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, 1999 — 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 $4,087,138,439 as of March 1, 2000.

As of March 1, 2000, there were 160,951,892 shares of common stock outstanding.

Documents Incorporated by Reference

Annual Report to Shareholders for year ended December 31, 1999 (in part) into Parts I, II and IV and Registrant's Proxy Statement dated March 1, 2000 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"). The principal purpose of CFC is to be a holding company for CIC, CFC-I and CinFin in addition for the purpose of acquiring other companies.

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

1. The Cincinnati Life Insurance Company ("CLIC") incorporated in 1987 under the laws of Ohio for the purpose of acquiring the business of Inter-Ocean and The Life Insurance Company of Cincinnati. CLIC acquired The Life Insurance Company of Cincinnati and Inter-Ocean Insurance Company on February 1, 1988. CLIC is licensed for the sale of life insurance and accident and health insurance in 47 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 a direct 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.

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.

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 pages 35 and 36 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 14 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 (977 in 30 states at December 31, 1999) of selectively appointed independent agents, most of whom own stock in the Company. Gross written premiums by property/casualty lines increased 7% to $1.775 billion in 1999. The Company's mix of property/casualty business did not change significantly in 1999. Life and accident and health insurance (which constituted 19% of the Company's premium income for 1999) is sold primarily through property/casualty agencies and independent life agencies. The growth rate of 267% was largely the result of a $302.9 million single pay life policy on a bank's officers (BOLI).

The consolidated financial statements include the estimated liability for unpaid losses and loss adjustment expenses ("LAE") of the Company's property/casualty ("P/C") insurance subsidiaries. Property and casualty insurance is written in 50 states, the District of Columbia, and Puerto Rico. The liabilities for losses and LAE are determined using case-basis evaluations and statistical projections and represent estimates of the ultimate net cost of all unpaid losses and LAE incurred through December 31 of each year. These estimates are subject to the effect of trends in future claim severity and 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 1999, 1998, and 1997, is on page 31 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 1999 is presented on the next page.

The reconciliation referred to in the preceding paragraph shows a 1999 recognition of $116,061,000 redundancy in the December 31, 1998 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 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. Future average severities are projected 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 limits on risks retained by the Company vary by type of policy, and risks in excess of the retention limits are reinsured. Because of the growth in the Company's capacity to underwrite risks and reinsurance market conditions, the Company raised its casualty line retention limits in 1995 and 1999 from $1,000,000 to $2,000,000 to $2,400,000, respectively, and raised its property line retention limits in 1995 from $1,000,000 to $2,000,000.

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	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Net Liability for Unpaid Losses and Loss Adjustment Expenses	$742	$833	$986	$1,138	$1,293	$1,432	$1,581	$1,702	$1,777	$1,840	$1,932
Net Liability Reestimated as of:											
One Year Later	751	869	956	1,098	1,200	1,306	1,429	1,582	1,623	1,724	
Two Years Later	747	816	928	993	1,116	1,220	1,380	1,470	1,551		
Three Years Later	696	795	823	949	1,067	1,214	1,279	1,405			
Four Years Later	676	723	814	937	1,067	1,131	1,236				
Five Years Later	635	720	824	943	1,103	1,106					
Six Years Later	637	732	827	910	1,005						
Seven Years Later	653	734	804	900							
Eight Years Later	655	731	795								
Nine Years Later	657	719									
Ten Years Later	649										
Net Cumulative Redundancy	$ 93	$114	$191	$ 238	$ 288	$ 326	$ 345	$ 297	$ 226	$ 116	
Net Cumulative Amount of Liability Paid Through:											
One Year Later	$238	$232	$280	$ 310	$ 343	$ 368	$ 395	$ 453	$ 499	$ 522	
Two Years Later	356	397	440	498	538	578	630	732	761		
Three Years Later	446	493	546	612	663	709	801	884			
Four Years Later	497	552	611	681	734	802	881				
Five Years Later	528	588	647	718	788	847					
Six Years Later	550	610	666	743	814						
Seven Years Later	563	621	676	760							
Eight Years Later	570	631	689								
Nine Years Later	577	640									
Ten Years Later	585										
Net Liability--End of Year				$1,138	$1,293	$1,432	$1,581	$1,702	$1,777	$1,840	$1,932
Reinsurance Recoverable				62	72	78	109	122	112	138	161
Gross Liability--End of Year				$1,200	$1,365	$1,510	$1,690	$1,824	$1,889	$1,978	$2,093
Net Reestimated Liability--Latest				$ 900	$1,005	$1,106	$1,236	$1,405	$1,551	$1,724	
Reestimated Recoverable--Latest				74	76	73	72	59	44	32	
Gross Reestimated Liability--Latest				$ 974	$1,081	$1,179	$1,308	$1,464	$1,595	$1,756	
Gross Cumulative Redundancy				$ 226	$ 284	$ 331	$ 382	$ 360	$ 294	$ 222	

