warrants attached:			
The Cincinnati Insurance Company	48,650	42,015	42,015
The Cincinnati Life Insurance Company	18,097	17,820	17,820
Cincinnati Financial Corporation	9,759	8,355	8,355
Total	76,506	68,190	68,190
All other corporate bonds:			
The Cincinnati Insurance Company	646,742	622,764	622,764
The Cincinnati Casualty Company	45,685	45,328	45,328
The Cincinnati Indemnity Company	18,918	18,997	18,997
The Cincinnati Life Insurance Company	608,344	589,760	589,760
Cincinnati Financial Corporation	371,239	303,273	303,273
Total	1,690,928	1,580,122	1,580,122
TOTAL FIXED MATURITIES	$2,802,863	$2,721,291	$2,721,291

(000's omitted)

Type of Investment	Cost	Fair Value	Amount at which shown in balance sheet
Equity securities:			
Common stocks:			
Public utilities			
The Cincinnati Insurance Company	$ 104,244	$ 357,291	$ 357,291
The Cincinnati Casualty Company	5,249	13,062	13,062
The Cincinnati Life Insurance Company	16,023	84,256	84,256
Cincinnati Financial Corporation	80,391	542,473	542,473
Total	205,907	997,082	997,082
Banks, trust and insurance companies			
The Cincinnati Insurance Company	327,945	1,352,111	1,352,111
The Cincinnati Casualty Company	15,817	104,990	104,990
The Cincinnati Indemnity Company	725	802	802
The Cincinnati Life Insurance Company	29,081	141,567	141,567
CinFin Capital Management Company	57	58	58
Cincinnati Financial Corporation	461,351	3,863,477	3,863,477
Total	834,976	5,463,005	5,463,005
Industrial, miscellaneous and all other			
The Cincinnati Insurance Company	477,244	1,265,652	1,265,652
The Cincinnati Casualty Company	21,070	54,865	54,865
The Cincinnati Indemnity Company	5,505	13,175	13,175
The Cincinnati Life Insurance Company	54,808	174,870	174,870
CinFin Capital Management Company	358	374	374
Cincinnati Financial Corporation	91,604	179,573	179,573
Total	650,589	1,688,509	1,688,509
Nonredeemable preferred stocks:			
The Cincinnati Insurance Company	275,548	269,789	269,789
The Cincinnati Casualty Company	4,000	5,431	5,431
The Cincinnati Indemnity Company	2,434	2,865	2,865
The Cincinnati Life Insurance Company	62,269	62,590	62,590
Cincinnati Financial Corporation	32,261	36,714	36,714
Total	376,512	377,389	377,389
TOTAL EQUITY SECURITIES	$ 2,067,984	$8,525,985	$8,525,985
Other invested assets:			
Mortgage loans on real estate			
The Cincinnati Life Insurance Company	$ 2,297	XXXXXX	$ 2,297
CFC Investment Company	14,547	XXXXXX	14,547
Total	16,844	XXXXXX	16,844
Real estate			
The Cincinnati Life Insurance Company	3,373	XXXXXX	3,373
CFC Investment Company	646	XXXXXX	646
Total	4,019	XXXXXX	4,019
Policy loans			
The Cincinnati Life Insurance Company	23,188	XXXXXX	23,188
Notes receivable			
CFC Investment Company	24,509	XXXXXX	24,509
TOTAL OTHER INVESTED ASSETS	$ 68,560	XXXXXX	$ 68,560
TOTAL INVESTMENTS	$ 4,939,407	XXXXXX	$11,315,836

SCHEDULE II CINCINNATI FINANCIAL CORPORATION
CONDENSED FINANCIAL INFORMATION OF REGISTRANT

Condensed statements of income (Parent company only)
For the Years ended December 31 (000's omitted)

	2000	1999	1998
Income			
Dividends from subsidiaries	$ 100,000	$ 175,000	$ 75,000
Investment income	115,474	107,473	95,106
Realized losses on investments	(36,617)	(14,329)	(23)
Other	80	489	2,739
Total	$ 178,937	$ 268,633	$ 172,822
Expenses			
Interest	$ 37,725	$ 33,461	$ 27,070
Depreciation	3,143	0	0
Other	7,145	6,272	9,305
Total expenses	48,013	39,733	36,375
Income before taxes and earnings of subsidiaries	130,924	228,900	136,447
Applicable income taxes (credits)	(5,466)	4,532	9,372
Net income before change in undistributed earnings of subsidiaries	136,390	224,368	127,075
(Decrease) increase in undistributed earnings of subsidiaries	(18,025)	30,354	114,492
Net income	$ 118,365	$ 254,722	$ 241,567

Condensed balance sheets (Parent company only)
December 31 (000's omitted)

	2000	1999
Assets		
Cash	$ 11,840	$ 1,257
Fixed maturities, at fair value	321,833	377,961
Equity securities, at fair value	4,622,236	4,007,289
Investment income receivable	24,600	23,821
Equity in net assets of subsidiaries	2,971,274	2,723,296
Finance receivables	772	2,144
Land, buildings and equipment	92,859	0
Federal income tax receivable	3,354	0
Other assets	18,708	66,529
Total assets	$8,067,476	$7,202,297
Liabilities		
Notes payable	$ 139,000	$ 90,000
Dividends declared but unpaid	30,568	27,609
Federal income tax		
Current	0	3,780
Deferred	1,363,096	1,172,212
5.5% Convertible senior debentures due 2002	29,603	36,759
6.9% Senior debentures due 2028	419,631	419,614
Other liabilities	90,583	31,040
Total liabilities	$2,072,481	$1,781,014
Stockholders' equity	5,994,995	5,421,283
Total liabilities and stockholders' equity	$8,067,476	$7,202,297

This condensed financial information should be read in conjunction with the consolidated financial statements and notes included in the Registrant's 2000 Annual Report to Shareholders.

SCHEDULE II CINCINNATI FINANCIAL CORPORATION
CONDENSED FINANCIAL INFORMATION OF REGISTRANT

Condensed statements of cash flows (Parent company only)

For the years ended December 31	2000	1999	1998
		(000's omitted)	
Operating Activities			
Net income	$ 118,365	$ 254,722	$ 241,567
Adjustments to reconcile net income to net cash provided by operating activities:			
Amortization	2,889	(282)	(385)
Increase in investment income receivable	(779)	(2,390)	(2,862)
Change in current federal income taxes	(7,134)	(4,536)	(2,413)
Provision for deferred income taxes	(2,871)	818	642
Decrease in dividends receivable from subsidiaries	0	20,000	30,000
Decrease (increase) in other assets	47,811	(24,751)	(34,677)
Increase (decrease) in other liabilities	59,543	14,968	(4,089)
(Decrease) increase in undistributed earnings of subsidiaries	18,025	(30,354)	(114,492)
Realized losses on investments	36,617	14,329	23
Net cash provided by operating activities	272,466	242,524	113,314
Investing Activities			
Sale of fixed maturity investments	10,329	42,453	30,805
Maturity of fixed maturity investments	39,665	49,555	68,396
Sale of equity security investments	20,433	61,836	7,125
Collection of finance receivables	1,372	2,077	3,608
Purchase of fixed maturity investments	(63,742)	(94,622)	(132,759)
Purchase of equity security investments	(48,262)	(94,413)	(116,530)
Investment in buildings and equipment	(96,002)	-0-	-0-
Net cash used in investing activities	(136,207)	(33,114)	(139,355)
Financing Activities			
Increase in (payoff of) notes payable	49,000	90,000	(265,564)
Proceeds from issue of 6.9% senior debentures	0	0	419,593
Payment of cash dividends	(119,342)	(109,702)	(99,522)
Purchase of treasury shares	(66,505)	(217,084)	(24,301)
Proceeds from stock options exercised	11,171	7,212	10,314
Net cash provided by (used in) financing activities	(125,676)	(229,574)	40,520
Increase (decrease) in cash	10,583	(20,164)	14,479
Cash at beginning of year	1,257	21,421	6,942
Cash at end of year	$ 11,840	$ 1,257	$ 21,421

This condensed financial information should be read in conjunction with the consolidated financial statements and notes included in the Registrant's 2000 Annual Report to Shareholders.

SCHEDULE III

CINCINNATI FINANCIAL CORPORATION & SUBSIDIARIES
SUPPLEMENTARY INSURANCE INFORMATION
FOR YEARS ENDED DECEMBER 31, 2000, 1999, AND 1998
(000's omitted)

Column A	Column B	Column C	Column D	Column E	Column F	Column G
Segment	Deferred Policy Acquisition Cost	Future Policy Benefits, Losses, Claims & Expense Losses	Unearned Premiums	Other Policy Claims & Benefits Payable	Premium Revenue	Net Investment Income (3)
2000						
Commercial Lines Insurance............	$ -- (3)	$2,010,317	$608,153	$ -- (3)	$1,231,306	$ --
Personal Lines Insurance..............	-- (3)	391,167	312,432	-- (3)	596,270	--
Total Property/Liability Insurance..	183,757	2,401,484	920,585	48,424	1,827,576	--
Life/Health Insurance.................	74,977	615,501	1,287	13,071	79,346	--
Grand Total...........................	$ 258,734	$3,016,985	$921,872	$61,495	$1,906,922	$ --
1999						
Commercial Lines Insurance............	$ -- (3)	$1,751,926	$541,031	$ -- (3)	$1,088,039	$ --
Personal Lines Insurance..............	-- (3)	340,650	294,450	-- (3)	569,238	--
Total Property/Liability Insurance..	162,871	2,092,576	835,481	36,536	1,657,277	--
Life/Health Insurance.................	63,025	870,362	926	15,236	74,673	--
Grand Total...........................	$ 225,896	$2,962,938	$836,407	$51,772	$1,731,950	$ --
1998						
Commercial Lines Insurance............	$ -- (3)	$1,644,823	$511,451	$ -- (3)	$1,019,463	$ --
Personal Lines Insurance..............	-- (3)	333,637	277,276	-- (3)	523,176	--
Total Property/Liability Insurance..	152,681	1,978,460	788,727	50,422	1,542,639	--
Life/Health Insurance.................	56,285	544,093	825	15,480	70,096	--
Grand Total...........................	$ 208,966	$2,522,553	$789,552	$65,902	$1,612,735	$ --

Column A	Column H	Column I	Column J	Column K
Segment	Benefits, Claims, Losses & Settlement Expenses	Amortization of Deferred Policy Acquisition Costs	Other Operating Expenses	Premiums Written
2000				
Commercial Lines Insurance............	$1,035,918	$ -- (3)	$ -- (3)	$1,304,762
Personal Lines Insurance..............	472,024	-- (3)	-- (3)	618,769
Total Property/Liability Insurance..	1,507,942	398,231	169,071	$1,923,531
Life/Health Insurance.................	73,181	6,435	30,682	2,630(4)
Grand Total...........................	$1,581,123	$404,666	$ 199,753	$1,926,161
1999				
Commercial Lines Insurance............	$ 794,294	$ -- (3)	$ -- (3)	$1,120,137
Personal Lines Insurance..............	393,296	-- (3)	-- (3)	586,772
Total Property/Liability Insurance..	1,187,590	347,894	132,891	$1,706,909
Life/Health Insurance.................	66,773	16,811	21,648	8,849(4)
Grand Total...........................	$1,254,363	$364,705	$ 154,539	$1,715,758
1998				
Commercial Lines Insurance............	$ 725,621	$ -- (3)	$ -- (3)	$1,033,726
Personal Lines Insurance..............	427,262	-- (3)	-- (3)	542,063
Total Property/Liability Insurance..	1,152,883	324,916	141,016	1,575,789
Life/Health Insurance.................	68,235	11,465	20,655	8,392(4)
Grand Total...........................	$1,221,118	$336,381	$1 61,671	$1,584,181

Notes to Schedule III:

(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) This segment information is not regularly allocated to segments and reviewed by Company management in making decisions about resources to be allocated to the segments and assess their performance.

(4) Amounts represent written premiums on accident and health insurance business only.

SCHEDULE IV CINCINNATI FINANCIAL CORPORATION AND SUBSIDIARIES
REINSURANCE
FOR YEARS ENDED DECEMBER 31, 2000, 1999, AND 1998
(000's omitted)

Column A	Column B Gross Amount	Column C Ceded to Other Companies	Column D Assumed from Other Companies	Column E Net Amount	Column F Percentage of Amount Assumed to Net
2000					
Life Insurance in Force	$23,515,239	$11,259,314	$ 9,405	$ 12,265,330	.1%
Premiums					
Commercial Lines Insurance	$ 1,286,363	$ 87,147	$ 33,013	$ 1,232,229	2.7%
Personal Lines Insurance	615,507	20,920	760	595,347	.1%
Total Property/Liability Insurance	1,901,870	$ 108,067	33,773	1,827,576	1.8%
Life/Health Insurance	96,546	17,346	146	79,346	.2%
Grand Total Premiums	$ 1,998,416	$ 125,413	$ 33,919	$ 1,906,922	1.8%
1999					
Life Insurance in Force	$ 17,889,524	$ 6,334,702	$ 10,352	$ 11,565,174	.1%
Premiums					
Commercial Lines Insurance	$ 1,125,270	$ 73,406	$ 36,175	$ 1,088,039	3.3%
Personal Lines Insurance	590,466	22,166	938	569,238	.2%
Total Property/Liability Insurance	1,715,736	95,572	37,113	1,657,277	2.2%
Life/Health Insurance	84,935	10,350	88	74,673	.1%
Grand Total Premiums	$ 1,800,671	$ 105,922	$ 37,201	$ 1,731,950	2.1%
1998					
Life Insurance in Force	$13,048,209	$ 3,080,996	$ 11,647	$ 9,978,860	.1%
Premiums					
Commercial Lines Insurance	$ 1,055,769	$ 74,251	$ 37,945	$ 1,019,463	3.7%
Personal Lines Insurance	544,153	21,822	845	523,176	.2%
Total Property/Liability Insurance	1,599,922	96,073	38,790	1,542,639	2.5%
Life/Health Insurance	75,657	5,682	121	70,096	.2%
Grand Total Premiums	$ 1,675,579	$ 101,755	$ 38,911	$ 1,612,735	2.4%

SCHEDULE VI

CINCINNATI FINANCIAL CORPORATION & SUBSIDIARIES
SUPPLEMENTAL INFORMATION CONCERNING PROPERTY CASUALTY INSURANCE OPERATIONS
FOR YEARS ENDED DECEMBER 31, 2000, 1999, AND 1998
(000's omitted)

Column A	Column B	Column C	Column D	Column E	Column F	Column G
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	Net Investment Income
Consolidated Property Casualty Entities						
2000	$ 183,757	$2,401,484	$ 0	$ 920,585	$1,827,576	$ 223,001
1999	$ 162,871	$2,092,576	$ 0	$ 835,481	$1,657,277	$ 207,640
1998	$ 152,681	$1,978,460	$ 0	$ 788,727	$1,542,639	$ 203,919

