UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

X	Quarterly Report Under Section 13 or 15 (d) of the Securities Exchange Act of 1934
	FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2001
	Transition Report Pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934

Commission File Number 0-4604

CINCINNATI FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

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

6200 South Gilmore Road
Fairfield, Ohio 45014-5141

(Address of principal executive offices)

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

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

YES X . NO .

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

$2.00 Par Common--161,527,000 shares outstanding at October 31, 2001

$12,856,000 of 5.5% Convertible Senior Debentures Due 2002

$419,638,000 of 6.9% Senior Debentures Due 2028

PART I

ITEM 1. FINANCIAL STATEMENTS

CINCINNATI FINANCIAL CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	(000's omitted)	
	(Unaudited) September 30, 2001	December 31, 2000
Assets		
Investments:		
Fixed maturities (cost: 2001--$2,989,453; 2000--$2,802,863)	$ 2,949,403	$ 2,721,291
Equity securities (cost: 2001--$2,179,320; 2000--$2,067,984)	8,420,264	8,525,985
Other invested assets	65,996	68,560
Cash	137,225	60,254
Investment income receivable	88,017	86,234
Finance receivables	28,771	30,718
Premiums receivable	710,748	652,340
Reinsurance receivable	232,697	214,576
Prepaid reinsurance premiums	18,830	15,246
Deferred policy acquisition costs	280,721	258,734
Property and equipment, net, for Company use	129,256	122,005
Other assets	106,633	173,533
Assets held in separate accounts	390,356	357,615
Total assets	$ 13,558,917	$ 13,287,091
Liabilities		
Insurance reserves:		
Losses and loss expenses	$ 2,625,469	$ 2,473,059
Life policy reserves	655,813	605,421
Unearned premiums	1,041,473	921,872
Notes payable	175,000	170,000
5.5% Convertible senior debentures due 2002	12,856	29,603
6.9% Senior debentures due 2028	419,638	419,631
Federal income taxes		
Current	26,657	0
Deferred	1,983,319	2,057,641
Other liabilities	302,786	257,254
Liabilities related to separate accounts	390,356	357,615
Total liabilities	7,633,367	7,292,096
Shareholders' Equity		
Common stock, $2 per share; authorized 200,000 shares; issued 2001--174,495; 2000--172,883 shares; outstanding 2001--161,512; 2000--160,891 shares	348,990	345,766
Paid-in capital	277,395	254,156
Retained earnings	1,675,626	1,619,954
Accumulated other comprehensive income - unrealized net capital gains	4,041,606	4,155,929
	6,343,617	6,375,805
Less treasury shares at cost (2001--12,983 shares; 2000--11,992 shares)	(418,067)	(380,810)
Total shareholders' equity	5,925,550	5,994,995
Total liabilities and shareholders' equity	$ 13,558,917	$ 13,287,091

Accompanying notes are an integral part of these condensed consolidated financial statements.

CINCINNATI FINANCIAL CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

(000's omitted except per share data)

	Nine Months Ended September 30, 2001	Nine Months Ended September 30, 2000	Three Months Ended September 30, 2001	Three Months Ended September 30, 2000
Revenues:				
Premium income:				
Property and casualty	$ 1,519,010	$ 1,345,746	$ 519,629	$ 465,657
Life	55,084	55,198	17,333	18,183
Accident and health	2,708	2,396	942	920
Net premiums earned	1,576,802	1,403,340	537,904	484,760
Net investment income	313,342	311,650	105,809	102,630
Realized gains (losses) on investments	7,865	27,769	(2,874)	10,145
Other income	9,133	7,108	3,031	2,255
Total revenues	1,907,142	1,749,867	643,870	599,790
Benefits & expenses:				
Insurance losses and policyholder benefits	1,226,837	1,065,279	445,208	418,384
Commissions	296,556	265,262	99,951	91,949
Other operating expenses	135,628	123,310	40,437	40,718
Taxes, licenses & fees	44,340	42,992	14,813	15,127
Increase in deferred policy acquisition costs	(21,987)	(21,407)	(5,820)	(9,303)
Interest expense	30,162	29,195	10,028	9,007
Other expenses	13,249	53,799	4,952	42,639
Total benefits & expenses	1,724,785	1,558,430	609,569	608,521
Income (loss) before income taxes	182,357	191,437	34,301	(8,731)
Provision (benefit) for income taxes:				
Current	38,211	42,331	11,263	1,304
Deferred	(13,175)	(10,528)	(12,703)	(15,612)
Total provision (benefit) for income taxes	25,036	31,803	(1,440)	(14,308)
Net income	$ 157,321	$ 159,634	$ 35,741	$ 5,577
Average shares outstanding (basic)	161,022	160,924	159,277	159,732
Average shares outstanding (diluted)	163,297	164,158	161,846	161,560
Per common share:				
Net income (basic)	$ .98	$ .99	$ .22	$. 03
Net income (diluted)	$ .97	$ .98	$ .22	$ .03
Cash dividends declared	$ .63	$ .57	$ .21	$. 19