The table above presents the development of balance sheet liabilities for 1989 through 1999. 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 1989 liability has developed a $93,000,000 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, 1999, the Company had paid $585,000,000 of the currently estimated $649,000,000 of losses and LAE that have been incurred as of the end of 1989; thus an estimated $64,000,000 of losses incurred as of the end of 1989 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 1994, but incurred in 1989, will be included in the cumulative deficiency or redundancy amount for 1989 and each subsequent year. This table does not present accident or policy year development data which readers may be more accustomed to analyzing. Conditions and trends that have affected development of the liability in the past may not necessarily occur in the future. Accordingly, it may not be appropriate to extrapolate future redundancies or deficiencies based on this table.

The Company limits the maximum net loss that can arise by large risks or risks concentrated in areas of exposure by reinsuring (ceding) with other insurers or reinsurers. Related thereto, the Company's retention levels were last increased for casualty lines of business from $2,000,000 to $2,400,000 in 1999, and for property lines of insurance from $1,000,000 to $2,000,000 in 1995. The Company reinsures with only financially sound companies. The composition of its reinsurers has not changed, and the Company has not experienced any uncollectible reinsurance amounts or coverage disputes with its reinsurers in more than ten years.

Information concerning the Company's investment strategy and philosophy is contained on pages 21 through 23 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 (with concentrations in the essential services, i.e. schools, sewer, water, etc.) have been attractive to the Company due to their tax exempt features. Because of Alternative Minimum Tax matters, the Company uses a blend of tax-exempt and taxable fixed maturity securities. Investments in common stocks have been made with an emphasis on securities with an annual dividend yield of at least 2 to 3 percent and annual dividend increases. The Company's strategy in equity investments is to identify approximately 10 to 12 companies in which it can accumulate 10 to 20 percent of their common stock. As a long-term investor, a buy and hold strategy has been followed for many years, resulting in an accumulation of a significant amount of unrealized appreciation on equity securities.

As of December 31, 1999, CFC employed 2,920 associates.

ITEM 2. PROPERTIES

CFC-I owns a fully leased 85,000 square feet office building in downtown Cincinnati that is currently leased to an unaffiliated company, on a net, net, net lease basis. This property is carried in the financial statements at $535,000 as of December 31, 1999.

CFC-I also owns the Home Office building located on 75 acres of land in Fairfield, Ohio. This building contains approximately 380,000 square feet. The John J. and Thomas R. Schiff & Company, an affiliated company, occupies approximately 5,350 square feet, and the balance of the building is occupied by CFC and its subsidiaries. The property is carried in the financial statements at $9,967,693 as of December 31, 1999.

CFC-I also owns the Fairfield Executive Center which is located on the northwest corner of the home office property in Fairfield, Ohio. This is a four-story office building containing approximately 103,000 rentable square feet. CFC and its subsidiaries occupy approximately 91% of the building, unaffiliated tenants occupy approximately 7% of the building, and approximately 2% of the building is unoccupied. The property is carried in the financial statements at $9,407,040 as of December 31, 1999.

The CLIC owns a four-story office building in the Tri-County area of Cincinnati containing approximately 127,000 square feet. At the present time, 100% of the building is currently being leased by an unaffiliated tenant. This property is carried in the financial statements at $3,619,373 as of December 31, 1999.

In addition, the Company is in the process of constructing a second office tower to be used by CFC and its subsidiaries. This building is identical and connected to the current Home Office building. The total cost of the building is expected to be approximately $60 million. The new construction and related renovations will be completed in the first half of 2000. As of December 31, 1999, the Company had paid $45.8 million of such costs.

ITEM 3. LEGAL PROCEEDINGS

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

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

CFC filed with the Securities and Exchange Commission (SEC) on March 2, 2000, definitive proxy statements and annual reports pursuant to Regulation 14A. Material filed was the same as that described in Item 4 and is incorporated herein by reference. No matters were submitted during the fourth quarter.

PART II

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

Cincinnati Financial Corporation had approximately 11,485 direct shareholders of record as of December 31, 1999. 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 38 for the year ended December 31, 1999 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 16 and 17 for the year ended December 31, 1999 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 18 to 23 for the year ended December 31, 1999 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 24 to 36 for the year ended December 31, 1999, are incorporated herein by reference (see Exhibit 13 to this filing).