Column A	Column H		Column I	Column J	Column K
	Claims and Claim Adjustment Expenses Incurred Related to				
Affiliation with Registrant	(1) Current Year	(2) Prior Years	Amortization of Deferred Policy Acquisition Costs	Paid Claims and Claim Adjustment Expenses	Premiums Written
Consolidated Property Casualty Entities					
2000	$1,527,669	$(19,726)	$ 398,232	$1,257,705	$ 1,923,531
1999	$1,303,651	$(116,061)	$ 347,894	$1,096,146	$ 1,706,909
1998	$1,306,194	$(153,311)	$ 324,916	$1,089,208	$ 1,575,789

Index of Exhibits

Exhibit 3(i)--	Amended Articles of Incorporation of Cincinnati Financial Corporation incorporated by reference to the 1999 10K dated March 23, 2000.
Exhibit 3(ii)--	Regulations of Cincinnati Financial Corporation--incorporated by reference to Exhibit 2 to registrant's Proxy Statement dated March 2, 1992
Exhibit 11--	Statement re computation of per share earnings for the years ended December 31, 2000, 1999, and 1998
Exhibit 13--	Material incorporated by reference from the annual report of the registrant to its shareholders for the year ended December 31, 2000
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 7, 2001--incorporated by reference to such document previously filed with Securities and Exchange Commission, Washington, D.C., 20549
Exhibit 23--	Independent Auditors' Consent

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/ John J. Schiff, Jr. John J. Schiff, Jr.	Chairman, Chief Executive Officer, President and Director	March 16, 2001
/S/ Kenneth W. Stecher Kenneth W. Stecher	Senior Vice President, Secretary, Treasurer and Chief Financial Officer (Principal Accounting Officer)	March 16, 2001
/S/ William F. Bahl William F. Bahl	Director	March 16, 2001
/S/ James E. Benoski James E. Benoski	Vice Chairman, Senior Vice President, Chief Insurance Officer and Director	March 16, 2001
Michael Brown	Director	March , 2001
/S/ John E. Field John E. Field	Director	March 16, 2001
William R. Johnson	Director	March , 2001
Kenneth C. Lichtendahl	Director	March , 2001
/S/ James G. Miller James G. Miller	Senior Vice President, Chief Investment Officer and Director	March 16, 2001

Signature	Title	Date
_______________________________ Robert C. Schiff	Director	March , 2001
/S/ Thomas R. Schiff _______________________________ Thomas R. Schiff	Director	March 16, 2001
/S/ Frank J. Schultheis _______________________________ Frank J. Schultheis	Director	March 16, 2001
/S/ Larry R. Webb _______________________________ Larry R. Webb	Director	March 16, 2001
/S/ Alan R. Weiler _______________________________ Alan R. Weiler	Director	March 16, 2001
_______________________________ E. Anthony Woods	Director	March , 2001

EXHIBIT 11

CINCINNATI FINANCIAL CORPORATION
STATEMENT RE COMPUTATION OF PER SHARE EARNINGS
(000's omitted except per share amounts)

	2000	1999	1998
Basic Earnings per share:			
Net income	$ 118,365	$ 254,722	$ 241,567
Average shares outstanding	160,611	164,637	166,821
Net income per common share	$ .74	$ 1.55	$ 1.45
Diluted earnings per share:			
Net income	$ 118,365	$ 254,722	$ 241,567
Interest on convertible debentures--net of tax	1,206	1,539	1,918
Net income for per share calculation (diluted)	$ 119,571	$ 256,261	$ 243,485
Average shares outstanding	160,611	164,637	166,821
Effective of dilutive securities:			
5.5% convertible senior debentures	1,990	2,471	3,490
Stock options	1,320	1,507	1,767
Total diluted shares	163,921	168,615	172,078
Net income per common share--diluted	$ .73	$ 1.52	$ 1.41

EXHIBIT 13

Material incorporated by reference from the annual report of the registrant to the shareholders for the year ended December 31, 2000.

16. SEGMENT INFORMATION

The Company is organized and operates principally in two industries and has four reportable segments - commercial lines property casualty insurance, personal lines property casualty insurance, life insurance and investment operations. The accounting policies of the segments are the same as those described in the basis of presentation. Revenue is primarily from unaffiliated customers. Identifiable assets by segment are those assets, including investment securities, used in the Company's operations in each industry. Corporate and other identifiable assets are principally cash and marketable securities. Segment information, for which results are regularly reviewed by Company management in making decisions about resources to be allocated to the segments and assess their performance, is summarized in the following table. Information regarding income before income taxes and identifiable assets is not available for two reportable segments - commercial lines and personal lines - property casualty insurance.
(000s omitted):

	Years Ended December 31,		
REVENUES	2000	1999	1998
Commercial lines insurance	$ 1,231,306	$ 1,088,039	$ 1,019,463
Personal lines insurance	596,270	569,238	523,176
Life insurance	79,346	74,673	70,096
Investment operations	412,715	386,209	433,302
Corporate and other	11,357	10,064	8,252
Total revenues	$ 2,330,994	$ 2,128,223	$ 2,054,289
INCOME BEFORE INCOME TAXES			
Property casualty insurance	$ (225,342)*	$ 3,241	$ (59,438)
Life insurance	1,362	(903)	(1,776)
Investment operations	379,088	355,643	403,925
Corporate and other	(46,444)	(36,408)	(35,604)
Total income before income taxes	$ 108,664*	$ 321,573	$ 307,107
IDENTIFIABLE ASSETS			
Property casualty insurance	$ 6,487,819	$ 5,800,182	$ 5,879,064
Life insurance	1,619,169	1,441,657	1,203,908
Corporate and other	5,180,103	4,565,840	4,399,458
Total identifiable assets	$ 13,287,091	$ 11,807,679	$ 11,482,430

* 2000 results include a one-time net charge for asset impairment of $39.1 million, before tax.

A TRADITION OF VALUE

Cincinnati Financial Corporation stands among the nation's strongest and most financially stable insurer groups. This is reflected in our dividends, our ratings and the way we manage operations.

DIVIDENDS

In 2000, we returned more than $186 million to shareholders, including cash dividends and repurchases of 2.1 million shares at an average price of $30.90 per share. In November, the Board extended indefinitely the repurchase period for the 9.1 million remaining shares left on the authorization.

Dividends paid per share rose to 74 cents in 2000 from 23 2/3 cents in 1990, adjusted for stock dividends and splits. That's a 12% compound growth rate for the past 10 years. Further, the Board declared a 10.5% increase in the dividend during the first quarter of 2001, raising the indicated annual dividend to 84 cents per share. The vote to continue the trend of increasing dividends reflects the Board's confidence in our financial strength, business strategy, our associates and agents.

INDEPENDENT RATINGS AGENCIES

Following our announcement of the $110 million reserve addition for uninsured motorist losses, Standard & Poor's lowered its rating of our corporate senior debentures to A+ (Strong) and its ratings of our insurance companies to AA- (Very Strong). These are Security Circle ratings reserved for the top tier of companies. S&P's decision reflects its negative outlook for the overall insurance industry, and within that context, your Company's relative operational and investment risk.

Other leading rating firms maintained their high ratings. A. M. Best, the oldest and most authoritative insurance rating firm, awards our property casualty companies its A++ (Superior) rating, for which fewer than 3% of insurer groups qualify. Best awards Cincinnati Life the A+ (Superior) rating. Moody's Investors Service has maintained the A2 rating on our corporate debentures and the Aa3 rating of the property casualty companies.

The Cincinnati Insurance Companies remain strong, with year-end statutory surplus of the property casualty companies at $2.761 billion, up 10.5% from $2.499 billion at the end of 1999. Cincinnati Life's statutory surplus is $411.1 million, up 16.4% from $353.2 million. These increases were achieved during a year when property casualty industry surplus declined 4.3%, as estimated by A. M. Best.

Cash flow always has been more than adequate to pay claims, and we have never sold off investments for that purpose. We buy and hold equities, confident in the long-term appreciation potential of the well-managed companies we select and monitor. Accumulated unrealized gains in our $11.247 billion consolidated investment portfolio reached $4.156 billion, after tax, at year-end 2000, boosted by our financial equity holdings, which tend to outperform the market in a declining interest rate environment.

RANKINGS (published in 2000 and generally based on 1999 performance)

The success of the Cincinnati formula for building value is reflected in high national rankings:

- - FORBES (APRIL 17, 2000): Cincinnati Financial ranked 349(th) among the top 500 for profits and 250(th) for assets, with a Super Rank of 397. The Super Rank compares all 895 companies appearing on any of the top 500 lists for market value, sales, profits or assets.

- - FORTUNE (APRIL 17, 2000): Cincinnati Financial was the 17(th) largest U.S. stock property casualty insurer, ranking seventh within that group for total return to investors and fifth for two-year return. We ranked 653(rd) among the Fortune 1000 U.S. industrial and service corporations, based on revenues.

- - BEST'S REVIEW (JULY 2000): The Cincinnati Insurance Companies ranked 34(th) among property casualty insurers based on net written premiums. In the commercial multi-peril line, our rank was 15(th) with a 2% market share. On the life side, Cincinnati Life was the top net premium gainer in the country by percent change, due to the sale of a large bank-owned life insurance policy.

- - BEST'S VIEWPOINT (AUGUST 7, 2000): Cincinnati ranked 22(nd) among leading property casualty insurers based on surplus and 29(th) based on net income.

- - BUSINESS INSURANCE (AUGUST 21, 2000): We were one of only 10 companies named to both the property casualty and life/health Ward's 50 Benchmark Groups of insurers with outstanding financial safety, consistency and performance over five years. Cincinnati Insurance was one of only 13 companies named to Ward's 50 for 10 consecutive years.

- - 2000 MERGENT'S (FORMERLY MOODY'S) HANDBOOK OF DIVIDEND ACHIEVERS: Cincinnati Financial ranked 20(th) for the longest record of dividend achievement, with 39 consecutive years (now 40) of annual dividend increases.

- - BUSINESS WEEK (DECEMBER 25, 2000): Cincinnati Financial scored high as an investment opportunity, due to its S&P Equity Ranking of A and its relatively low price-to-book ratio.

PROPERTY CASUALTY
INSURANCE OPERATIONS

GROWTH

At 11.9% for the year, overall growth of net written premiums continued at more than double the 5% industry growth estimated by A. M. Best. Commercial premiums rose 16.0% to $1.275 billion, while premiums for personal lines of insurance rose 4.3% to $605.7 million.

While we benefited substantially from price increases averaging 10-15% for commercial accounts, the primary driver of growth was the new business our agents put on the books. Annualized new business written by agents rose 31% to $275.4 million, for our best new business year ever. Commercial new business rose 42.0% to $229.6 million, with increased production across a broad range of territories and lines. Personal lines new business was $45.8 million in 2000 compared with $48.6 million in 1999. Growth in personal lines will remain at or below industry levels pending rate increases in the homeowner and auto insurance marketplace and progress on Company automation initiatives.

During 2000, we opened a territory in Utah, our 31(st) state of operations, appointing three large agencies and writing more than $1 million of net premium. States launched over the past four years - Utah, Idaho, upstate New York, Montana and North Dakota--accounted for $16.8 million of premium; states launched over the past nine years reached $89.4 million, or approximately 5% of total volume.

Over the same nine years, we also increased service to our agents and premium per agency by staffing 20 new marketing territories in established states, including Eastern Pennsylvania, Southeastern Michigan and Minneapolis in 2000. A new Chicago territory was staffed in January 2001, and planning has begun to open additional Maryland, Kentucky and Charlotte, North Carolina territories this year.

When entering new states and appointing new agencies, we generally target cautious growth, concentrating on forming relationships, developing an underwriting partnership and communicating our appetite for specific types of business. By expanding at a steady, deliberate pace, we are gradually becoming less geographically concentrated. Ohio accounted for 31.7% of premium in 1992, declining to 25.6% in 2000. Our top four states accounted for less than half of total premium volume in 2000, down from 61.0% in 1992.

Like the elite corps of Cincinnati agencies they join, the 23 new agencies appointed during 2000 are the premier agencies in their communities. Significantly, we also appointed 24 branches of established agencies, bringing total agency relationships after closings to 969 and total agency locations to 1,233. Many of today's Cincinnati agencies are larger, stronger survivors of agency consolidation and acquirers of other agencies. Thirty-three percent of Cincinnati's independent agencies have total annual premium volume in excess of $10 million. According to the recent Future One Agency Universe Study, only 13% of agencies nationwide produce at this level.

In 2000, our agents gave Cincinnati almost 20% of their total premium, writing nearly $2 million per agency relationship. While this penetration is outstanding, we are taking steps to grow with each agency.

- - Our Cross-Serving initiative provides educational and technical assistance for agencies to prospect additional sales to their current clients, increasing customer loyalty and decreasing agency expenses. A customer relationship management approach encourages integrated, customized insurance programs and personal service.

- - As agencies streamline their operations by consolidating carriers, we expect continued success attracting rollover books formerly placed with other personal lines carriers. During 2000, agents gave us 38 rollovers with annual premiums of $11.2 million. Because our agents controlled these accounts and knew their loss history, we had assurance that these rollovers were quality business.

- - On the commercial side, agents moved more than 700 new dentist accounts to Cincinnati during 2000.

Already the officially endorsed carrier of the prestigious Chicago Dental Society, we secured a new endorsement from the Vermont State Dental Society. The dentist's program broke the $20 million mark in 2000, and coverage enhancements slated for 2001 will make the product even more saleable.

- - We continuously improve products to incorporate differentiating features that let agents compete on value and service instead of price. During 2000, we updated products for cosmetologists and barbers, introduced superior business income coverage for large manufacturing clients and made new and improved products available for contractors whose policies often must provide coverage for other project partners.

PROFITABILITY

As reported in the Letter to Shareholders on Pages 2-5, profitability of our property casualty insurance companies was reduced by court decisions affecting all insurers that write Ohio auto policies, by rapidly changing technology and by rising cost inflation in the general economy. Our combined loss and expense ratio was 110.7%, including 6.0 points for the uninsured motorist reserve addition and excluding 1.8 points for the one-time technology charge. This result compares with 100.4% in 1999 and A.M. Best's industry estimate of 110.3% for 2000.

The pure loss ratio for commercial lines was 71.2% in 2000 versus 61.4% in 1999. For personal lines, it was 71.1% in 2000 and 62.0% last year. While we continue to underwrite flexibly based first on agency relationships and overall account quality, we are addressing loss severity in commercial auto, with a 108.0% pure loss ratio and in the homeowner line, with an 83.9% loss ratio. Targeting a return to the historic profitability indicated by our 101.3% average combined ratio over the previous over years, we are working from our historic strengths to manage factors within our control.

First, from the underwriting standpoint, we have instituted more conservative standards by class of risk, particularly for commercial auto and workers' compensation. In addition to loss history, underwriters are giving more weight at renewal to loss-predictive information such as updated motor vehicle reports and driver experience records on commercial auto risks.