Accompanying notes are an integral part of these condensed consolidated financial statements.

CINCINNATI FINANCIAL CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
(UNAUDITED)

(000's omitted)

Nine Months Ended September 30, 2000 AND 2001

	Common Shares	Stock Amount	Treasury Stock	Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Shareholders' Equity
Bal. Dec. 31, 1999	171,862	$ 343,725	$ (314,294)	$ 237,859	$ 1,623,890	$ 3,530,104	$5,421,284
Net Income					159,634		159,634
Change in unreal. gains net of inc. taxes of $(33,114)						61,497	61,497
Comprehensive income							221,131
Div. declared					(91,732)		(91,732)
Purchase/issuance of treasury shares			(62,109)	9			(62,100)
Stock options exercised	467	934		8,878			9,812
Conversion of debentures	399	798		5,146	(1)		5,943
Bal. Sept. 30, 2000	172,728	$ 345,457	$ (376,403)	$ 251,892	$ 1,691,791	$ 3,591,601	$5,504,338
Bal. Dec. 31, 2000	172,883	$ 345,766	$ (380,810)	$ 254,156	$ 1,619,954	$ 4,155,929	$5,994,995
Net income					157,321		157,321
Change in unreal. gains net of inc. taxes of $61,559						(114,323)	(114,323)
Comprehensive income							42,998
Div. declared					(101,646)		(101,646)
Purchase/issuance of treasury shares			(37,257)				(37,257)
Stock options exercised	484	968		8,748			9,716
Conversion of debentures	1,128	2,256		14,491	(3)		16,744
Bal. Sept. 30, 2001	174,495	$ 348,990	$ (418,067)	$ 277,395	$ 1,675,626	$ 4,041,606	$5,925,550

Accompanying notes are an integral part of these condensed consolidated financial statements.

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

	(000's omitted) Nine Months Ended September 30, 2001	2000
Cash flows from operating activities:		
Net income	$ 157,321	$ 159,634
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	18,831	12,446
Asset impairment - software written off	0	39,100
Realized gains on investments	(7,865)	(27,769)
Changes in:		
Investment income receivable	(1,783)	(9,069)
Premiums receivable	(58,408)	(90,972)
Reinsurance receivable	(18,121)	(39,472)
Prepaid reinsurance premiums	(3,584)	(1,578)
Deferred policy acquisition costs	(21,987)	(21,404)
Accounts receivable	(22,453)	19,992
Other assets	45,050	(17,213)
Loss and loss expense reserves	152,410	144,940
Life policy reserves	50,392	35,363
Unearned premiums	119,601	64,069
Other liabilities	42,196	40,905
Deferred income taxes	(13,175)	(10,528)
Current income taxes	59,976	18,616
Net cash provided by operating activities	498,401	317,060
Cash flows from investing activities:		
Sale of fixed maturity investments	22,142	7,965
Call or maturity of fixed maturity investments	167,259	201,683
Sale of equity security investments	105,266	125,125
Collection of finance receivables	11,244	11,320
Purchase of fixed maturity investments	(381,599)	(641,308)
Purchase of equity security investments	(205,599)	(198,237)
Investment in land, buildings and equipment	(12,378)	(26,725)
Investment in finance receivables	(9,297)	(8,897)
Investment in other invested assets	2,386	(2,607)
Net cash used in investing activities	(300,576)	(531,681)
Cash flows from financing activities:		
Proceeds from stock options exercised	9,716	9,812
Purchase/issuance of treasury shares	(37,257)	(62,100)
Increase in notes payable	5,000	40,000
Payment of cash dividends to shareholders	(98,313)	(88,777)
Net cash used in financial activities	(120,854)	(101,065)
Net increase (decrease) in cash	76,971	(315,686)
Cash at beginning of period	60,254	339,554
Cash at end of period	$ 137,225	$ 23,868
Supplemental disclosures of cash flow information		
Interest paid	$ 23,437	$ 21,801
Income taxes (refunded) paid	$ (24,000)	$ 21,396