Consolidated Balance Sheets--December 31, 1999 and 1998
Consolidated Statements of Income--Years ended December 31, 1999, 1998, and 1997
Consolidated Statements of Shareholders' Equity--Years ended December 31, 1999, 1998, and 1997
Consolidated Statements of Cash Flows--Years ended December 31, 1999, 1998, and 1997.
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 15 for the year ended December 31, 1999, 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, 1999.

PART III

CFC filed with the SEC on March 2, 2000 definitive proxy statements pursuant to regulation 14-A. Material filed was the same as that described in Item 10, Directors and Executive Officers of the Registrant; Item 11, Executive Compensation; Item 12, Security Ownership of Certain Beneficial Owners and Management; Item 13, Certain Relationships and Related Transactions, and is incorporated herein by reference.

PART IV

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

(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.
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, 1999, 1998, and 1997
Exhibit 13 --Material incorporated by reference from the annual report of the registrant to its shareholders for the year ended December 31, 1999
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 1, 2000--incorporated by reference to such document previously filed with Securities and Exchange Commission, Washington, D.C., 20549
Exhibit 23 --Independent Auditors' Consent
Exhibit 27 --Financial Data Schedule

(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, 1999 and 1998, and for each of the three years in the period ended December 31, 1999, and have issued our report thereon dated February 3, 2000; such consolidated financial statements and report are included in your 1999 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 3, 2000

SCHEDULE I

CINCINNATI FINANCIAL CORPORATION AND SUBSIDIARIES
SUMMARY OF INVESTMENTS--OTHER THAN INVESTMENTS IN RELATED PARTIES
DECEMBER 31, 1999

	(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	$ 258	$ 258
The Cincinnati Casualty Company	403	403	403
The Cincinnati Indemnity Company	455	452	452
The Cincinnati Life Insurance Company	5,929	5,786	5,786
Total	7,038	6,899	6,899
States, municipalities and political subdivisions:			
The Cincinnati Insurance Company	841,901	837,198	837,198
The Cincinnati Casualty Company	29,239	29,357	29,357
The Cincinnati Indemnity Company	13,631	13,379	13,379
The Cincinnati Life Insurance Company	6,548	6,719	6,719
Total	891,319	886,653	886,653
Public utilities:			
The Cincinnati Insurance Company	36,498	36,575	36,575
The Cincinnati Casualty Company	3,215	3,406	3,406
The Cincinnati Life Insurance Company	21,265	21,427	21,427
Total	60,978	61,408	61,408
Convertibles and bonds with warrants attached:			
The Cincinnati Insurance Company	60,527	54,083	54,083
The Cincinnati Life Insurance Company	12,908	12,033	12,033
Cincinnati Financial Corporation	10,558	9,679	9,679
Total	83,993	75,795	75,795
All other corporate bonds:			
The Cincinnati Insurance Company	638,062	624,853	624,853
The Cincinnati Casualty Company	44,650	44,946	44,946
The Cincinnati Indemnity Company	16,453	16,764	16,764
The Cincinnati Life Insurance Company	542,612	531,812	531,812
Cincinnati Financial Corporation	407,049	368,282	368,282
Total	1,648,826	1,586,657	1,586,657
TOTAL FIXED MATURITIES	$2,692,154	$2,617,412	$2,617,412

(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	$ 87,546	$ 409,882	$ 409,882
The Cincinnati Casualty Company	3,697	12,352	12,352
The Cincinnati Life Insurance Company	16,023	97,417	97,417
Cincinnati Financial Corporation	66,430	667,427	667,427
Total	173,696	1,187,078	1,187,078
Banks, trust and insurance companies			
The Cincinnati Insurance Company	346,424	1,158,432	1,158,432
The Cincinnati Casualty Company	15,817	84,862	84,862
The Cincinnati Indemnity Company	725	690	690
The Cincinnati Life Insurance Company	40,094	137,288	137,288
Cincinnati Financial Corporation	448,231	3,145,178	3,145,178
Total	851,291	4,526,450	4,526,450
Industrial miscellaneous and all other			
The Cincinnati Insurance Company	412,597	1,037,185	1,037,185
The Cincinnati Casualty Company	19,451	49,977	49,977
The Cincinnati Indemnity Company	5,505	15,042	15,042
The Cincinnati Life Insurance Company	54,808	132,749	132,749
Cincinnati Financial Corporation	84,603	158,505	158,505
Total	576,964	1,393,458	1,393,458
Nonredeemable preferred stocks:			
The Cincinnati Insurance Company	299,584	291,200	291,200
The Cincinnati Casualty Company	6,156	5,193	5,193
The Cincinnati Indemnity Company	2,434	1,842	1,842
The Cincinnati Life Insurance Company	77,933	69,518	69,518
Cincinnati Financial Corporation	34,497	36,179	36,179
Total	420,604	403,932	403,932
TOTAL EQUITY SECURITIES	$2,022,555	$7,510,918	$ 7,510,918
Other invested assets:			
Mortgage loans on real estate			
The Cincinnati Life Insurance Company	$ 2,603	XXXXXX	$ 2,603
CFC Investment Company	12,767	XXXXXX	12,767
Total	15,370	XXXXXX	15,370
Real estate			
The Cincinnati Life Insurance Company	3,620	XXXXXX	3,620
CFC Investment Company	650	XXXXXX	650
Total	4,270	XXXXXX	4,270
Policy loans			
The Cincinnati Life Insurance Company	21,781	XXXXXX	21,781
Notes receivable			
CFC Investment Company	24,488	XXXXXX	24,488
TOTAL OTHER INVESTED ASSETS	$ 65,909	XXXXXX	$ 65,909
TOTAL INVESTMENTS	$4,780,618	XXXXXX	$10,194,239