Second, we are leveraging our large, empowered field staff and their extensive local knowledge. Marketing representatives are reaffirming agreements on the extent of frontline underwriting to be performed by agents. They are engaging the entire team of local claims, engineering and loss control representatives who get a bird's-eye view of the risk in the course of providing services to the policyholder. At renewal discussions with the agent, this team confirms that risks measure up to the same high quality as when the policies were first written.

Marketing representatives have stepped up risk inspections on new and renewal business, and claims representatives are conducting on-site inspections and preparing full risk reports for every account reporting a loss above $100,000. Field claims representatives now have access to specialists in estimating property construction claims.

Third, we are following through on our commitment to stay customer-centered and agent-focused:

- During 2000 we provided tools to help agents verify that their homeowner clients are fully protected by selling insurance to value, the level of coverage that will allow them to repair or replace their home.

- We are preparing to test an innovative use of credit scores as a criteria for participation in payment plans, rather than as underwriting criteria to restrict availability of coverage.

- And during 2000, our Best Practices program helped agencies work toward their full potential as frontline underwriters and producers of personal lines. This program supports agents with field seminars and one-on-one consultation for workflow and marketing plan review, as well as producer recruitment and training.

LIFE INSURANCE OPERATIONS

Cincinnati Life is a valued strategic member of the Cincinnati family of insurance companies. During 2000, Cincinnati Life contributed $32.3 million of net operating income, up from $28.1 million in 1999. Gross written premiums were $157.3 million.

This growth was achieved profitably, with expenses offset by rising investment income and rising premiums (excluding large, single-premium, bank-owned life insurance "BOLI" policies) and good mortality experience. Strong new product offerings -- including enhanced term, universal life and annuity portfolios - contributed to 11.7% growth in net written premiums, excluding BOLI. New term insurance regulations, which went into effect January 1, 2000, pushed first-year term premiums up 41%. Ordinary life applications rose 9% and structured settlement premiums reached a record $23 million - up 90% from 1999.

BOLI, which played so large a role in top-line growth during 1999 highlighted by the sale of a $302.9 million single-premium policy, continues to be a source of opportunity. Cincinnati Life is aggressively marketing this product, which generally involves a six- to twelve-month sales process. During 2000, Cincinnati Life reported $20.0 million in premium from BOLI. The Company now protects more than 1,000 lives through BOLI and has more than $1 billion in force.

With an already strong product portfolio, and with individual disability products and a series of next-generation whole life, term and universal products on the horizon, Cincinnati Life delivers outstanding value to our dedicated agency force. In addition to providing independent life agencies with the strength and reliability of the Cincinnati name, the Company provides property casualty agents with a competitive edge. A complete portfolio designed to meet the life and property casualty insurance needs of customers simplifies transactions both for agents and policyholders. And the fact that all of these needs can be met by an agent and a company the consumer knows and trusts makes doing business with Cincinnati easy.

At the same time, we are expanding our network of independent life agencies. We appointed 56 new agencies last year: 50 independent life agencies where the Company already had property casualty representation and six agencies in areas outside of property casualty states. Cincinnati Life also entered Maine during 2000. During the coming year, we expect to further develop markets in the West and the Northeast.

All of these appointments, all of these expansions, occur with the careful selection and agency nurturing that has become a hallmark of The Cincinnati Insurance Companies. A genuine commitment to servicing our customers - independent insurance agents - demonstrates that Cincinnati supports our agents. Dozens of seminars held around the country during 2000 introduced independent agents to Cincinnati Life products and services, to advanced marketing strategies, to worksite marketing, to long-term care products and to Cincinnati's Cross-Serving initiative - the Company's own brand of customer relationship management. Nearly 3,000 agents benefited from these workshops, and Cincinnati Life will remain committed to this type of service and training in the years ahead.

Cincinnati service also was evident in technological initiatives launched in 2000. The life operations piloted imaging technology for the Corporation and introduced an enhanced application tracking system. Another new development, tele-underwriting, enables agents to phone in basic information and let Cincinnati complete the application process. These technologies speed service to agents and allow for a concentration on client relationships rather than on paperwork. Similar initiatives and movements toward automated workflow and information management are planned for the year ahead.

As Cincinnati Life looks toward our future, we remain committed to the values that shaped our past: an absolute commitment to service, strength and profitable growth over the long term.

FINANCIAL SERVICES

Service is a key differentiating factor for The Cincinnati Insurance Companies, and CFC Investment Company is a tangible example of Cincinnati's commitment to service.

CFC Investment Company writes equipment and vehicle leases and loans for independent insurance agents, their commercial customers and other businesses. We also provide commercial real estate loans to agents. These are services that help agencies operate and expand their businesses - both physically and as a means of becoming more comprehensive financial service providers themselves. Agents referring clients to CFC Investment Company receive finders' fees, making the relationship with CFC Investment Company rewarding for them as well as their clients.

During 2000, net after-tax earnings for CFC Investment Company were $2.2 million.

Gross receivables reached $93.4 million. During 2001, CFC Investment Company plans to subdivide territories in Ohio, committing more resources to our home state agency base.

CinFin Capital Management, Cincinnati Financial Corporation's asset management services subsidiary, grew during 2000, finishing the year with $536.3 million under management and nearly doubling the client base it had during 1999, our first full year of operation. Twenty-seven clients - up from 14 in 1999 - trust Cincinnati to protect their financial futures.

CinFin's investment strategy mirrors the strategy of our parent company - equity-based portfolios that center on best-in-class companies. Each client's portfolio is custom-made according to the unique needs and risk appetite of the individual or institution. Regular contact, both formal and informal, ensures that clients know and understand their investments, and that they are comfortable with the results.

Current and prospective clients include corporations, insurance agencies, pension plans, endowment funds and high net-worth individuals. In 2001, CinFin is evaluating plans for a new, separate account with a lower minimum than the $500,000 required for individually managed accounts. Such a product would broaden the appeal of the financial services company and help leverage the Cincinnati name.

INVESTMENTS

Cincinnati Financial Corporation's investment strategy - heavily weighted toward a small group of high-quality equity investments - is atypical for the insurance industry. At its core are the same philosophies that guide insurance operations at the Company - deep relationships, deep understanding and deep commitment for the long term.

Cincinnati carefully selects a small group of equities, gains an understanding of their industry, develops relationships with the management of each firm, and holds them for the long-term. Overall, the Company's equity portfolio produced a compounded annual return of 25.5% over the past five years, compared with 18.3% for the Standard & Poor's 500 Index. Notably, in 2000, the Company's equity portfolio returned 16.7% compared with the 9.1% decline of the same index. Thirty of the 45 common stocks in our portfolio raised their dividends, adding $12.8 million to gross investment earnings on an annualized basis. This type of performance year after year affirms the value of Cincinnati's investment strategy - a source of the Company's financial strength.

Bonds, too, are an important component of our portfolio.

Fixed-income investments in corporate, municipal, public utility and other bonds help the Company meet insurance obligations and provide a steady stream of cash flow. Cincinnati continues to focus on medium-risk bonds, reducing its appetite for high-yield, non-investment grade bonds. Non-investment grade bonds comprised just 5.3% of the Company's portfolio at year-end 2000, compared with 7.5% in 1999. While the Company experienced some realized losses in the bond portfolio, partly due to higher interest rates and deteriorating economic conditions, most were offset by gains in the stock portfolio.

Overall, higher interest rates in 2000 improved the growth rate for investment income, with pre-tax revenue climbing 6.0% to a record $410.0 million, excluding income recorded in the first quarter from a single-premium, bank-owned life insurance policy sold in the fourth quarter of 1999. The total value of the portfolio - $11.247 billion at year-end - rose 11.0% over 1999.

While higher interest rates allow us to grow investment income at an increased rate, declining interest rates also benefit the Company, both in the bond and equity portfolios. An inverse relationship between interest rates and bond value will benefit the fixed-income portfolio. Financial securities - the core of Cincinnati's portfolio - also tend to react favorably to lower interest rates.

With continued confidence in the Company and its value, Cincinnati Financial Corporation repurchased 2.1 million shares of CFC common stock during 2000 at an average purchase price of $30.90. The Company has 9.1 million shares remaining on the repurchase authorization and will continue to buy back shares when such action benefits earnings per share and book value. During 2000, book value for Cincinnati Financial Corporation rose 11.4% to $37.26, with shareholders' equity at $5.995 billion.

This financial strength demonstrates the Company's commitment to value and our focus on the long term. These core competencies have benefited shareholders for 50 years and will continue to reward you in the future.

PROFESSIONAL DEVELOPMENT

In March, we completed the expansion of our Headquarters. The new building measures more than 800,000 square feet and features a state-of-the-art education facility. This new facility expanded from five rooms to 17, making it feasible to offer a full menu of classes and training for associates and agents. New agent programs included an Executive Liability Roundtable focusing on this growing line of business and introducing our new Blue Chip Policy, as well as a Cross-Serving Seminar demonstrating techniques to bring customers the benefits of comprehensive, integrated insurance programs. The Cincinnati Life Insurance Company took our training on the road and visited agents in 23 cities to present Update 2000 field seminars. Agents learned about recent developments in underwriting and new and improved Cincinnati Life products.

Our tradition of investing in our associates starts with providing extensive training programs, especially for entry-level underwriters, claims representatives and programmers. A commitment to help each associate pursue continuous learning, insurance knowledge and skill development is just one of the reasons Cincinnati Financial is a great place to work. ComputerWorld (June 5, 2000) recognized your Company's practices and ranked us among the "100 Best Places to Work in IT." Selection was based on benefits, training and development, salary and promotions, turnover rates and women/minority management opportunities, as well as hot projects and mentoring programs.

PUBLIC RESPONSIBILITY

Your Company's tradition of support for the arts, education and other community-related activities continued in 2000. Cincinnati Financial sponsored a pig for the Big Pig Gig--Cincinnati's 2000 Artworks celebration. After the event, the pig was auctioned, with proceeds donated to Artworks and to Insuring the Children of Southern Ohio and Northern Kentucky, a nonprofit group organized by insurance professionals to fund child abuse prevention and treatment. Other corporate community investments included our traditional bi-annual blood drives, Partnership in Education activities and participation in campaigns for the Salvation Army, Fine Arts Fund and United Way.

Your Company works to educate, inform and develop consensus on legislative and regulatory issues affecting our agents, policyholders and the insurance industry. The future of the state insurance regulatory system will be a dominant issue in 2001. We will continue to work with the National Association of Insurance Commissioners as they refine their initiatives to modernize and improve the efficiency of state insurance regulation. We also will urge Congress to proceed with caution as it considers proposals to create a federal regulatory system for the insurance industry. We oppose any modifications to the current system of state regulation that are not in the best interests of policyholders, agents and the industry.

A number of public policy issues equally important to your Company also will dominate the year, including our continuing effort to advance the Policyholder Disaster Protection Act, a proposal that would permit insurers to accumulate tax-deferred reserves to meet policyholder needs after a mega-catastrophe and to protect insurer solvency.

We will continue to act on behalf of shareholders and policyholders as advocates of judicial restraint and a level playing field for all litigants in our state supreme courts. In Ohio, we will be hard at work building relationships with the large class of new legislators serving in the general assembly with the onset of term limits.

Implementation of the landmark financial services modernization law, the Gramm-Leach-Bliley Act, will continue. To comply with the Act's privacy provisions, we have conducted a full audit to determine what information is collected, how it is stored, who has access and when it is disclosed. In addition, we are working with trade organizations to support our agents as they also implement the privacy regulations. Information may be disclosed in order to service policyholders or account holders, to comply with governmental regulations or demands or to prevent fraud. We do not share personal information with any unaffiliated party for marketing purposes.

4. LOSSES AND LOSS EXPENSES

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

	Years Ended December 31,		
	2000	1999	1998
Balance at January 1	$ 2,092,576	$ 1,978,461	$ 1,888,883
Less reinsurance receivable ..	160,809	138,138	112,235
Net balance at January 1	1,931,767	1,840,323	1,776,648
Incurred related to:			
Current year	1,527,669	1,303,651	1,306,194
Prior years	(19,726)	(116,061)	(153,311)
Total incurred	1,507,943	1,187,590	1,152,883
Paid related to:			
Current year	666,796	574,038	590,366
Prior years	590,909	522,108	498,842
Total paid	1,257,705	1,096,146	1,089,208
Net balance at December 31	2,182,005	1,931,767	1,840,323
Plus reinsurance receivable ..	219,477	160,809	138,138
Balance at December 31	$2,401,482	$2,092,576	$1,978,461

As a result of changes in estimates of insured events in prior years, the provision for losses and loss expenses decreased by $19,726,000, $116,061,000 and $153,311,000 in 2000, 1999 and 1998. 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 $71,577,000 and $61,573,000 at December 31, 2000 and 1999, respectively, for certain life/health losses and loss checks payable.

PRICE RANGE OF COMMON STOCK

Shares are traded on the Nasdaq National Market. The closing sale price is quoted under the symbol CINF on the National Market List of 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.

	2000				1999			
Quarter	1st	2nd	3rd	4th	1st	2nd	3rd	4th
High	$37 5/8	$42 7/8	$40 3/16	$40 1/16	$39 1/4	$41 15/32	$42 1/4	$37 1/16
Low	26 11/16	31 7/16	32 1/16	33 1/4	30 7/8	36 5/16	36 3/4	30 1/8
Dividend paid...	.17	.19	.19	.19	.15 1/3	.17	.17	.17

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

Cincinnati Financial Corporation and Subsidiaries

	Years Ended December 31, 2000	1999	1998	1997
TOTAL ASSETS	$ 13,287,091	$ 11,807,679	$ 11,482,430	$ 9,867,404
LONG-TERM OBLIGATIONS	$ 449,234	$ 456,373	$ 471,520	$ 58,430
SHAREHOLDERS' EQUITY	$ 5,994,995	$ 5,421,284	$ 5,620,936	$ 4,716,965
BOOK VALUE PER SHARE	$ 37.26	$ 33.46	$ 33.72	$ 28.35
REVENUES				
Premium income	$ 1,906,922	$ 1,731,950	$ 1,612,735	$ 1,516,378
Investment income (less expense)	415,310	386,773	367,993	348,597
Realized (losses) gains on investments	(2,595)	(564)	65,309	69,230
Other income	11,357	10,064	8,252	8,179
NET INCOME BEFORE REALIZED GAINS ON INVESTMENTS				
In Total	$ 120,052*	$ 255,089	$ 199,116	$ 254,375
Per common share (basic)	.75*	1.55	1.19	1.54
Per common share (diluted)	.74*	1.52	1.16	1.49
NET INCOME				
In Total	$ 118,365*	$ 254,722	$ 241,567	$ 299,375
Per common share (basic)	.74*	1.55	1.45	1.81
Per common share (diluted)	.73*	1.52	1.41	1.77
CASH DIVIDENDS PER COMMON SHARE				
Declared	$ .76	$ .68	$ .61 1/3	$ .54 2/3
Paid	.74	.66 1/3	.59 2/3	.53 1/3
PROPERTY CASUALTY OPERATIONS (STATUTORY BASIS)				
Gross premiums written	$ 1,979,741	$ 1,774,633	$ 1,656,476	$ 1,566,688
Net premiums written	1,881,112	1,680,812	1,557,581	1,471,603
Net premiums earned	1,827,576	1,657,277	1,542,639	1,453,526
Loss and expense ratio:				
Loss ratio	71.1%	61.6%	65.4%	58.3%
Loss expense ratio	11.3	10.0	9.3	10.1
Underwriting expense ratio	30.1*	28.8	29.5	29.6
Combined ratio	112.5%*	100.4%	104.2%	98.0%
Investment Income Before Taxes	$ 223,001	$ 207,640	$ 203,919	$ 199,427
Property and Casualty Reserves:				
Unearned premiums	$ 506,966	$ 454,844	$ 432,436	$ 418,465
Losses	1,729,918	1,513,134	1,432,212	1,373,950
Loss adjustment expense	452,088	418,634	408,113	402,698
Policyholders' surplus	$ 3,171,730	$ 2,851,774	$ 3,019,828	$ 2,472,532

* 2000 results include a one-time net charge for asset impairment of $39.1 million, before tax; $25.4 million, net of tax; or 16 cents per share. The charge impacted the underwriting expense ratio and statutory combined ratio by 1.8 percentage points.