Supplemental disclosures of non-cash activities

Noncash transaction - During the second quarter 2000, 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

The company converted the following securities during the nine-month periods ended September 30:

	2001	2000
Conversion of 5.5% senior debentures to common stock	$ 16,744	$ 5,943
Conversion of fixed maturity to equity security investments	$ 48,250	$ 11,685

Accompanying notes are an integral part of these condensed consolidated financial statements.

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

NOTE I - ACCOUNTING POLICIES

The condensed consolidated financial statements include the accounts of the Company and all of its subsidiaries, each of which is wholly owned, and are presented in conformity with accounting principles generally accepted in the United States of America. All significant inter-company investments and transactions have been eliminated in consolidation. The December 31, 2000 consolidated balance sheet amounts are derived from the audited financial statements but do not include all disclosures required by accounting principles generally accepted in the United States of America.

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

INVESTMENTS--Fixed maturities and equity securities have been classified as available for sale and are carried at fair values at September 30, 2001 and December 31, 2000.

UNREALIZED GAINS AND LOSSES (000's omitted)--The increases (decreases) in unrealized gains for fixed maturities and equity securities (net of income tax effects) for the nine-month and three-month periods ended September 30 are as follows:

	Nine Months Ended September 30,		Three Months Ended September 30,	
	2001	2000	2001	2000
Fixed maturities	$ 28,214	$ (37,844)	$ (9,081)	$ 2,525
Equity securities	(142,537)	99,341	(67,584)	662,935
Total	$(114,323)	$ 61,497	$ (76,665)	$ 665,460

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

REINSURANCE (000's omitted)--Premiums earned are net of premiums on ceded business, and insurance losses and policyholder benefits are net of reinsurance recoveries in the accompanying statements of income for the nine-month and three-month periods ended September 30 as follows:

	Nine Months Ended September 30,		Three Months Ended September 30,	
	2001	2000	2001	2000
Ceded premiums	$121,961	$ 88,868	$ 44,533	$ 31,466
Reinsurance recoveries	$138,928	$ 86,143	$ 36,385	$ 26,852

WRITE DOWN OF CAPITALIZED SOFTWARE - During the third quarter of 2000, the company recorded a $39.1 million ($25.4 million after tax, or 16 cents per share) non-cash charge to write off a substantial portion of previously capitalized costs related to the development of "next-generation" software to process property/casualty policies.

RECLASSIFICATIONS - Certain amounts have been reclassified to conform with the current quarters' classification.

NOTE II - STOCK OPTIONS

The Company has primarily qualified stock option plans under which options are granted to employees of the Company at prices which are not less than market price at the date of grant and which are exercisable over ten-year periods. On September 30, 2001, outstanding options for Stock Plan No. IV totaled 1,556,625 shares with purchase prices ranging from a low of $11.28 to a high of $42.87, outstanding options for Stock Plan V totaled 1,159,891 shares with purchase prices ranging from a low of $20.47 to a high of $45.37 and outstanding options for Stock Plan VI totaled 3,939,819 shares with purchase prices ranging from a low of $29.38 to a high of $41.57.