SCHEDULE II

CINCINNATI FINANCIAL CORPORATION
CONDENSED FINANCIAL INFORMATION OF REGISTRANT

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

	1999	1998	1997
Income			
Dividends from subsidiaries	$ 175,000	$ 175,000	$ 125,000
Investment income	107,473	95,106	87,312
Realized (losses) gains on investments	(14,329)	(23)	4,415
Other	489	2,739	99
Total	$ 268,633	$ 172,822	$ 216,826
Expenses			
Interest	$ 33,461	$ 27,070	$ 20,306
Other	6,272	9,305	8,568
Total expenses	39,733	36,375	28,874
Income before taxes and earnings of subsidiaries	228,900	136,447	187,952
Applicable income taxes	4,532	9,372	11,066
Net income before change in undistributed earnings of subsidiaries	224,368	127,075	176,886
Increase in undistributed earnings of subsidiaries	30,354	114,492	122,489
Net income	$ 254,722	$ 241,567	$ 299,375

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

	1999	1998
Assets		
Cash	$ 1,257	$ 21,421
Fixed maturities, at fair value	377,961	431,704
Equity securities, at fair value	4,007,289	3,823,801
Investment income receivable	23,821	21,431
Inter-company dividends receivable	0	20,000
Equity in net assets of subsidiaries	2,723,296	2,911,439
Finance receivables	2,144	4,221
Other assets	66,529	41,778
Total assets	$7,202,297	$7,275,795
Liabilities		
Notes payable	$ 90,000	$ 0
Dividends declared but unpaid	27,609	25,564
Federal income tax		
Current	3,780	8,316
Deferred	1,172,212	1,133,387
5.5% Convertible senior debentures due 2002	36,759	51,919
6.9% Senior debentures due 2028	419,614	419,601
Other liabilities	31,039	16,072
Total liabilities	$1,781,013	$1,654,859
Stockholders' equity	5,421,284	5,620,936
Total liabilities and stockholders' equity	$7,202,297	$7,275,795

This condensed financial information should be read in conjunction with the consolidated financial statements and notes included in the Registrant's 1999 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	(000's omitted) 1999	1998	1997
Operating Activities			
Net income	$ 254,722	$ 241,567	$ 299,375
Adjustments to reconcile net income to net cash Provided by operating activities:			
Amortization	(282)	(385)	(624)
Increase in investment income receivable	(2,390)	(2,862)	(228)
(Decrease) increase in current federal income taxes payable	(4,536)	(2,413)	1,307
Provision for deferred income taxes	818	642	159
Decrease (increase) in dividends receivable from subsidiaries	20,000	30,000	(29,500)
(Increase) decrease in other assets	(24,751)	(34,677)	3,417
Increase (decrease) in other liabilities	14,968	(4,089)	11,806
Increase in undistributed earnings of subsidiaries	(30,354)	(114,492)	(122,489)
Realized losses (gains) on investments	14,329	23	(4,415)
Net cash provided by operating activities	242,524	113,314	158,808
Investing Activities			
Sale of fixed maturity investments	42,453	30,805	62,712
Maturity of fixed maturity investments	49,555	68,396	77,380
Sale of equity security investments	61,836	7,125	9,982
Collection of finance receivables	2,077	3,608	1,330
Purchase of fixed maturity investments	(94,622)	(132,759)	(119,592)
Purchase of equity security investments	(94,413)	(116,530)	(40,834)
Investment in finance receivables	0	0	(9,159)
Net cash used in investing activities	(33,114)	(139,355)	(18,181)
Financing Activities			
Increase in (payoff of) notes payable	90,000	(265,564)	3,466
Proceeds from issue of 6.9% senior debentures	0	419,593	0
Payment of cash dividends	(109,702)	(99,522)	(88,405)
Purchase/issuance of treasury shares	(217,084)	(24,301)	(60,714)
Proceeds from stock options exercised	7,212	10,314	6,474
Net cash provided by (used in) financing activities	(229,574)	40,520	(139,179)
(Decrease) increase in cash	(20,164)	14,479	1,448
Cash at beginning of year	21,421	6,942	5,494
Cash at end of year	$ 1,257	$ 21,421	$ 6,942