** 1993 earnings include a net credit for $13.8 million, or 8 cents per share, cumulative effect of a change in the method of accounting for income taxes to conform with SFAS No. 109 and a net charge of $8.6 million, or 5 cents per share, related to the effect of the 1993 increase in income tax rates on deferred taxes recorded for various prior year items.

Cincinnati Financial Corporation and Subsidiaries

1996	1995	1994	1993	1992	1991	1990
$7,397,109	$6,438,613	$5,036,903	$4,887,875	$4,356,648	$3,750,166	$2,839,258
$ 79,847	$ 80,000	$ 80,000	$ 80,000	$ 80,000	$ 182	$ 202
$3,162,889	$2,657,971	$1,940,047	$1,947,338	$1,713,776	$1,441,401	$1,006,868
$ 18.95	$ 15.80	$ 11.63	$ 11.70	$ 10.37	$ 8.79	$ 6.18
$1,422,897	$1,314,126	$1,219,033	$1,140,791	$1,038,772	$ 947,576	$ 871,196
327,307	300,015	262,649	239,436	218,942	193,220	167,425
47,946	30,781	19,557	51,529	35,885	7,641	1,488
10,599	10,729	11,267	10,396	10,552	12,698	8,822
$ 192,595	$ 207,342	$ 188,538	$ 182,530**	$ 147,669	$ 141,273	$ 128,052
1.15	1.24	1.13	1.10**	.90	.86	.79
1.11	1.20	1.09	1.06**	.87	.86	.78
$ 223,760	$ 227,350	$ 201,230	$ 216,024**	$ 171,325	$ 146,280	$ 128,962
1.34	1.36	1.21	1.30**	1.04	.90	.79
1.31	1.33	1.18	1.27**	1.03	.89	.79
$ .48 2/3	$ .42 2/3	$ .38 2/3	$ .34	$ .31	$.27 2/3	$ .24 1/3
.47 2/3	.42	.37 1/3	.33 1/3	.30	.27	.23 2/3
$1,476,011	$1,377,426	$1,287,280	$1,216,766	$1,089,901	$ 996,807	$ 896,204
1,383,525	1,295,852	1,190,824	1,123,780	1,014,971	930,296	838,554
1,366,544	1,263,257	1,169,940	1,092,135	992,335	903,465	828,046
61.6%	57.6%	63.3%	63.5%	63.8%	61.6%	61.6%
13.8	14.7	9.8	8.7	9.0	9.2	9.0
27.6	26.9	26.9	27.4	29.0	28.9	29.0
103.0%	99.2%	100.0%	99.6%	101.8%	99.7%	99.6%
$ 190,318	$ 180,074	$ 162,260	$ 153,190	$ 141,958	$ 126,332	$ 110,827
$ 401,562	$ 385,418	$ 353,697	$ 333,550	$ 302,473	$ 280,404	$ 254,000
1,319,286	1,274,180	1,213,383	1,100,051	960,571	825,952	692,081
383,135	306,570	218,642	193,305	177,262	160,260	140,501
$1,608,084	$1,268,597	$ 998,595	$1,011,609	$ 933,529	$ 735,557	$ 477,355

The selected financial information presented above allows for a more complete analysis of results of operations and should not be considered as a substitute for any GAAP measures of performance.
Per share data adjusted for three-for-one stock splits in 1998 and 1992 and stock dividends of 5% in 1996 and 1995.

Cincinnati Financial Corporation and Subsidiaries

INTRODUCTION

This Management Discussion supplements the financial statements and related notes of Cincinnati Financial Corporation and subsidiaries.

Cincinnati Financial Corporation (CFC) had six subsidiaries at year-end 2000. The lead property and casualty insurance subsidiary, The Cincinnati Insurance Company, markets a broad range of business and personal policies in 31 states through an elite corps of 969 independent insurance agencies. Also engaged in the property and casualty business are The Cincinnati Casualty Company, which offers direct billing and agency-billed non-participatory workers' compensation policies; and The Cincinnati Indemnity Company, which markets nonstandard policies for preferred risk accounts. The Cincinnati Life Insurance Company markets life, long term care, disability policies and annuities through property casualty agencies and independent life agencies. CFC Investment Company complements the insurance subsidiaries with commercial leasing, financing and real estate services. The Company's sixth subsidiary, CinFin Capital Management Company, was established in 1998 to provide asset management services to institutions, corporations and individuals with $500,000 minimum accounts. CinFin's assets under management rose to $541 million in 28 accounts by January 2001, from $150 million in two accounts in January 1999.

Investment operations are CFC's primary source of profits. A total-return strategy emphasizes investment in fixed-maturity securities, as well as equity securities that contribute to current earnings through dividend increases and add to net worth through long-term price appreciation.

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, legislation or court decisions 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 affecting the Company's equity portfolio; delays in the planned schedule of development and implementation of technology enhancements; and decreased ability to generate growth in investment income. Readers are cautioned that the Company undertakes no obligation to review or update the forward-looking statements included in this material.

RESULTS OF OPERATIONS

THREE-YEAR HIGHLIGHTS

(000,000s omitted except per share data and ratios)	2000	Change $	Change %	1999	Change $	Change %	1998	Change $	Change %
Revenue	$2,331.0	$202.8	9.5	$2,128.2	$ 73.9	3.6	$2,054.3	$111.9	5.8
Net Operating Income Excluding Charge	145.5	(109.6)	(43.0)	255.1	56.0	28.1	199.1	(55.3)	(21.7)
Net Capital (Losses) Gains (after tax)	(1.7)	(1.3)	(325.0)	(.4)	(42.9)	(100.9)	42.5	(2.5)	(5.6)
Net Income Excluding Charge	143.8	(110.9)	(43.5)	254.7	13.1	5.4	241.6	(57.8)	(19.3)
One-Time Charge for Asset Impairment	(25.4)	(25.4)	n/a	0.0	0.0	n/a	0.0	0.0	n/a
Net Income	118.4	(136.3)	(53.5)	254.7	13.1	5.4	241.6	(57.8)	(19.3)
Per Share Data (diluted)									
Net Operating Income Excluding Charge	$ .90	$ (.62)	(40.8)	$ 1.52	$ .36	31.0	$ 1.16	$ (.33)	(22.1)
Net Capital (Losses) Gains (after tax)	(.01)	(.01)	n/a	0.0	(.25)	n/a	.25	(.03)	(10.7)
Net Income Excluding Charge	$ .89	$ (.63)	(41.4)	$ 1.52	$ .11	7.8	$ 1.41	$ (.36)	(20.3)
One-Time Charge for Asset Impairment	(.16)	(.16)	n/a	0.0	0.0	n/a	0.0	0.0	n/a
Net Income	$ .73	$ (.79)	(52.0)	$ 1.52	$ .11	7.8	$ 1.41	$ (.36)	(20.3)

The selected financial information presented above allows for a more complete analysis of results of operations and should not be considered as a substitute for any GAAP measures of performance.

Revenue growth in each of the past three years primarily reflected higher contributions from property casualty earned premiums and investment income. In 2000, the growth rate for property casualty earned premiums rose for the third consecutive year because of strong growth in the Company's commercial insurance lines.

Revenue from investment income rose 7.4% to $415.3 million in 2000, including $5.3 million in interest earned in first quarter 2000 from a $302.9 million single-premium bank-owned life insurance (BOLI) policy booked at the end of 1999. Excluding that interest income, investment income rose 6.0% in 2000, up from the 5.1% increase in 1999 and the 5.6% increase in 1998.

In the third quarter of 2000, the Company recorded a one- time, pre-tax charge of $39.1 million to expense assets related to development of next-generation software to process property casualty policies based on management's decision that the assets were impaired. The charge reduced net income by $25.4 million or 16 cents per share, after tax.

Excluding the charge, net operating income in 2000 was 43.0% below the prior year's record level, primarily because of the additional reserves related to uninsured motorist coverage as well as the increased level of property casualty claims in the second half of 2000. In 1999, net operating earnings were 28.1% ahead of the prior year's level, reflecting a lower level of catastrophe losses and stronger overall profitability, while in 1998, net operating earnings declined 21.7% due to the unusually high level of catastrophe losses.

The Company reported a net capital loss after tax of $1.7 million in 2000 versus a $0.4 million net capital loss in 1999 and a $42.5 million net capital gain in 1998.

Book value grew to $37.26 at year-end 2000 from $33.46 at year-end 1999 and $33.72 at year-end 1998. The growth in 2000 was primarily due to unrealized gains in the investment portfolio.

PROPERTY CASUALTY INSURANCE PREMIUMS

(000,000s omitted except ratios) (*)Statutory basis	2000	Change $	Change %	1999	Change $	Change %	1998	Change $	Change %
Total Gross Written Premiums*	$1,979.7	$205.1	11.6	$1,774.6	$118.1	7.1	$1,656.5	$ 89.8	5.7
Commercial Lines Net Written Premiums*	1,275.4	175.6	16.0	1,099.8	80.0	7.8	1,019.8	32.4	3.3
Personal Lines Net Written Premiums*	605.7	24.7	4.3	581.0	43.2	8.0	537.8	53.6	11.1
Total Net Written Premiums*	1,881.1	200.3	11.9	1,680.8	123.2	7.9	1,557.6	86.0	5.8
Total Net Earned Premiums	1,827.6	170.3	10.3	1,657.3	114.7	7.4	1,542.6	89.1	6.1

Cincinnati leverages its strong relationships with independent insurance agents to market property casualty insurance in 31 states, up from 30 states in 1999 and 29 in 1998. In 2000, approximately 98% of the Company's premium volume was in the 26 states in which the Company has had a presence for more than five years. Further, Ohio contributed 26% and Georgia, Illinois, Indiana, Michigan and Pennsylvania each contributed between 5% and 10% of premium volume in 2000.

Key factors that distinguish the Company in the insurance marketplace include:

- Single-channel distribution strategy that emphasizes the value of independent agents and their knowledge of the local markets.

- Local field staff that enhances service and accountability by providing 24-hour-a-day, seven-day-a-week availability and local decision-making authority. Local field staff is responsible for the selection of new independent agents as well as underwriting and pricing of new business.

- Innovative products and services that meet the needs of the Company's independent agents and their customers, including the availability of three-year policy terms for many types of insurance coverage. In 2000, both new and updated policies were introduced, including an endorsement that allows living trusts to be named as insureds on homeowner policies, to further meet the needs of agents and their customers. Looking ahead, plans call for the introduction of an endorsement to cover identity theft under a homeowner policy.

- Widely recognized quality claims service via locally based claims field staff in conjunction with independent agents. To help ensure prompt claims service, the Company provides most agents with authority to pay claims immediately up to $2,500. In total, the Company pays in the range of $3-7 million per business day in claims.

- Emphasis on improving customer service through the creation of smaller marketing territories, permitting local field marketing representatives to devote more time to each independent agent. Since the beginning of 1997, the Company has subdivided eight territories in established states, increasing the field marketing staff by 23% to 75 over the four-year period. Three new territories are expected to open in Kentucky, Maryland and North Carolina in the coming months, in addition to one new territory that opened in Illinois early in 2001.

- Programs to support agency growth, including education programs for agents and staff, and building and equipment financing. In 2000, the insurance subsidiaries augmented ongoing training programs with a number of special events, including seminars held around the country to encourage cross-serving by expanding awareness of the Company's products among producing agents. CFC Investment Company offers convenient, competitive equipment and vehicle leases and loans for independent insurance agents, their commercial customers and other businesses and also provides commercial real estate loans to agents to help them operate and expand their businesses.

By leveraging these characteristics and taking advantage of the improved pricing environment in the commercial insurance market, the Company's property casualty total net written premiums have expanded more than twice as rapidly as the estimated industry growth rate in each of the past three years, rising 11.9% in 2000 to $1.881 billion.

Premium growth in states in which the Company has had a presence for more than five years was a healthy 11.4% in 2000, reflecting the continued opportunities available to Cincinnati. Newer states also were a factor in overall growth, with premiums of $17 million for the year; these states provide an opportunity for expansion. Over the past five years, the Company began marketing commercial lines insurance in North Dakota, Montana, upstate New York, Idaho and Utah, and began writing or expanding personal lines in Maryland, Michigan, Minnesota, Montana, North Dakota and Pennsylvania. The Company's criteria for entry into new states include a favorable regulatory climate and a limited residual market.

COMMERCIAL LINES

Commercial lines premiums rose to 67.8% of total statutory basis net written premiums in 2000, reflecting the higher rate of growth in that segment as the market continued the strengthening that began in the second half of 1999 after more than three years of intense price competition. Industry-wide growth in the commercial insurance area was 3.6% in 2000, after declining 0.9% in 1999 and rising 0.1% in 1998. Cincinnati's commercial lines' premium growth rate exceeded that of the industry in each of the past three years due to:

- Strong competitive position and relationships with leading independent insurance agents.

- Careful underwriting and pricing of both new and renewal accounts.

- Healthy gains in new business, reflecting the Company's approach of evaluating each new risk individually. In 2000, the Company's new business from commercial lines reached $230 million, up 42% from the prior year. New commercial business was $162 million in 1999 and $164 million in 1998.

One of the Company's advantages in the commercial lines market is the availability of multi-year policy terms. Except for new business to an agent or when a policy is aggressively priced, the Company's standard approach is to write three-year policies. Within those multi-year packages, automobile coverages, workers' compensation, professional liability and most umbrella policies remain subject to annual adjustment. At year-end 2000, management estimated that approximately 70% of the $1.275 billion in net commercial premiums is subject to annual adjustment or re-pricing. The remainder have rates that may be slightly higher than single-year policy rates, in some cases, and that are guaranteed not to increase over a multi-year term.