NOTE III - SEGMENT INFORMATION

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

	Nine Months Ended September 30,		Three Months Ended September 30,	
	2001	2000	2001	2000
(000's omitted)				
REVENUES				
Commercial lines insurance	$ 1,057,311	$ 900,338	$ 364,130	$ 316,310
Personal lines insurance	461,700	445,408	155,498	149,347
Life insurance	57,792	57,594	18,276	19,103
Investment operations	321,207	339,419	102,935	112,775
Corporate and other	9,132	7,108	3,031	2,255
Total revenues	$ 1,907,142	$ 1,749,867	$ 643,870	$ 599,790
INCOME (LOSS) BEFORE INCOME TAXES				
Property and casualty insurance	$ (77,370)	$ (92,062)	$ (47,232)	$ (106,364)
Life insurance	2,194	(276)	136	(3,709)
Investment operations	296,183	315,777	96,704	111,649
Corporate and other	(38,650)	(32,002)	(15,307)	(10,307)
Total income (loss) before income taxes	$ 182,357	$ 191,437	$ 34,301	$ (8,731)

	September 30, 2001	December 31, 2000
IDENTIFIABLE ASSETS		
Property and casualty insurance	$ 6,623,891	$ 6,487,819
Life insurance	1,740,826	1,619,169
Corporate and other	5,194,200	5,180,103
Total identifiable assets	$ 13,558,917	$ 13,287,091

NOTE IV - FINANCIAL ACCOUNTING PRONOUNCEMENTS

DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES - The Company adopted Statement of Financial Accounting Standards No. 133 (SFAS 133), Accounting for Derivative Instruments and Hedging Activities, on January 1, 2001. SFAS 133, and related interpretations, requires that all derivative financial instruments, such as embedded options in convertible debt and convertible preferred stock, interest rate swap contracts and foreign exchange contracts, be recognized in the financial statements and measured at fair value regardless of the purpose or intent for holding them. Changes in the fair market value of derivative financial instruments are either recognized periodically in income or shareholders' equity (as a component of comprehensive income), depending on whether the derivative is being used to hedge changes in fair value or cash flows. The adoption of SFAS 133 did 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.

During the second quarter of 2001, the Company entered into an interest rate swap as a cash flow hedge of variable interest payments. (The risk designated as being hedged is the risk of changes in cash flows attributable to changes in market interest rates.) For this interest rate swap contract under which the Company agrees to pay a fixed rate of interest, the contract is considered to be a hedge against changes in the amount of future cash flows associated with the Company's interest payments of certain variable rate debt obligations ($31 million notional amount.) Accordingly, the related unrealized gain or loss on this contract is a component of comprehensive income. The interest rate swap contract is reflected at fair value in the Company's consolidated balance sheet. This unrealized gain at September 30, 2001 is not significant. The net effect of this accounting on the Company's operating results is that interest expense on the portion of variable rate debt being hedged is recorded based on fixed interest rates.

On June 29, 2001, Statement of Financial Accounting Standards (SFAS) No. 141, "Business Combinations" was approved by the Financial Accounting Standards Board (FASB). SFAS No. 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001. Goodwill and certain intangible assets will remain on the balance sheet and not be amortized. On an annual basis, and when there is reason to suspect that their values have been diminished or impaired, these assets must be tested for impairment, and write-downs may be necessary. The Company was required to implement SFAS No. 141 on July 1, 2001 and it does not have a material effect on its consolidated financial statements.

On June 29, 2001, SFAS No. 142, "Goodwill and Other Intangible Assets" was approved by the FASB. SFAS No. 142 changes the accounting for goodwill from an amortization method to an impairment-only approach. Amortization of goodwill, including goodwill recorded in past business combinations, will cease upon adoption of this statement. The Company is required to implement SFAS No. 142 on January 1, 2002. The Company does not expect that SFAS No. 142 will have a material effect on its consolidated financial statements.

In June and August 2001, respectively, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations," and SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 143 addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. It applies to legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development and (or) the normal operation of a long-lived asset, except for certain obligations of lessees. SFAS No. 144 addresses financial accounting and reporting for the impairment of long-lived assets and for long-lived assets to be disposed of. It supersedes SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of while retaining the fundamental provisions of Statement 121 for (a) recognition and measurement of the impairment of long-lived assets to be held and used and (b) measurement of long-lived assets to be disposed of by sale. The Company does not expect these standards to have a material effect on its consolidated financial statements.