This condensed financial information should be read in conjunction with the consolidated financial statements and notes included in the Registrant's 1999 Annual Report to Shareholders.

SCHEDULE III

CINCINNATI FINANCIAL CORPORATION & SUBSIDIARIES
SUPPLEMENTARY INSURANCE INFORMATION
FOR YEARS ENDED DECEMBER 31, 1999, 1998, AND 1997
(000's omitted)

Column A Segment	Column B Deferred Policy Acquisition Cost	Column C Future Policy Benefits, Losses, Claims & Expense Losses	Column D Unearned Premiums	Column E Other Policy Claims & Benefits Payable	Column F Premium Revenue
1999					
Commercial Lines Insurance....	$ --(3)	$1,751,926	$297,203	$ --(3)	$1,088,039
Personal Lines Insurance......	--(3)	340,650	182,324	--(3)	569,238
Total Property/Liability Insurance..................	91,360	2,092,576	479,527	36,536	1,657,277
Life/Health Insurance.........	63,025	870,362	926	15,236	74,673
Grand Total..................	$154,385	$2,962,938	$480,453	$51,772	$1,731,950
1998					
Commercial Lines Insurance....	$ --(3)	$1,644,823	$287,148	$ --(3)	$1,019,463
Personal Lines Insurance......	$ --(3)	333,637	171,722	--(3)	523,176
Total Property/Liability Insurance..................	86,611	1,978,460	458,870	50,422	1,542,639
Life/Health Insurance.........	56,285	544,093	825	15,480	70,096
Grand Total..................	$142,896	$2,522,553	$459,695	$65,902	$1,612,735
1997					
Commercial Lines Insurance....	$ --(3)	$1,567,436	$285,401	$ --(3)	$ 983,761
Personal Lines Insurance......	$ --(3)	321,447	156,677	--(3)	469,765
Total Property/Liability Insurance..................	83,759	1,888,883	442,078	24,614	1,453,526
Life/Health Insurance.........	51,554	491,374	976	14,110	62,852
Grand Total..................	$135,313	$2,380,257	$443,054	$38,724	$1,516,378

Column A Segment	Column G Net Investment Income (3)	Column H Benefits, Claims, Losses & Settlement Expenses	Column I Amortization of Deferred Policy Acquisition Costs	Column J Other Operating Expenses	Column K Premium Written
1999					
Commercial Lines Insurance....	$ --	$ 794,294	$ --(3)	$ --(3)	$1,100,612
Personal Lines Insurance......	--	393,296	--(3)	--(3)	580,200
Total Property/Liability Insurance..................	--	1,187,590	347,854	126,228	1,680,812
Life/Health Insurance.........	--	66,773	16,811	21,648	8,849(4)
Grand Total..................	$ --	$1,254,363	$364,665	$147,876	$1,689,661
1998					
Commercial Lines Insurance....	$ --	$ 725,621	$ --(3)	$ --(3)	$1,019,786
Personal Lines Insurance......	--	427,262	--(3)	$ --(3)	537,795
Total Property/Liability Insurance..................	--	1,152,883	324,833	91,414	1,557,581
Life/Health Insurance.........	--	68,235	11,465	20,655	8,392(4)
Grand Total..................	$ --	$1,221,118	$336,298	$112,069	$1,565,973
1997					
Commercial Lines Insurance....	$ --	$ 624,639	$ --(3)	$ --(3)	$ 987,446
Personal Lines Insurance......	--	370,847	--(3)	$ --(3)	484,157
Total Property/Liability Insurance..................	--	995,486	305,336	130,960	1,471,603
Life/Health Insurance.........	--	59,438	9,056	17,737	8,112(4)
Grand Total..................	$ --	$1,054,924	$314,392	$148,697	$1,479,715