PERSONAL LINES

During 2000, the personal insurance market grew less rapidly than the commercial insurance market due to increased competition and lower rate increases. Industry-wide growth in personal lines was estimated at 5.0% in 2000, up from 3.6% in 1999 and 1998. Cincinnati's personal lines premium growth rate declined in 2000 and 1999 because of:

- An agency re-underwriting program designed to help improve profitability. In 2000, the program reviewed and strengthened underwriting standards for more than 100 of the Company's independent agents, obtaining motor vehicle reports for insured drivers and commitments that some agencies will provide the Company with a specific volume of personal lines business.

- Delayed introduction of automation initiatives that will increase convenience and decrease agency work necessary to write the Company's personal lines policies.

PROPERTY CASUALTY PROFITABILITY (STATUTORY BASIS)

(000,000s omitted except ratios and per share data)	2000	1999	1998
Commercial Lines Pure Loss Ratio	71.2%	61.4%	61.1%
Personal Lines Pure Loss Ratio	71.1	62.0	73.8
Loss and LAE Ratio Excluding Catastrophes	79.7	69.4	68.6
Catastrophes Loss Ratio	2.7	2.2	6.1

Loss and LAE Ratio	82.4	71.6	74.7
Expense Ratio Excluding Charge	27.3	28.4	28.9
Policyholder Dividend Ratio	1.0	.4	.6
Statutory Combined Ratio Excluding Charge	110.7	100.4	104.2
One-Time Charge for Asset Impairment	1.8	0.0	0.0
Combined Ratio	112.5	100.4	104.2
Catastrophe Loss Data			
Catastrophe Losses (before tax)	$50.1	$36.8	$93.5
Catastrophe Losses Per Share (after tax)(diluted)	$.20	$.14	$ .35

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The Company recorded a statutory underwriting loss of $210.3 million in 2000, excluding the one-time charge to expense assets, compared with underwriting losses of $12.5 million in 1999 and $68.5 million in 1998.

The Company's combined ratio (statutory basis), excluding the one-time charge to expense assets, continued to compare favorably with industry results of 110.3%, 107.8% and 105.6% in 2000, 1999 and 1998, respectively. Management, however, expects to return profitability to the Company's five-year (1995-99) average statutory combined ratio of 101.3%, including policyholder dividends, by the end of 2001.

The following contributed to the Company's underwriting results.

LOSS AND LAE RATIO

Excluding catastrophe losses, the total loss and LAE ratio in 2000 was 10.3 percentage points higher than the level recorded in 1999 and 11.1 percentage points higher than 1998 due to additional reserves related to uninsured motorist losses and the unusually high level of claims in the second half of the year.

RESERVES -- As discussed in the Notes to the Consolidated Financial Statements, management establishes the Company's liabilities for insurance reserves, including adjustments of estimates, based upon Company experience and information from internal analysis. Though uncertainty always exists as to the adequacy of established reserves, management believes this uncertainty is mitigated by the historic stability of the Company's book of business. Such reserves are related to various lines of business and will be paid out over future periods. Reserves for environmental claims have been reviewed and the Company believes these reserves are adequate at this time. Environmental exposures are minimal as a result of the types of risks the Company has insured in the past. Historically, most of the Company's commercial accounts were written with post-date coverages that afford clean-up costs and Superfund responses.

In the fourth-quarter of 2000, the Company added $110 million (44 cents per diluted share) to reserves for losses incurred but not yet reported (IBNR), net of reinsurance, for uninsured motorist claims. The additional IBNR reserves represented management's best estimate of past losses to be reported or paid in 2001 and beyond as a result of two Ohio Supreme Court decisions.

In the first of the two decisions, first addressed by the Company in October 1999, the court ruled that Ohio business automobile policies covered employees and their family members for injuries caused by uninsured or underinsured motorists, even when the injured persons were not in company vehicles or on company business. Since that decision and through year-end 2000, Cincinnati Financial's property casualty insurance subsidiaries had incurred $40 million in related claims.

On December 27, 2000, the court further ruled that the forms used by insurance companies to allow Ohio personal and commercial policyholders to decline uninsured motorist coverage or to purchase reduced limits were not sufficient. Based on this decision, uninsured or underinsured motorist coverage must be provided at a limit equal to the bodily injury liability limit, even if the policyholder had declined or reduced the coverage by signing one of these forms. At year-end 2000, the Company was aware of approximately $32 million in claims related to this decision that were reported but had not previously been reserved due to the documented decision by the insurance customer to decline or reduce such coverage.

The Company's loss and LAE ratio in 2000 and 1999 included 7.5 percentage points and 0.8 percentage points, respectively, related to these uninsured motorist claims and reserves. Excluding those amounts, the loss and LAE ratio would have been 74.9% in 2000 and 70.8% in 1999 compared with 74.7% in 1998.

CLAIMS IN 2000 -- During July and August of 2000, losses moved above or to the high end of the Company's normal monthly ranges. This reflected a combination of higher than usual losses above $1 million and higher than usual adverse developments above $250,000 on reserved claims, along with an upswing in the frequency and severity of smaller losses. During the fourth quarter, losses above $1 million and the frequency of smaller losses decreased. Also improved from the third quarter level were adverse developments greater than $250,000 and the severity of smaller losses, although these claims categories did not return to historic levels. During the fourth quarter, however, the frequency and severity of losses between $250,000 and $1 million moved higher than historic levels. Further, the accelerating rate of commercial insurance premium growth experienced by the Company led to higher IBNR reserves (in addition to the IBNR reserves related to uninsured motorist coverage noted above). The total loss and LAE ratio for the fourth quarter of 2000, however, improved 6.7 percentage points from the third quarter level, although it remained 4.5 percentage points above the five-year average.

To address the higher losses, beginning in the fourth quarter of 2000, management put together teams of claims representatives and other Company specialists, under the direction of the field marketing representatives. These locally based Company representatives will intensify efforts on many fronts:

- Reaffirm agreements on the extent of frontline renewal underwriting to be performed by local agents.

- Improve pricing and institute more conservative underwriting by class of risk.

- - Increase the frequency of property inspections for new and renewal commercial business.

- Evaluate commercial auto risks for new and renewal business, based on driver motor vehicle reports and length of experience of individual drivers, in addition to policyholder loss history.

- Re-emphasize agency reviews and profitability analysis, and follow up aggressively.

- Obtain overall risk reviews from claims representatives at account renewal or in conjunction with loss reviews as well as conduct on-site inspections and prepare full risk reports for every account reporting a loss over $100,000.

- Include claims representatives, loss control staff and engineering representatives in policy renewal discussions with field marketing representatives and agents.

In addition, the Company established property construction claims specialists to augment the locally based field claims force and instituted additional steps for claims and adverse development reviews. These actions are expected to contribute to further improvement in loss results and lead to a return to the Company's five-year average statutory combined ratio of 101.3% by the end of 2001, absent an unusual level of catastrophe losses.

LOSS RATIO BY BUSINESS LINE

The pure loss ratio for commercial lines was 71.2% in 2000, compared with 61.4% in 1999 and 61.1% in 1998. Catastrophe losses contributed 1.5%, 2.3% and 4.6% to the commercial lines' pure loss ratio in 2000, 1999 and 1998, respectively. The increase in the pure loss ratio excluding catastrophes in 2000 was due primarily to factors affecting the loss ratio, described above. In 2000, uninsured motorist claims and reserves added 10.6 percentage points to the commercial lines' pure loss ratio -- 2.3 percentage points due to recorded claims and 8.3 percentage points due to additional IBNR reserves related to potential future claims. In 1999, recorded uninsured motorist claims added 1.2 percentage points to the commercial lines' pure loss ratio.

To reduce the future impact of the court's decisions regarding uninsured motorist coverage, effective October 1, 1999, the Company began using new language in Ohio business auto policies to relieve business policyholders of the need to fund coverage for losses for which they did not intend to assume responsibility. The Company was proactive about changing policy language and amending language on policies outside of Ohio to protect business policyholders from this type of risk. Early in 2001, the Company began working with independent agents to verify Ohio policyholders' decisions regarding uninsured motorist coverage and document those decisions on a form that meets the court's criteria.

The pure loss ratio for personal lines was 71.1% in 2000, after having improved to 62.0% for 1999 from 73.8% in 1998. Catastrophe losses contributed 5.3%, 2.1% and 8.9% to the personal lines' pure loss ratio in 2000, 1999 and 1998, respectively. The increase in the pure loss ratio in 2000 was due to the factors affecting the loss ratio, described above, as well as weakening profitability in the personal lines segment, an industry-wide trend. The Company's agency re-underwriting program, designed to help restore personal lines profitability, was a factor in the improvement in the ratio between 1998 and 1999 and helped mitigate the higher losses in 2000. In 2001, the Company anticipates continuing the re-underwriting program with an additional 100 agencies. In addition, the Company is assessing profitability and seeking appropriate rate increases for personal lines products.

CATASTROPHE LOSSES

The contribution to the loss ratio due to catastrophe losses of 2.7% in 2000 and 2.2% in 1999 was within the Company's historic range and significantly below the 6.1% recorded in 1998, an unusually high level. Due to the nature of catastrophic events, management is unable to predict accurately the frequency or potential cost of such occurrences in the future. However, in an effort to control such catastrophe losses, the Company does not market property casualty insurance in California, does not write flood insurance, reviews exposure to huge disasters and continues to reduce coverage in certain coastal regions. For property catastrophes, the Company retains the first $25 million of losses and is reinsured for 95% of losses from $25 million up to $200 million.

EXPENSE RATIO

The expense ratio (statutory basis), excluding the one-time charge to expense software development assets, remained relatively stable over the three-year period, as the Company maintained its level of investment in staff and costs associated with upgrading technology and facilities.

POLICYHOLDER DIVIDEND RATIO

Policyholder dividends as a percent of net earned premiums increased nearly three-fold in 2000 over 1999 due to growth in workers' compensation premiums, particularly in Wisconsin, where these policies are structured to include policyholder dividends. As a result of the expansion of this business area, in 2000 the Company began reporting its statutory combined ratio after policyholder dividends, in line with industry practices.

ONE-TIME CHARGE

The one-time, pre-tax charge of $39.1 million recorded in the third quarter of 2000 was to expense assets related to development of next-generation software to process property casualty policies. The development of next-generation software remains a strategic priority. The charge reflected the determination that previous work to establish business requirements retained asset value, and costs associated with that portion of the project were excluded from the charge.

LIFE AND ACCIDENT AND HEALTH

(000,000s omitted except ratios) (*)Statutory basis	2000	Change $	Change %	1999	Change $	Change %	1998	Change $	Change %
Gross Written Premiums*	$ 157.3	$(263.4)	(62.6)	$ 420.7	$ 306.0	266.8	$ 114.7	$ 17.1	17.5
Net Written Premiums*	140.1	(270.3)	(65.9)	410.4	301.2	275.8	109.2	16.8	18.2
Earned Premiums	79.3	4.6	6.2	74.7	4.6	6.6	70.1	7.2	11.4
Other Income	1.9	(0.9)	(32.1)	2.8	2.8	n/a	0.0	0.0	n/a
Investment Income	79.1	8.8	12.5	70.3	5.0	7.7	65.3	4.4	7.2
Total Revenues	158.0	14.2	9.9	143.8	11.6	8.8	132.2	1.7	1.3
Total Expenses	112.1	5.6	5.3	106.5	4.9	4.8	101.6	14.2	16.2
Net Operating Income	32.3	4.2	14.9	28.1	4.5	19.1	23.6	(1.2)	(4.8)
Net Realized Capital Losses	(1.5)	1.0	40.0	(2.5)	(0.4)	(19.0)	(2.1)	(6.5)	(147.7)
Net Income	30.8	5.2	20.3	25.6	4.1	19.1	21.5	(7.7)	(26.4)
Total Assets	1,620.9	173.8	12.0	1,447.1	236.9	19.6	1,210.2	110.2	10.0
Equity	524.7	61.5	13.3	463.2	(61.8)	(11.8)	525.0	48.4	10.2

The Company's life insurance subsidiary had net written premiums of $140.1 million in 2000 including $20.0 million of BOLI premiums. In 1999, net written premiums were $410.4 million, including a $302.9 million BOLI premium. Excluding BOLI premiums, net written premiums grew 11.7% in 2000, compared with a decline of 1.5% in 1999 and an increase of 18.2% in 1998. Total net earned premium income for 2000 was up for the third consecutive year, with life insurance premiums rising to $74.2 million in 2000 from $65.1 million in 1999 and $61.7 million in 1998. Growth in 2000 reflected continued penetration of the Company's property casualty agencies, appointment of independent life agencies and introduction of new products. In addition, through the first half of 2000, the Company processed ordinary life applications for policyholders who purchased term life insurance before the "Triple X" regulations took effect, contributing to the year's increase.

In 2000, favorable mortality experience, expense control and continued growth from new products led to strong operating earnings, up 14.9% from the prior year. In 1999, net operating income rose 19.1% due to favorable mortality experience. The life insurance subsidiary contributed 27% of CFC's operating income in 2000 compared with 11% in 1999 and 12% in 1998.

An important part of Cincinnati Life's strategic mission is to round out accounts while improving persistency for the Company. Term and worksite insurance products are well suited to cross-serving by the Company's property casualty agency force, 90% of which now do business with Cincinnati Life. Agents find that offering worksite marketing to employees of their small commercial accounts provides a benefit to the employees at low cost to the employer.

With the success of the term and worksite efforts, the Company intends to enhance and develop new life insurance products that will meet the needs of the property casualty agents and their customers as well as attract independent life agents to help support overall product volume. To provide increased support to agents and accommodate growth, the Company subdivided existing life marketing territories in Michigan and in Georgia/Alabama during 2000, adding two new life field marketing representatives to bring the total to 25 across the country.

INVESTMENT INCOME AND INVESTMENTS

Reflecting the interest rate environment, the growth rate for investment income improved in 2000 to 6.0%, excluding interest income recorded in the first quarter from the BOLI, after having declined slightly in 1999 to 5.1% from 5.6% in 1998. As a result, pre-tax investment income, excluding BOLI, reached a new record of $410.0 million compared with the previous record of $386.8 million in 1999. The growth was primarily the result of investing the cash flows from operating activities and dividend increases from equity securities in the investment portfolio.

Investment income was affected over the past three years by decreased cash available for the investment portfolio due to the repurchase of the Company's common stocks. In addition, the higher paid losses in the second half of 2000 reduced the available funds.

The asset value of the Company's equity portfolio rose approximately $1.015 billion in 2000, while the bond portfolio value rose approximately $103.9 million. In 2000, 30 of the 45 common stocks in the Company's investment portfolio increased dividends during the year, adding more than $12.8 million to gross investment earnings on an annualized basis.