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

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

Premiums earned for the nine months ended September 30, 2001 have increased $173,462 (12%) over the nine months ended September 30, 2000. Premiums earned increased $53,144 (11%) for the three months ended September 30, 2001 over the three months ended September 30, 2000. For the nine-month and three-month periods ending September 30, 2001, the premium growth rate of our property and casualty subsidiaries is more than last year because of increases in new commercial business along with some price firming in the commercial lines market. The premium growth of our life and health subsidiary increased less than 1% for the nine months ended September 30, 2001 and decreased 4% for the three months ended September 30, 2001 compared to the same periods of 2000. The nine month premium growth in our life subsidiary is mainly attributable to increased sales of both traditional and work site marketing products. The three month decrease is mainly attributable to a group life premium experience credit from our reinsurers of $.7 million which was previously received during the second quarter of 2001. In 2000, a similar credit was received during the third quarter.

For the nine-month and three-month periods ended September 30, 2001, investment income, net of expenses, has increased $7,092 (2%) and $3,179 (3%) when compared with the first nine months and third quarter of 2000, respectively. The nine-month increase excludes $5.4 million from a $302.9 million premium for a bank-owned life insurance (BOLI) policy booked at the end of 1999. This increase is the result of the growth of the investment portfolio because of investing cash flows from operations and dividend increases from equity securities. The growth has slowed due to lower interest rates in the fixed maturity investments.

Realized gains (losses) on investments for the nine months ended September 30, 2001 amounted to $7,865 compared to $27,769 for the nine-month period ended September 30, 2000, and ($2,874) for the three-month period ended September 30, 2001 compared to $10,145 for the three-month period ended September 30, 2000. The realized gains (losses) are predominantly the result of the sale of preferred equity securities and management's decision to realize the gains (losses) and reinvest the proceeds at higher yields. Other equity securities are sold at the discretion of management and reinvested in other equity securities.

Insurance losses and policyholder benefits (net of reinsurance recoveries) increased $161,558 (15%) for the first nine months of 2001 over the same period in 2000 and increased $26,824 for the third quarter when compared to the third quarter of 2000. The losses and benefits of the property and casualty companies have increased $135,068 for the nine-month period and increased $25,379 for the third quarter of 2001 compared to the comparable periods for 2000. Catastrophe losses were $55,039 and $46,942 respectively, for the first nine months of 2001 and 2000 and were $13,385 and $15,455 respectively, for the third quarter of 2001 and 2000. Included in third quarter 2001 is $8,671 from the events of September 11. Reported direct losses accounted for $300 of that amount, with the remaining $8,371 arising from the Company's participation in an aviation insurance pool and other reinsurance agreements. Policyholder benefits of the life insurance subsidiary increased $1,109 for the first nine months of 2001 over the same period of 2000 and increased $1,445 for the third quarter when compared to the third quarter of 2000. The majority of the third quarter increase is the result of a higher incidence of death claims and life related costs.

Commission expenses increased $31,294 for the nine-month period ended September 30, 2001 compared to the same period of 2000 and increased $8,002 for the third quarter of 2001 compared to the same period in 2000. The increase is primarily attributable to increased written premiums. Other operating expenses increased $12,318 for the nine-month period ended September 30, 2001 compared to the same period for 2000 and decreased $281 for the third quarter of 2001 compared to the same period in 2000. The increases for the year are attributable to increases in staff and costs associated with or related to our initiatives in developing technology and our infrastructure to support future growth, although there was a decrease during the quarter 2001 for the same expenses compared to third quarter 2000. Taxes, licenses and fees increased $1,348 for the nine-month period ended September 30, 2001 compared to the same period in 2000, and third quarter 2001 taxes, licenses and fees decreased $314, compared to third quarter 2000.

Interest expense increased $967 for the nine-month period ended September 30, 2001 compared to the same period for 2000 and increased $1,021 for the third quarter of 2001 compared to the same period in 2000. The increase for the year and for the quarter is a result of an increase in short-term debt. At September 2001, short-term debt of $175,000 represents 29% of total debt while at September 2000, short-term debt of $158,000 represented 26% of total debt.