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, 1999, 1998, AND 1997
(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
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%
1997					
Life Insurance in Force	$ 10,844,743	$1,313,957	$ 13,631	$ 9,544,417	.1%
Premiums					
Commercial Lines Insurance	$ 1,016,586	$ 74,137	$ 41,157	$ 983,606	4.2%
Personal Lines Insurance	489,643	20,260	537	469,920	.1%
Total Property/Liability Insurance	1,506,229	94,397	41,694	1,453,526	2.9%
Life/Health Insurance	68,073	5,357	136	62,852	.2%
Grand Total Premiums	$ 1,574,302	$ 99,754	$ 41,830	$ 1,516,378	2.8%

SCHEDULE VI

CINCINNATI FINANCIAL CORPORATION & SUBSIDIARIES
SUPPLEMENTAL INFORMATION CONCERNING PROPERTY/CASUALTY INSURANCE OPERATIONS
FOR YEARS ENDED DECEMBER 31, 1999, 1998, AND 1997
(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						
1999	$ 91,360	$2,092,576	$ 0	$ 479,527	$1,657,277	$ 207,640
1998	$ 86,611	$1,978,460	$ 0	$ 458,870	$1,542,639	$ 203,919
1997	$ 83,759	$1,888,883	$ 0	$ 442,078	$1,453,526	$ 199,427

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					
1999	$1,303,651	$(116,061)	$ 347,854	$1,096,146	$ 1,680,812
1998	$1,306,194	$(153,311)	$ 324,833	$1,089,208	$ 1,557,581
1997	$1,115,140	$(119,654)	$ 305,336	$ 921,253	$ 1,471,603

Index of Exhibits

Exhibit 3(i)	--Amended Articles of Incorporation of Cincinnati Financial Corporation.
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, 1999, 1998, and 1997
Exhibit 13	--Material incorporated by reference from the annual report of the registrant to its shareholders for the year ended December 31, 1999
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 1, 2000--incorporated by reference to such document previously filed with Securities and Exchange Commission, Washington, D.C., 20549
Exhibit 23	--Independent Auditors' Consent
Exhibit 27	--Financial Data Schedule

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 17, 2000
/S/ Kenneth W. Stecher Kenneth W. Stecher	Senior Vice President, Secretary and Treasurer (Principal Financial Officer) (Principal Accounting Officer)	March 17, 2000
/S/ William F. Bahl William F. Bahl	Director	March 17, 2000
Michael Brown	Director	March , 2000
/S/ John E. Field John E. Field	Director	March 17, 2000
William R. Johnson	Director	March , 2000
/S/ Kenneth C. Lichtendahl Kenneth C. Lichtendahl	Director	March 17, 2000
/S/ James G. Miller James G. Miller	Senior Vice President Chief Investment Officer and Directo	March 17, 2000

Signature	Title	Date
/S/ Jackson H. Randolph -- Jackson H. Randolph	Director	March 17, 2000
-- Robert C. Schiff	Director	March , 2000
/S/ Thomas R. Schiff -- Thomas R. Schiff	Director	March 17, 2000
-- Frank J. Schultheis	Director	March , 2000
/S/ Larry R. Webb -- Larry R. Webb	Director	March 17, 2000
/S/ Alan R. Weiler -- Alan R. Weiler	Director	March 17, 2000
/S/ E. Anthony Woods -- E. Anthony Woods	Director	March 17, 2000

EXHIBIT 3(i)

AMENDED
ARTICLES OF INCORPORATION
OF
CINCINNATI FINANCIAL CORPORATION

FIRST: The name of the corporation is CINCINNATI FINANCIAL CORPORATION (the "Corporation").

SECOND: The principal office of the Corporation in the State of Ohio shall be located in the City of Fairfield, County of Butler.

THIRD: The purpose for which the Corporation is formed is to engage in any lawful act or activity for which corporations may be organized under the Ohio General Corporation Law specifically including acting as a control entity in an insurance holding company system under Chapter 3901 of the Ohio Revised Code. The Corporation is hereby expressly authorized to repurchase and to redeem its outstanding securities to the maximum extent now or hereafter permitted by applicable law.

FOURTH: The total number of shares of stock which the Corporation shall have authority to issue is Two Hundred Million (200,000,000) and the par value of each share shall be Two ($2.00) Dollars.

FIFTH: No holder of shares of any class of the Corporation shall have any preemptive right to acquire shares of the Corporation and the preemptive rights described in Ohio Revised Code Section 1701.15 are hereby specifically denied to the holders of shares of any class of the Corporation.

SIXTH: The Board of Directors shall be divided into three (3) classes, each class consisting of one-third (as nearly as possible but in no event may any one class have greater than one more director than any other class) of the total number of directors. At each annual meeting of the shareholders, the successors to the class of directors whose term shall then expire shall be elected to hold office for a term expiring at the third succeeding annual meeting. Subject to the right of the shareholders to fix the number of directors at a meeting called for the purpose of electing directors, the Board of Directors may change the number of directors constituting the Board of Directors by resolution.