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 the equity portfolio through higher dividends and capital appreciation. The Company's investment decisions on an individual insurance company basis are influenced by insurance regulatory statutory requirements designed to protect policyholders from investment risk. Cash generated from insurance operations is invested almost entirely in corporate, municipal, public utility and other fixed-maturity securities or equity securities. Such securities are evaluated prior to purchase based on yield and risk.

The equity emphasis is on common stocks with an annual dividend yield of at least 2% to 3% and with annual dividend increases. The Company's portfolio of equity investments had an average dividend yield-to-cost of 9.0% at December 31, 2000. Management's strategy in equity investments includes identifying approximately 10 to 12 companies, for the core of the investment portfolio, in which the Company can accumulate 10% to 20% of their common stock.

INCOME TAXES

The Company's income tax expense was $(9.7) million, $66.9 million and $65.5 million for 2000, 1999 and 1998, respectively, while the effective tax rate was (8.9)%, 20.8% and 21.3% for the same periods. The negative effective tax rate for 2000 was primarily attributable to lower income before income taxes, combined with the Company's tax-exempt interest and dividend exclusions, as compared with 1999 and 1998. The effective rate was constant from 1998 and 1999. The Company expects to pay $9.8 million in alternative minimum tax for 2000. The $9.8 million in alternative minimum tax can offset taxes owed in future years, thus creating a deferred tax benefit. Recording this deferred tax benefit in the current year serves to offset the current alternative minimum tax such that total tax expense is unaffected.

OUTLOOK

Having achieved the goal to reach $2.0 billion in total direct written premiums by the year 2000 in both 2000 and 1999, management is targeting continued growth at two or more times the industry averages. In 2001, industry analysts are projecting 5.8% growth for the property casualty insurance market. The Company's further objectives are to return to historic profitability levels and maximize annual growth in investment income. Management believes that its statutory combined ratio, a key measure of profitability, should return to its five-year (1995-99) average of 101.3%, including policyholder dividends.

The Company's $2.0 billion premium (statutory basis) target was met in 1999, when $2.158 billion in direct written premiums were written, including a single BOLI premium of $302.9 million written by The Cincinnati Life Insurance Company. In 2000, the target was reached with $1.944 billion in direct written property casualty premiums and $157.3 million in direct written life insurance premiums.

Factors that contribute to the positive outlook for total premium growth include the growing strength of the commercial insurance marketplace, the Company's strong competitive position and reputation among independent insurance agencies and management's belief that the Company can achieve additional market penetration in states in which it currently operates. However, management believes that the growth rate of personal lines premiums will be relatively unchanged from the 4.3% recorded in 2000 until the Company completes its rollout of next-generation software that will include direct billing capabilities.

CASH FLOW AND LIQUIDITY

CASH FLOW

(000,000s omitted)	2000	1999	1998
Net Cash Provided by Operating Activities	$ 356.6	$ 687.8	$ 273.6
Net Cash Used in Investing Activities	(513.2)	(205.3)	(320.7)
Net Cash (Used in) Provided by Financing Activities	(122.7)	(201.6)	25.5
Net (Decrease) Increase in Cash	(279.3)	280.9	(21.6)
Cash at Beginning of Year	339.5	58.6	80.2
Cash at End of Year	60.2	339.5	58.6
Supplemental			
Interest Paid	40.2	31.6	36.4
Income Taxes Paid	33.4	55.0	91.2

Cash flow was sufficient to meet operating needs, with short-term borrowings utilized for financing and investing activities for the years 2000 and 1999. Excluding the 1999 year-end sale of the BOLI policy, amounting to approximately $302.9 million, cash flows from operations have been relatively consistent from year to year. The Company had $55 million of unused letters of credit at December 31, 2000. Management expects operating cash flow will continue to be CFC's primary source of funds because no substantial changes are anticipated in the Company's mix of business, nor are there plans to reduce protection by entering or modifying ceded reinsurance agreements. Further, the Company has no significant exposure to assumed reinsurance because this comprised no more than 2.3% of gross premiums in each of the last three years.

The change in net cash used in investing activities for 2000 and 1999 reflected a continued decline in the amount of fixed maturity investments being called by the issuers, compared with higher amounts called in 1998. For the years 2000 and 1999, the primary reasons for increases in net cash used for financing activities were for the payment of cash dividends and the purchase of treasury shares. In 1998, net cash was provided in financing activities due to the issuance of senior debentures, offset by treasury share purchases, cash dividend payments and reduction of short-term debt.

NOTES PAYABLE

Notes payable, primarily short-term debt used to enhance liquidity, increased to $170.0 million in 2000 and $118.0 million in 1999 from zero in 1998. Management used short-term debt for purchase of treasury shares, the construction of an additional Cincinnati Headquarters building and other purposes.

DIVIDENDS

CFC has increased cash dividends to shareholders for 40 consecutive years and, periodically, the Board of Directors authorizes stock dividends or splits. In February 2001, the Board of Directors authorized a 10.5% increase in the regular quarterly dividend to an indicated annual rate of 84 cents. In February 2000, the Board authorized an 11.8% increase; in February 1999, a 10.9% increase; and, in February 1998, a 12.2% increase. In the past 10 years, the Company has paid an average of 30-35% of net income as dividends, with the remaining 65-70% reinvested for future growth. The ability of the Company to continue paying cash dividends is subject to factors as the Board of Directors may deem relevant.

Since 1992, the Company's Board also has authorized four stock splits or stock dividends: a three-for-one stock split in 1998; a 5% stock dividend in 1996; a 5% stock dividend in 1995; and, a three-for-one stock split in 1992. After the stock split in 1998, a shareholder who purchased one Cincinnati Insurance share before 1957 would own 1,947 Cincinnati Financial shares, if all shares from accrued stock dividends and splits were held and cash dividends not reinvested.

FINANCIAL CONDITION

ASSETS

At year-end 2000, total assets were $13.287 billion compared with $11.808 billion at year-end 1999.

CASH AND INVESTMENTS

Cash and marketable securities of $11.376 billion make up 85.6% of the Company's $13.287 billion assets; compared with 89.2% in 1999. The Company has minor investments in real estate and mortgages, which are typically illiquid. At December 31, 2000, the Company's portfolio of fixed-maturity securities had an average yield-to-cost of 7.7% and an average maturity of 11.2 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. Essential service (e.g., schools, sewer, water, etc.) bonds issued by municipalities are prevalent in this area. Many of these bonds are not rated due to the small size of their offerings.

At year-end 2000 and 1999, investments totaling approximately $730 million and $888 million ($806 million and $970 million at cost) of the Company's $11.376 billion and $10.194 billion investment portfolio related to securities rated as non-investment grade or not rated by Moody's Investors Service or Standard & Poor's. Such investments, which tend to have higher yields, historically have benefited the Company's results of operations and many have been upgraded to investment grade while owned. However, in 2000, the Company recorded losses in its non-investment grade bond portfolio due to the interest rate environment and deteriorating economic conditions.The losses were offset by gains in the equity portfolio. The Company continues to closely monitor these investments.

Because of alternative minimum tax matters, the Company uses a blend of tax-exempt and taxable fixed-maturity securities. Tax-exempt bonds comprised 9% of invested assets as of December 31, 2000, unchanged from year-end 1999 and 1998. Additional information regarding the composition of investments, together with maturity data regarding investments in fixed maturities, is included in the Notes to Consolidated Financial Statements.

REMAINING ASSETS

Land, building and equipment for the Company at year-end 2000 included $61 million relating to the addition of a second office tower completed in the first half of 2000, which approximately doubled the Headquarters space.

In the second quarter of 2000, the Company began accounting for the assets related to the $302.9 million single- premium BOLI policy written on December 30, 1999, as a separate item on the balance sheet, "Separate Accounts." At year-end 1999, the premium amount was included in cash.

MARKET RISK

The Company could incur losses due to adverse changes in market rates and prices. The Company's primary market risk exposures are 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 this 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.

LIABILITIES AND SHAREHOLDERS' EQUITY

At December 31, 2000, total long- and short-term debt was 4.7%, insurance reserves were 23.2% and total shareholders' equity was 45.1% of total assets, with remaining liabilities consisting of unearned premiums, deferred income taxes, declared but unpaid dividends and other liabilities. At December 31, 2000, and December 31, 1999, long-term debt consisted of $449.2 million and $456.4 million, respectively, of convertible and senior debentures. Short-term debt is used to provide working capital as discussed above.

EQUITY

Statutory risk-based capital requirements became effective for life insurance companies in 1993 and for property casualty companies in 1994. The Company's risk-based capital has been well above required amounts in each year since those effective dates.

SHAREHOLDERS' EQUITY

(000,000s omitted)	2000	1999	1998
Common Stock, Paid in Capital less Treasury Stock	$ 219.1	$ 267.3	$ 462.0
Retained Earnings	1,620.0	1,623.9	1,480.9
Accumulated Other Comprehensive Income	4,155.9	3,530.1	3,678.0
Total Shareholders' Equity	$5,995.0	$5,421.3	$5,620.9

As a long-term investor, the Company has followed a buy-and-hold strategy for more than 40 years. A significant amount of unrealized appreciation on equity investments has been generatedas a result of this policy. Unrealized appreciation on equity investments, before deferred income taxes, was $6.438 billion as of December 31, 2000, and constituted 57.2% of the total investment portfolio; 75.5% of the equity investment portfolio; and, after deferred income taxes, 69.8% of total shareholders' equity. Such unrealized appreciation, before deferred income taxes, amounted to $5.488 billion and $5.512 billion, at year-end 1999 and 1998, respectively.

COMMON STOCK REPURCHASE

The CFC Board of Directors believes that stock repurchases can help fulfill the Company's commitment to enhancing shareholder value. Consequently, the Company's Board of Directors has authorized the repurchase of outstanding shares. At December 31, 2000, 9.1 million shares remained authorized for repurchase at any time in the future. The Company has purchased 2.1 million shares at a cost of $66.4 million and 6.1 million shares at a cost of $217.1 million during the years ended December 31, 2000 and 1999, respectively, with 11.8 million total shares repurchased at a total cost to the Company of $376.6 million since the inception of the share repurchase program in 1996.

C O N S O L I D A T E D   B A L A N C E   S H E E T S

(000s omitted)

Cincinnati Financial Corporation and Subsidiaries

	December 31, 2000	December 31, 1999
ASSETS		
Investments		
Fixed maturities, at fair value (amortized cost: 2000-$2,802,863; 1999-$2,692,154)	$ 2,721,291	$ 2,617,412
Equity securities, at fair value (cost: 2000-$2,067,984; 1999-$2,022,555)	8,525,985	7,510,918
Other invested assets	68,560	65,909
Cash	60,254	339,554
Investment income receivables	86,234	80,128
Finance receivables	30,718	32,931
Premiums receivable	652,340	522,539
Reinsurance receivables	214,576	159,229
Prepaid reinsurance premiums	15,246	24,684
Deferred acquisition costs pertaining to unearned premiums and to life policies in force	258,734	225,896
Land, buildings and equipment for Company use (at cost, less accumulated depreciation: 2000-$123,840; 1999-$123,427)	122,005	107,784
Other assets	173,533	120,695
Separate accounts	357,615	- 0 -
Total assets	$ 13,287,091	$ 11,807,679
LIABILITIES		
Insurance reserves		
Losses and loss expenses	$ 2,473,059	$ 2,154,149
Life policy reserves	605,421	860,561
Unearned premiums	921,872	836,407
Other liabilities	257,254	241,232
Deferred income taxes	2,057,641	1,719,673
Notes payable	170,000	118,000
6.9% senior debentures due 2028	419,631	419,614
5.5% convertible senior debentures due 2002	29,603	36,759
Separate accounts	357,615	- 0 -
Total liabilities	7,292,096	6,386,395
SHAREHOLDERS' EQUITY		
Common stock, par value-$2 per share; authorized 200,000 shares; issued: 2000-172,883; 1999-171,862	345,766	343,725
Paid-in capital	254,156	237,859
Retained earnings	1,619,954	1,623,890
Accumulated other comprehensive income-unrealized net capital gains	4,155,929	3,530,104
	6,375,805	5,735,578
Less treasury stock at cost (2000-11,992 shares; 1999-9,841 shares)	(380,810)	(314,294)
Total shareholders' equity	5,994,995	5,421,284
Total liabilities and shareholders' equity	$ 13,287,091	$ 11,807,679

Accompanying notes are an integral part of this statement.

CONSOLIDATED STATEMENTS OF INCOME
(000s omitted except per share data)
Cincinnati Financial Corporation and Subsidiaries

	Years Ended December 31, 2000	1999	1998
REVENUES			
Premium income			
Property and casualty	$ 1,827,576	$ 1,657,277	$ 1,542,639
Life	76,716	65,824	61,704
Accident and health	2,630	8,849	8,392
Premiums earned	1,906,922	1,731,950	1,612,735
Net investment income	415,310	386,773	367,993
Realized (losses) gains on investments	(2,595)	(564)	65,309
Other income	11,357	10,064	8,252
Total revenues	2,330,994	2,128,223	2,054,289
BENEFITS AND EXPENSES			
Insurance losses and policyholder benefits	1,581,123	1,254,363	1,221,118
Commissions	351,104	316,416	293,926
Other operating expenses	171,729	151,495	145,022
Taxes, licenses and fees	55,694	60,475	61,271
Increase in deferred acquisition costs pertaining to unearned premiums and to life policies in force	(32,838)	(16,930)	(11,323)
Interest expense	36,788	33,043	28,012
Other expenses	19,630	7,788	9,156
Asset impairment-software written off	39,100	-0-	-0-
Total benefits and expenses	2,222,330	1,806,650	1,747,182
INCOME BEFORE INCOME TAXES	108,664	321,573	307,107
PROVISION FOR INCOME TAXES			
Current	(11,223)	76,534	78,847
Deferred	1,522	(9,683)	(13,307)
Total provision for income taxes	(9,701)	66,851	65,540
NET INCOME	$ 118,365	$ 254,722	$ 241,567
PER COMMON SHARE			
Net income (basic)	$ .74	$ 1.55	$ 1.45
Net income (diluted)	$ .73	$ 1.52	$ 1.41
Cash dividends (declared)	$ .76	$ .68	$ .61 1/3

Accompanying notes are an integral part of this statement.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(000s omitted)
Cincinnati Financial Corporation and Subsidiaries