Provision for income taxes, current and deferred, have decreased by $6,767 for the first nine months of 2001 compared to the first nine months of 2000 and have increased $12,868 for the third quarter of 2001 compared to the third quarter of 2000. The effective tax rates for the nine months ended September 30, 2001 and 2000 were 13.7% and 16.6%, respectively. Third quarter effective tax rates were (4.2%) and (163.9%) for 2001 and 2000, respectively. Rates for the nine months ended September 30, 2001 were lower primarily because of larger underwriting losses in 2001. The lower negative rate for the quarter was a result of lower underwriting losses in 2001 compared to 2000.

During 1996, the Company's Board of Directors authorized the repurchase of outstanding shares. During 2001, 990 shares were repurchased at a cost of $37,266. Since the inception of the repurchase program, the Company has repurchased 12,766 shares. At September 30, 2001, 8.1 million shares remain authorized for repurchase at any time in the future.

Comprehensive Income - The principal difference between net income and comprehensive income is the net after-tax change in unrealized gains on marketable securities. For the three- and nine-month periods ended September 30, 2001 and 2000, such net unrealized gains increased (decreased), net of related income tax effects, by the following amounts (in thousands):

	2001	2000
Three months ended September 30	($ 76,666)	$ 665,459
Nine months ended September 30	($ 114,323)	$ 61,497

Our top 10 equity holdings accounted for ($29,597) of the decrease in unrealized gains, net of tax, in the third quarter 2001 and ($106,115) during the nine-months ended September 30, 2001.

Changes in net unrealized gains on marketable securities result from both market conditions and realized gains recognized in a reporting period.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

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

The market risks associated with the Company's investment portfolios have not changed materially from those disclosed at year-end 2000.

PART II
OTHER INFORMATION

ITEM 1. **Legal Proceedings**

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

ITEM 2. **Changes in Securities**

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

ITEM 3. **Defaults Upon Senior Securities**

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

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

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

ITEM 5. **Other Information**

No matters to report.

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

(a) Exhibits:

Exhibit 11--Statement Re Computation of Per Share Earnings.

(b) The Company was not required to file any reports on Form 8-K during the quarter ended September 30, 2001.

Signature

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

CINCINNATI FINANCIAL CORPORATION
(Registrant)

Date November 12, 2001

By/s/ Kenneth W. Stecher
Kenneth W. Stecher
Chief Financial Officer

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

	Nine Months Ended September 30,		Three Months Ended September 30,	
	2001	2000	2001	2000
Basic earnings per share:				
Net income	$157,321	$159,634	$ 35,741	$ 5,577
Average shares outstanding	161,022	160,924	159,277	159,732
Net income per common share	$ .98	$ .99	$ .22	$ .03
Diluted earnings per share:				
Net income	$157,321	$159,634	$ 35,741	$ 5,577
Interest on convertible debentures--net of tax	542	946	113	-0-
Net income for per share calculation (diluted)	$157,863	$160,580	$ 35,854	$ 5,577
Average shares outstanding	161,022	160,924	159,277	159,732
Effective of dilutive securities:				
5.5% convertible senior debentures	864	2,072	864	-0-
Stock options	1,410	1,162	1,705	1, 828
Total dilutive shares	163,297	164,158	161,846	161,560
Net income per common share--diluted	$ .97	$ .98	$ .22	$. 03

ANTI-DILUTIVE SECURITIES - According to the provisions of SFAS No. 128 "Earnings Per Share", the Company's 5.5% convertible senior debentures due 2002, representing approximately 2,072 shares in conversion, were not included in the computation of diluted earnings per share for the three months ended September 30, 2000 because to do so would be antidilutive.

Options to purchase 894 shares of the Company, with exercise prices ranging from $39.88 to $45.37 per share were outstanding at September 30, 2001, and 970 shares of the Company, with exercise prices ranging from $37.88 to $45.37 per share were outstanding at September 30, 2000, but were not included in the computation of diluted earnings per share for the three-month periods ended September 30, 2001, and 2000, since inclusion of these options would have anti-dilutive effects as the options' exercise prices exceeded the respective average market prices of the Company's shares. Options to purchase 959, and 1,158 shares of the Company, with exercise prices ranging from $34.50 to $45.37 per share, were outstanding at September 30, 2001, and 2000 and not included in the nine-month period computations of diluted earnings per share due to anti-dilutive effects.