Directors of the Corporation shall only be removed by the shareholders for cause. "Cause" for the removal of a director shall exist only upon the occurrence of one (1) of the following events: (1) the conviction of a director of a felony; or (2) a finding by a court of law that the director has been or is guilty of negligence or misconduct in the performance of his duties as a director of the Corporation. Vacancies in the Board of Directors, whether arising through death, resignation or removal of a director, or newly created directorships resulting from any increase in the authorized number of directors, shall be filled by a majority of the directors then in office, or by a sole remaining director, and the directors so chosen shall hold office for the unexpired portion of the term of the directors replaced or, in the case of a newly created directorship, the Board of Directors shall determine the class of such director.

SEVENTH: In furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized:

To authorize and cause to be executed mortgages and liens upon the real and personal property of the corporation;

To set apart out of any of the funds of the corporation available for dividends a reserve or reserves for any proper purpose and to abolish any such reserve in the manner in which it was created;

By a majority of the whole board, to designate one or more committees, each committee to consist of at least three of the directors of the corporation. The board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Any such committee, to the extent provided in the resolution or in the regulations of the corporation, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it.

EIGHTH: (a) Unless the conditions set forth in this Article are satisfied, the affirmative vote of the holders of seventy-five (75%) percent of all shares of the corporation entitled to vote in elections of Directors, shall be required for the adoption or authorization of a business combination (as hereinafter defined) with any other entity (as hereinafter defined) if, as of the record date for the determination of shareholders entitled to notice thereof and to vote thereon, the other entity is the beneficial owner, directly or indirectly, of more than ten (10%) percent of the outstanding shares of the corporation entitled to vote in elections of Directors. The seventy-five (75%) percent voting requirement set forth in the foregoing sentence shall not be applicable if:

The cash, or fair market value of other consideration, to be received per share by holders of common shares of the corporation in the business combination is not less than the greater of: (A) the highest per-share price (including brokerage commissions, soliciting dealers' fees, dealer-management compensation, and other expenses, including, but not limited to, costs of newspaper advertisements, printing expenses, and attorney fees) paid by the other entity in acquiring any of its holdings of the common shares of the corporation or, (B) an amount which bears the same or a greater percentage relationship to the market value price of the corporation's common stock immediately prior to the announcement of such business combination as the highest per-share price determined in (A) above bears to the market price of the corporation's common stock immediately prior to the commencement of acquisition of the corporation's common stock by the other entity but in no event in excess of two times the highest per-share price determined in (A) above;

The provisions of this Article shall also apply to a business combination with any other entity that at any time has been the beneficial owner, directly or indirectly, of more than ten (10%) percent of the outstanding shares of the corporation entitled to vote in elections of Directors, notwithstanding the fact that the other entity has reduced its shareholdings below ten (10%) percent if, as of the record date for the determination of shareholders entitled to notice of and to vote on the business combination, the other entity is an "affiliate" of the corporation (as hereinafter defined).

(b) As used in this Article, (1) the term "other entity" shall include any corporation, person, or other entity and any other entity with which it or its "affiliate" or "associate" (as defined below) has any agreement, arrangement, or understanding, directly or indirectly, for the purpose of acquiring, holding, voting or disposing of shares of the corporation, or that is its "affiliate" or "associate" as those terms are defined in Rule 12b-2 of the general rules and regulations under the Securities Exchange Act of 1934, together with the successors and assigns of those persons in any transaction or series of transactions not involving a public offering of the corporation's shares within the meaning of the Securities Act of 1933; (2) an other entity shall be deemed to be the beneficial owner of any shares of the corporation that the other entity has the right to acquire pursuant to any agreement or upon exercise of conversion rights, warrants, or options or otherwise; (3) the outstanding shares of any class of the corporation shall include shares deemed owned through application of clause (2) above but shall not include any other shares that may be issuable pursuant to any agreement or upon exercise of conversion rights, warrants, or options or otherwise; (4) the term "business combination" shall include (A) the sale, exchange, lease, transfer or other disposition by the corporation of all, or substantially all, of its assets or business to any other entity, (B) the consolidation of the corporation with or its merger into any other entity, (C) the merger into the corporation of any other entity, or (D) a "combination" or "majority share acquisition" in which the corporation is the "acquiring corporation" (as those terms are defined in Section 1701.01 of the Ohio Revised Code or any similar provision hereafter enacted) and its voting shares are issued or transferred to any other entity or to the shareholders of any other entity, and the term "business combination" shall also include any agreement, contract, or other arrangement with another entity providing for any of the transactions described in (A) through (D) of this clause (4); and (5) for the purposes of clause (a)(1) of this Article, the term "other consideration to be received" shall mean common shares of the corporation retained by its existing public shareholders in the event of a business combination with the other entity in which the corporation is the surviving corporation.