	Common Stock	Treasury Stock	Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Shareholders' Equity
Balance, December 31, 1997	$ 338,782	$ (72,585)	$ 203,282	$ 1,341,730	$2,905,756	$ 4,716,965
Net income				241,567		241,567
Change in unrealized gains on investments					1,188,097	1,188,097
Income taxes on unrealized gains					(415,834)	(415,834)
Comprehensive income						1,013,830
Dividends declared				(102,383)		(102,383)
Purchase/issuance of treasury shares		(24,611)	310			(24,301)
Stock options exercised	1,214		9,100			10,314
Conversion of debentures	875		5,636			6,511
Balance, December 31, 1998	340,871	(97,196)	218,328	1,480,914	3,678,019	5,620,936
Net income				254,722		254,722
Change in unrealized gains on investments					(227,562)	(227,562)
Income taxes on unrealized gains					79,647	79,647
Comprehensive income						106,807
Dividends declared				(111,746)		(111,746)
Purchase/issuance of treasury shares		(217,098)	14			(217,084)
Stock options exercised	816		6,396			7,212
Conversion of debentures	2,038		13,121			15,159
Balance, December 31, 1999	343,725	(314,294)	237,859	1,623,890	3,530,104	5,421,284
Net income				118,365		118,365
Change in unrealized gains on investments					962,808	962,808
Income taxes on unrealized gains					(336,983)	(336,983)
Comprehensive income						744,190
Dividends declared				(122,301)		(122,301)
Purchase/issuance of treasury shares		(66,516)	11			(66,505)
Stock options exercised	1,080		10,091			11,171
Conversion of debentures	961		6,195			7,156
Balance, December 31, 2000	$ 345,766	$ (380,810)	$ 254,156	$ 1,619,954	$4,155,929	$ 5,994,995

Accompanying notes are an integral part of this statement.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(000s omitted)
Cincinnati Financial Corporation and Subsidiaries

	Years Ended December 31, 2000	1999	1998
Cash flows from operating activities:			
Net income	$ 118,365	$ 254,722	$ 241,567
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	18,269	16,016	11,793
Asset impairment-software written off	39,100	-0-	-0-
Increase in investment income receivable	(11,038)	(3,355)	(2,253)
Increase in premiums receivable	(129,801)	(28,270)	(24,081)
Increase in reinsurance receivables	(55,347)	(23,238)	(26,881)
Decrease (increase) in prepaid reinsurance premiums	9,438	1,751	(2,823)
Increase in deferred acquisition costs	(32,838)	(16,930)	(11,323)
Decrease (increase) in accounts receivable	22,502	(15,277)	(7,369)
(Increase) decrease in other assets	(72,306)	2,170	425
Increase in loss and loss expense reserves	318,910	99,424	118,191
Increase in life policy reserves	52,621	326,831	51,283
Increase in unearned premiums	85,465	46,855	34,849
Increase (decrease) in other liabilities	53,078	15,471	(16,590)
(Decrease) increase in current income taxes	(63,400)	20,752	(14,595)
Increase (decrease) in deferred income taxes	985	(9,683)	(13,307)
Realized loss (gains) on investments	2,595	564	(65,309)
Net cash provided by operating activities	356,598	687,803	273,577
Cash flows from investing activities:			
Sale of fixed maturities investments	3,518	61,909	47,486
Call or maturity of fixed maturities investments	302,145	316,495	320,510
Sale of equity securities investments	293,474	197,141	321,003
Collection of finance receivables	15,434	16,133	14,738
Purchase of fixed maturities investments	(795,766)	(423,505)	(475,751)
Purchase of equity securities investments	(272,172)	(246,129)	(474,176)
Investment in land, buildings and equipment	(43,724)	(102,141)	(47,750)
Investment in finance receivables	(13,220)	(16,957)	(15,131)
Increase in other invested assets	(2,912)	(8,232)	(11,589)
Net cash used in investing activities	(513,223)	(205,286)	(320,660)
Cash flows from financing activities:			
Payment of cash dividends to shareholders	(119,342)	(109,702)	(99,522)
Purchase/issuance of treasury shares	(66,504)	(217,084)	(24,301)
Increase in (payoff of) notes payable	52,000	118,000	(280,558)
Proceeds from stock options exercised	11,171	7,212	10,314
Proceeds from issue of 6.9% senior debentures	-0-	-0-	419,593
Net cash (used in) provided by financing activities	(122,675)	(201,574)	25,526
Net (decrease) increase in cash	(279,300)	280,943	(21,557)
Cash at beginning of year	339,554	58,611	80,168
Cash at end of year	$ 60,254	$ 339,554	$ 58,611
Supplemental disclosures of cash flow information:			
Interest paid	$ 40,214	$ 31,612	$ 36,419
Income taxes paid	$ 33,396	$ 55,000	$ 91,241

Supplemental disclosure of noncash activity - During the current year, the Company established a separate account. This resulted in a noncash transfer to the separate account of the following: $300,818 from investments, $307,762 from life policy reserves, $11,394 from cash, $8,984 from accounts payable securities, $4,932 from investment income receivable, $540 from other liabilities, and $142 from accounts receivable securities.

Accompanying notes are an integral part of this statement.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS- Cincinnati Financial Corporation (Company), through four insurance subsidiaries, sells insurance in 31 states, primarily in the Midwest and Southeast regions of the United States of America through a network of local independent agents.Insurance products sold include fire, automobile, casualty, bonds and all related forms of property casualty insurance as well as life insurance, long term care, disability policies and annuities.

BASIS OF PRESENTATION- The consolidated financial statements include the accounts of the Company and subsidiaries, each of which is wholly owned, and are presented in conformity with accounting principles generally accepted in the United States of America. All significant inter-company balances and transactions have been eliminated in consolidation.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. 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 deferred and earned 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, based upon facts in each claim and the Company's experience with similar claims. The establishment of appropriate reserves, including reserves for catastrophes, is an inherently uncertain process. Reserve estimates are regularly reviewed and updated, using the most current information available. Any resulting adjustments are reflected in current operations.

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 7%. Interest rates on approximately $415,000,000 and $380,000,000 of such reserves at December 31, 2000 and 1999, 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 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 and reinsurers. 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- Fixed maturities (bonds and notes) and equity securities (common and preferred stocks) are classified as available for sale and are stated at fair values.

Unrealized gains and losses on investments, net of income taxes associated therewith, are included in shareholders' equity in accumulated other comprehensive income. Realized gains and losses on sales of investments are recognized in net income on a specific identification basis.

Investment income consists primarily of interest and dividends. Interest is recognized on an accrual basis and dividends are recorded at the ex-dividend date.

LAND, BUILDING AND EQUIPMENT - Property and equipment are classified as land, buildings and equipment for Company use or as other invested assets and are carried at cost less accumulated depreciation. The Company provides depreciation based on estimated useful lives using straight-line and accelerated methods. The Company reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

During 2000, the Company wrote off $39.1 million of previously capitalized costs related to the development of next-generation software to process property casualty policies. Management conducted a review of the project, including an assessment by an independent firm, and determined, after several deliverable dates were missed, that the project design would not perform as originally intended. The decision required the application software under development be abandoned and a new application purchased.

INCOME TAXES- Deferred tax liabilities and assets are computed using the tax rates in effect for the time when temporary differences in book and taxable income are estimated to reverse. 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.

SEPARATE ACCOUNTS - The Company issues variable life contracts with guaranteed minimum returns, the assets and liabilities of which are legally segregated and recorded as assets and liabilities of the separate accounts. Minimum investment returns and account values are guaranteed by the Company and also include death benefits to beneficiaries of the contract holders.

The assets of the separate accounts are carried at fair value. Separate account liabilities primarily represent the contract holders' claim to the related assets and are carried at the fair value of the assets. In the event that the asset value of contract holders' accounts is projected below the value guaranteed by the Company, a liability is established through a charge to earnings. Investment income and realized capital gains and losses of the separate accounts generally accrue directly to the contract holders and, therefore, are not included in the Company's Consolidated Statements of Income. Revenues and expenses for the Company related to the separate accounts consist of contractual fees, percentages of net realized capital gains and losses, and mortality, surrender and expense risk charges.

EARNINGS PER SHARE- Net income per common share is based on the weighted average number of common shares outstanding during each of the respective years. The calculation of net income per common share (diluted) assumes the conversion of convertible senior debentures and the exercise of stock options.

FAIR VALUE DISCLOSURES- Fair values for investments in fixed-maturity securities (including redeemable preferred stock and assets held in separate accounts) 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 debentures are based on the quoted market prices for such debentures.

DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES - In June 1998, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 133 "Accounting for Derivative Instruments and Hedging Activities" (amended by SFAS Nos. 137 and 138). The Company plans to adopt SFAS No. 133, as amended, on January 1, 2001.

Management has determined that the adoption of SFAS No. 133 will not have a significant impact on the consolidated results of operations, financial position or cash flows of the Company because the Company does not have significant derivative activity.

TRANSFERS OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES - In September 2000, the FASB issued SFAS No. 140 "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." SFAS No. 140 replaces SFAS No. 125 and addresses certain issues not previously addressed in SFAS No. 125. SFAS No. 140 is effective for transfers and servicing occurring after March 31, 2001. Additionally, SFAS No. 140 is effective for disclosures about securitizations and collateral for fiscal years ending after December 15, 2000. The Company does not expect that SFAS No. 140 will have a material effect on its financial statements.

RECLASSIFICATIONS- Certain prior year amounts have been reclassified to conform with current year classifications, including certain premium receivables and deferred acquisition costs, which prior to 2000 were netted against unearned premiums and underwriting expense accruals in the balance sheets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(continued)
Cincinnati Financial Corporation and Subsidiaries

2. INVESTMENTS
(000s omitted)

	Years Ended December 31, 2000	1999	1998
Investment income summarized by investment category:			
Interest on fixed maturities	$ 221,993	$ 218,688	$ 217,675
Dividends on equity securities	186,181	165,137	145,885
Other investment income	11,409	8,316	9,545
Total	419,583	392,141	373,105
Less investment expenses	4,273	5,368	5,112
Net investment income	$ 415,310	$ 386,773	$ 367,993
Realized (losses) gains on investments summarized by investment category:			
Fixed maturities:			
Gross realized gains	$ 7,216	$ 10,842	$ 11,591
Gross realized losses	(76,540)	(48,518)	(10,354)
Equity securities:			
Gross realized gains	108,299	57,605	104,079
Gross realized losses	(41,570)	(20,493)	(40,007)
Realized (losses) gains on investments	$ (2,595)	$ (564)	$ 65,309
Change in unrealized gains on investments summarized by investment category:			
Fixed maturities	$ (6,830)	$ (204,314)	$ (50,098)
Equity securities	969,638	(23,248)	1,238,195
Change in unrealized gains on investments	$ 962,808	$ (227,562)	$ 1,188,097

Analysis of cost or amortized cost, gross unrealized gains, gross unrealized losses and fair value as of December 31, 2000 and 1999 (000s omitted):

2000	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Fixed maturities:				
States, municipalities and political subdivisions	$ 947,470	$ 37,822	$ 2,062	$ 983,230
Convertibles and bonds with warrants attached	76,506	1,387	9,703	68,190
Public utilities	80,929	2,522	918	82,533
United States government and government agencies and authorities	7,030	186	--	7,216
All other corporate bonds	1,690,928	40,605	151,411	1,580,122
Total	$ 2,802,863	$ 82,522	$ 164,094	$ 2,721,291
Equity securities	$ 2,067,984	$ 6,517,504	$ 59,503	$ 8,525,985
1999				
Fixed maturities:				
States, municipalities and political subdivisions	$ 891,319	$ 16,971	$ 21,637	$ 886,653
Convertibles and bonds with warrants attached	83,993	2,221	10,419	75,795
Public utilities	60,978	1,120	690	61,408
United States government and government agencies and authorities	7,038	34	173	6,899
All other corporate bonds	1,648,826	30,886	93,055	1,586,657
Total	$ 2,692,154	$ 51,232	$ 125,974	$ 2,617,412
Equity securities	$ 2,022,555	$ 5,580,114	$ 91,751	$ 7,510,918

Contractual maturity dates for investments in fixed maturity securities as of December 31, 2000 (000s omitted):

	Amortized Cost	Fair Value	% of Fair Value

Maturity dates occurring:			
One year or less	$ 113,765	$ 115,575	4.2
After one year through five years	763,746	734,204	27.0
After five years through ten years	806,477	740,758	27.2
After ten years	1,118,875	1,130,754	41.6
Total	$2,802,863	$2,721,291	100.0

Actual maturities may differ from contractual maturities when there exists a right to call or prepay obligations with or without call or prepayment penalties.

At December 31, 2000, investments with a cost of $64,020,000 and fair value of $63,878,000 were on deposit with various states in compliance with certain regulatory requirements.

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

	2000		1999	
	Cost	Fair Value	Cost	Fair Value
Fifth Third Bancorp common stock	$276,799	$4,329,797	$276,799	$3,544,757
Alltel Corporation common stock	$118,931	$ 822,624	$100,467	$1,060,481

3. DEFERRED ACQUISITION COSTS

Acquisition costs incurred and capitalized during 2000, 1999 and 1998 amounted to $437,504,000, $381,635,000 and $347,704,000, respectively. Amortization of deferred acquisition costs was $404,666,000, $364,705,000 and $336,381,000 for 2000, 1999 and 1998, respectively.

4. LOSSES AND LOSS EXPENSES

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

	Years Ended December 31,		
	2000	1999	1998
Balance at January 1	$ 2,092,576	$ 1,978,461	$ 1,888,883
Less reinsurance receivable	160,809	138,138	112,235
Net balance at January 1	1,931,767	1,840,323	1,776,648
Incurred related to:			
Current year	1,527,669	1,303,651	1,306,194
Prior years	(19,726)	(116,061)	(153,311)
Total incurred	1,507,943	1,187,590	1,152,883
Paid related to:			
Current year	666,796	574,038	590,366
Prior years	590,909	522,108	498,842
Total paid	1,257,705	1,096,146	1,089,208
Net balance at December 31	2,182,005	1,931,767	1,840,323
Plus reinsurance receivable	219,477	160,809	138,138
Balance at December 31	$ 2,401,482	$ 2,092,576	$ 1,978,461

As a result of changes in estimates of insured events in prior years, the provision for losses and loss expenses decreased by $19,726,000, $116,061,000 and $153,311,000 in 2000, 1999 and 1998. 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 $71,577,000 and $61,573,000 at December 31, 2000 and 1999, 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 (000s omitted):

	2000	1999
Ordinary/traditional life	$170,816	$155,931

Universal life	251,722	236,214
Annuities	162,848	144,221
Group life	106	302,990
Industrial	15,120	15,555
Other	4,809	5,650
Total	$605,421	$860,561

At December 31, 2000 and 1999, the fair value associated with the annuities shown above approximated $179,000,000 and $158,000,000 respectively.

6. NOTES PAYABLE

The Company and subsidiaries had no compensating balance requirement on debt for either 2000 or 1999. The Company had lines of credit with commercial banks amounting to $225,000,000,of which $170,000,000 and $118,000,000 were in use at December 31, 2000 and 1999. Interest rates charged on such borrowings ranged from 6.38% to 7.40% during 2000, which resulted in an average interest rate of 7.12%. At December 31, 2000, the fair value of the notes payable approximated the carrying value and the weighted average interest rate approximated 6.68%.

7. SENIOR DEBENTURES

The Company issued $420,000,000 of senior debentures due in 2028 in 1998. The convertible senior debentures due in 2002 are convertible by the debenture holders into shares of common stock at a conversion price of $14.88 (67.23 shares for each $1,000 principal). At December 31, 2000 and 1999, the fair value of the debentures approximated $450,000,000 and $445,000,000, respectively.

8. SHAREHOLDERS' EQUITY AND RESTRICTION

The insurance subsidiaries paid cash dividends to the Company of approximately $100,000,000, $195,000,000 and $105,000,000 in 2000, 1999 and 1998, 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 may be paid only with approval of the insurance department of the subsidiaries' domiciliary state. During 2001, the total dividends that may be paid to the Company without regulatory approval are approximately $317,173,000.

2,151,000 shares of common stock were available for future stock option grants, as of December 31, 2000.

The Company's Board of Directors has authorized the repurchase of outstanding shares. At December 31, 2000, 9.1 million shares remain authorized for repurchase at any time in the future. The Company has purchased 11.8 million shares at a cost of $376.6 million between the inception of the share repurchase program in 1996 and December 31, 2000.

9. REINSURANCE

Property casualty premium income in the accompanying statements of income includes approximately $33,773,000, $37,113,000 and $38,790,000 of earned premiums on assumed business and is net of approximately $108,067,000, $95,572,000 and $96,073,000 of earned premiums on ceded business for 2000, 1999 and 1998, respectively.

Written premiums for 2000, 1999 and 1998 consist of the following (000s omitted):

	2000	1999	1998
Direct business	$1,987,019	$1,763,751	$1,636,859
Assumed business	35,597	37,263	38,119
Ceded business	(99,085)	(94,105)	(99,189)
Net	$1,923,531	$1,706,909	$1,575,789

Insurance losses and policyholder benefits in the accompanying statements of income are net of approximately $109,478,000, $63,206,000 and $59,741,000 of reinsurance recoveries for 2000, 1999 and 1998, respectively.

10. FEDERAL INCOME TAXES

Significant components of the Company's net deferred tax liability as of December 31, 2000 and 1999 are as follows (000s omitted):

	2000	1999
Deferred tax liabilities:		
Unrealized gains on investments	$2,231,751	$1,894,768
Deferred acquisition costs	82,163	71,115

Other	28,331	22,211
Total	2,342,245	1,988,094
Deferred tax assets:		
Losses and loss expense reserves	178,211	181,713
Unearned premiums	64,405	56,174
Life policy reserves	18,620	18,603
Tax credit carryforward	9,848	-0-
Other	13,520	11,931
Total	284,604	268,421
Net deferred tax liability	$2,057,641	$1,719,673

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:

	2000 Percent	1999 Percent	1998 Percent
Tax at statutory rate	35.00	35.00	35.00
Increase (decrease) resulting from:			
Tax-exempt municipal bonds	(15.11)	(5.13)	(5.39)
Dividend exclusion	(30.39)	(9.19)	(9.29)
Other	1.57	.11	1.02
Effective rate	(8.93)	20.79	21.34

No provision has been made (at December 31, 2000, 1999 and 1998) 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.

11. NET INCOME PER COMMON SHARE

The computation of earnings per share for the years ended December 31, 2000, 1999 and 1998 is as follows (000s omitted except per share data):

2000	Net Income (Numerator)	Shares (Denominator)	Per Share Amount
Basic	$118,365	160,611	$ .74
Effect of dilutive securities:			
5.5% convertible senior debentures	1,206	1,990	
Stock options		1,320	
Diluted	$119,571	163,921	$ .73
1999			
Basic	$254,722	164,637	$ 1.55
Effect of dilutive securities:			
5.5% convertible senior debentures	1,539	2,471	
Stock options		1,507	
Diluted	$256,261	168,615	$ 1.52
1998			
Basic	$241,567	166,821	$ 1.45
Effect of dilutive securities:			
5.5% convertible senior debentures	1,918	3,490	
Stock options		1,767	
Diluted	$243,485	172,078	$ 1.41

Options to purchase 1,112,000, 918,000 and 667,000 shares of common stock were outstanding during 2000, 1999 and 1998, respectively, but were not included in the computation of net income per common share (diluted) because the options' exercise prices were greater than the average market price of the common shares.

12. 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 summarized information on the Company's defined benefit pension plan (000s omitted):

	Years Ended December 31, 2000	1999
Change in benefit obligation:		

Benefit obligation at beginning of year	$ 75,921	$ 76,314
Service cost	4,855	5,319
Interest cost	6,031	5,147
Plan amendments	-0-	11,088
Actuarial loss (gain)	6,187	(18,795)
Benefits paid	(4,811)	(3,152)
Benefit obligation at end of year	$ 88,183	$ 75,921
Change in plan assets:		
Fair value of plan assets at beginning of year	$ 148,620	$ 151,879
Actual return on plan assets	16,632	(107)
Benefits paid	(4,812)	(3,152)
Fair value of plan assets at end of year	$ 160,440	$ 148,620
Funded status:		
Funded status at end of year	$ 72,257	$ 72,699
Unrecognized net actuarial gain	(76,164)	(80,552)
Unrecognized net transitional asset	(2,591)	(2,962)
Unrecognized prior service cost	9,080	10,770
Prepaid (accrued) pension cost	$ 2,582	$ (45)

A 1999 plan amendment increased benefit obligations and unrecognized prior service costs. This plan amendment primarily changed the retirement benefit formula, resulting in increased benefit payments to plan participants.

The fair value of the Company's stock comprised $23,042,000 and $18,164,000 of the plan's assets at December 31, 2000 and 1999, respectively.

The following summarizes the assumptions for the plan:

	Years Ended December 31, 2000 Percent	Years Ended December 31, 1999 Percent
Discount rate	7.25	7.50
Expected return on plan assets	8.00	8.00
Rate of compensation increase	5 to 7	5 to 7

The components of the net periodic benefit cost for 2000, 1999 and 1998 include the following (000s omitted):

	Years Ended December 31, 2000	1999	1998
Service cost	$ 4,855	$ 5,319	$ 4,150
Interest cost	6,031	5,147	4,474
Expected return on plan assets	(10,688)	(9,100)	(7,451)
Amortization of:			
Transition obligation (asset)	(370)	(370)	(370)
Prior service cost	543	(40)	(40)
Actuarial (gain) loss	(2,998)	(1,269)	(1,049)
Net pension expense	$ (2,627)	$ (313)	$ (286)

13. STATUTORY ACCOUNTING INFORMATION

Accounting principles generally accepted in the United States of America differ in certain respects from statutory insurance accounting practices prescribed or permitted for insurance companies by regulatory authorities. Net income and shareholders' equity, as determined in accordance with statutory accounting practices for the Company's insurance subsidiaries, are as follows (000s omitted):

	Years Ended December 31, 2000	1999	1998
Net income:			
Property casualty insurance subsidiaries	$ 35,035	$ 209,915	$ 148,235
Life health insurance subsidiary	$ 30,071	$ 21,381	$ 7,248

	December 31, 2000	1999
Capital and surplus:		
Property casualty insurance subsidiaries	$2,760,594	$2,498,609
Life health insurance subsidiary	$ 411,136	$ 353,165

In March 1998, the National Association of Insurance Commissioners adopted the Codification of Statutory Accounting Principles (the Codification). The Codification, which is intended to standardize regulatory accounting and reporting to state insurance departments, is effective January 1, 2001. However, statutory accounting principles will continue to be established by individual state laws and permitted practices. Ohio, the domiciliary state of the Company's insurance subsidiaries, will require adoption of the Codification with certain modifications for the preparation of statutory financial statements effective January 1, 2001. The Company estimates that the adoption of the Codification as modified by the Ohio Department of Insurance will reduce statutory capital and surplus as of January 1, 2001 by approximately $465,000,000 for the property casualty insurance subsidiaries and $62,000,000 for the life health insurance subsidiary.

14. TRANSACTIONS WITH AFFILIATED PARTIES

The Company paid certain officers and directors, or insurance agencies of which they are shareholders, commissions of approximately $13,934,000, $12,989,000 and $11,654,000 on premium volume of approximately $87,465,000,

$82,707,000 and $82,839,000 for 2000, 1999 and 1998, respectively.

15. 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 10-year periods. The Company applies APB Opinion 25 and related Interpretations in accounting for these plans. Accordingly, no compensation cost has been recognized for the stock option plans. Had compensation cost for the Company's stock option plans been determined based on the fair value at the grant dates for awards under those plans consistent with the method of SFAS No. 123, the Company's net income and earnings per share would have been reduced to the pro forma amounts indicated below (000s omitted except per share data):

		2000	1999	1998
Net income	As reported	$ 118,365	$ 254,722	$ 241,567
	Pro forma	107,597	246,007	235,420
Net income per common share	As reported	$ .74	$ 1.55	$ 1.45
(basic)	Pro forma	.67	1.49	1.41
Net income per common share	As reported	$ .73	$ 1.52	$ 1.41
(diluted)	Pro forma	.66	1.47	1.38

In determining the pro forma amounts above, the fair value of each option was estimated on the date of grant using the Binomial option-pricing model with the following weighted-average assumptions used for grants in 2000, 1999 and 1998, respectively: dividend yield of 2.11%, 2.36% and 1.79%; expected volatility of 24.92%, 22.89% and 21.79%; risk-free interest rates of 5.30%, 6.81% and 5.02%; and expected lives of 10 years for all years. Compensation expense in the pro forma disclosures is not indicative of future amounts as options vest over several years and additional grants are generally made each year.

A summary of options information for the years ended December 31, 2000, 1999 and 1998 follows (000s omitted except per share data):

	2000		1999		1998	
	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
Outstanding at beginning of year	5,460,140	$27.57	4,940,591	$25.11	3,932,271	$17.88
Granted	1,294,600	31.08	1,011,800	35.46	1,664,200	38.00
Exercised	(520,679)	18.48	(414,703)	16.55	(615,884)	15.27
Forfeited/revoked	(80,843)	29.57	(77,548)	32.89	(39,996)	25.48
Outstanding at end of year	6,153,218	29.05	5,460,140	27.57	4,940,591	25.11
Options exercisable at end of year	3,694,725		3,224,461		2,243,982	
Weighted-average fair value of options granted during the year		$ 10.56		$14.40		$13.39

Options outstanding and exercisable at December 31, 2000 consisted of the following:

Options Outstanding				Options Exercisable	
Range of Exercise Prices	Number	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number	Weighted-Average Exercise Price
$ 9.07 to 15.79	525,613	1.86 yrs	$13.08	525,613	$13.08
$15.95 to 20.47	575,878	4.30 yrs	18.60	575,878	18.60
$20.50 to 23.00	1,121,355	5.62 yrs	21.25	1,121,355	21.25
$26.41 to29.72	1,069,829	9.83 yrs	29.59	40,629	26.52
$32.06 to 33.75	755,980	8.04 yrs	33.62	285,494	33.59
$33.88 to 39.88	1,226,363	8.15 yrs	34.79	628,034	34.22
$40.16 to 45.37	878,200	7.48 yrs	42.80	517,722	43.17
	6,153,218	6.97 yrs	29.05	3,694,725	28.27

16. SEGMENT INFORMATION

The Company is organized and operates principally in two industries and has four reportable segments - commercial lines property casualty insurance, personal lines property casualty insurance, life insurance and investment operations. The accounting policies of the segments are the same as those described in the basis of presentation. Revenue is primarily from unaffiliated customers. Identifiable assets by segment are those assets, including investment securities, used in the Company's operations in each industry.

Corporate and other identifiable assets are principally cash and marketable securities. Segment information, for which results are regularly reviewed by Company management in making decisions about resources to be allocated to the segments and assess their performance, is summarized in the following table. Information regarding income before income taxes and identifiable assets is not available for two reportable segments - commercial lines and personal lines - property casualty insurance.

(000s omitted):

	Years Ended December 31,		
REVENUES	2000	1999	1998
Commercial lines insurance	$ 1,231,306	$ 1,088,039	$ 1,019,463
Personal lines insurance	596,270	569,238	523,176
Life insurance	79,346	74,673	70,096
Investment operations	412,715	386,209	433,302
Corporate and other	11,357	10,064	8,252
Total revenues	$ 2,330,994	$ 2,128,223	$ 2,054,289
INCOME BEFORE INCOME TAXES			
Property casualty insurance	$ (225,342)*	$ 3,241	$ (59,438)
Life insurance	1,362	(903)	(1,776)
Investment operations	379,088	355,643	403,925
Corporate and other	(46,444)	(36,408)	(35,604)
Total income before income taxes	$ 108,664*	$ 321,573	$ 307,107
IDENTIFIABLE ASSETS			
Property casualty insurance	$ 6,487,819	$ 5,800,182	$ 5,879,064
Life insurance	1,619,169	1,441,657	1,203,908
Corporate and other	5,180,103	4,565,840	4,399,458
Total identifiable assets	$ 13,287,091	$ 11,807,679	$ 11,482,430

(*)2000 results include a one-time net charge for asset impairment of $39.1 million, before tax.

INDEPENDENT AUDITORS' REPORT

[DELOITTE & TOUCHE LLP 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, 2000 and 1999 and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2000. 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 auditing standards generally accepted in the United States of America. 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, 2000 and 1999 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000 in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche LLP

Cincinnati, Ohio
February 6, 2001

S E L E C T E D   Q U A R T E R L Y   F I N A N C I A L   D A T A
(Unaudited)

Cincinnati Financial Corporation and Subsidiaries

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

2000					
Quarter	1st	2nd	3rd	4th	Full Year
Revenues	$ 571,270	$ 578,806	$ 599,790	$ 581,127	$2,330,994
Income before income taxes	103,528	96,640	(8,731)*	(82,773)	108,664*
Net income	79,363	74,694	5,577*	(41,269)	118,365*
Net income per common share (basic)	.49	.46	.03*	(.26)	.74*
Net income per common share (diluted)	.48	.45	.03*	(.26)	.73*

1999					
Quarter	1st	2nd	3rd	4th	Full Year
Revenues	$ 536,659	$ 541,321	$ 538,301	$ 511,942	$2,128,223
Income before income taxes	82,061	116,341	69,042	54,129	321,573
Net income	64,477	86,254	57,046	46,945	254,722
Net income per common share (basic)	.39	.53	.35	.29	1.55
Net income per common share (diluted)	.38	.52	.34	.28	1.52

* Fourth-quarter and full-year 2000 results include a one-time net charge for asset impairment of $39.1 million, before tax; $25.4 million, net of tax; or 16 cents per share.

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 Statements No. 333-85953 (on Form S-8), No. 333-24815 (on Form S-8), No. 333-24817 (on Form S-8), No. 333-49981 (on Form S-8), No. 333-51677 (on Form S-3), and No. 33-48970 (on Form S-4) of Cincinnati Financial Corporation of our reports dated February 6, 2001, appearing in and incorporated by reference in the Annual Report on Form 10-K of Cincinnati Financial Corporation for the year ended December 31, 2000.

DELOITTE & TOUCHE LLP

/S/ Deloitte & Touche LLP

Cincinnati, Ohio
March 22, 2001