(c) Nothing contained in this Article shall be construed to relieve any other entity from any fiduciary obligation imposed by law.

NINTH: Meetings of stockholders may be held within or without the State of Ohio. The books of the corporation may be kept (subject to any provision contained in the statutes) outside the State of Ohio at such place or places as may be designated from time to time by the board of directors or in the Regulations of the corporation. Elections of directors need not be by written ballot unless the Regulations of the corporation shall so provide.

TENTH: The corporation reserves the right to amend, alter, change or repeal any provision contained in these Articles of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon shareholders herein are granted subject to this reservation. Notwithstanding the foregoing, this Article and Articles SIXTH and EIGHTH of the Corporation's Articles of Incorporation may be altered, amended or repealed only if seventy-five (75%) percent of the outstanding stock of each class entitled to vote thereon as a class have been voted in favor of such action.

ELEVENTH: Each person who is or was a director or officer of the Corporation shall be indemnified by the Corporation to the full extent permitted by the General Corporation Law of the State of Ohio against any liability, cost or expense incurred by him in his capacity as a director or officer or arising out of his status as a director or officer. The Corporation may, but shall not be obligated to, maintain insurance, at its expense, to protect itself and any such person against any such liability, cost or expense. The indemnification authorized by this Article ELEVENTH shall not be exclusive of, and shall be in addition to, any other rights granted to a person seeking indemnification or advancement of expenses under any statute, the Regulations or any agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

TWELFTH: No action required to be taken or which may be taken at any annual or special meeting of shareholders of the Corporation may be taken without a meeting, and the power of shareholders to consent in writing, without a meeting, to the taking of any action, including (without limitation) the power of shareholders to adopt or amend the Regulations by written consent, is hereby specifically denied.

Special meetings of the shareholders of the Corporation may be called only by the Board of Directors or the Chief Executive Officer of the Corporation or by persons who hold fifty (50%) percent of all shares of the Corporation outstanding and entitled to vote at such special meeting.

No holder of shares of any class of the Corporation shall have the right to cumulate his voting power in the election of the Board of Directors and the right to cumulative voting described in Ohio Revised Code Section 1701.55 is hereby specifically denied to the holders of shares of any class of the Corporation.

EXHIBIT 11

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

	1999	1998	1997
Basic Earnings per share:			
Net income	$ 254,722	$ 241,567	$ 299,375
Average shares outstanding	164,637	166,821	165,538
Net income per common share	$ 1.55	$ 1.45	$ 1.81
Diluted earnings per share:			
Net income	$ 254,722	$ 241,567	$ 299,375
Interest on convertible debentures--net of tax	1,539	1,918	2,712
Net income for per share calculation (diluted)	$ 256,261	$ 243,485	$ 302,087
Average shares outstanding	164,637	166,821	165,538
Effective of dilutive securities:			
5.5% convertible senior debentures	2,471	3,490	3,928
Stock options	1,507	1,767	1,329
Total dilutive shares	168,615	172,078	170,795
Net income per common share--diluted	$ 1.52	$ 1.41	$ 1.77

Per share amounts reflect the effects of a three-for-one stock split effective
to shareholders of record on April 24, 1998.

EXHIBIT 13

Material incorporated by reference from the annual report of the registrant to the shareholders for the year ended December 31, 1999.

Segment information from pages 35 and 36 (incorporated into Item 1).

16. 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 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 as follows (000's omitted):

	Years Ended December 31,		
REVENUES	1999	1998	1997
Commercial lines insurance	$ 1,088,039	$ 1,019,463	$ 983,605
Personal lines insurance	569,238	523,176	469,921
Life insurance	74,673	70,096	62,852
Investment operations	386,209	433,302	417,827
Corporate and other	10,064	8,252	8,179
Total revenues	$ 2,128,223	$ 2,054,289	$ 1,942,384
INCOME BEFORE INCOME TAXES			
Property and casualty insurance ...	$ 3,241	$ (59,438)	$ 28,955
Life insurance	(903)	(1,776)	2,763
Investment operations	355,643	403,925	390,850
Corporate and other	(36,408)	(35,604)	(28,009)
Total income before income taxes	$ 321,573	$ 307,107	$ 394,559
IDENTIFIABLE ASSETS			
Property and casualty insurance ...	$ 5,372,717	$ 5,483,137	$ 4,953,259
Life insurance	1,441,657	1,203,908	1,094,445
Corporate and other	4,565,840	4,399,458	3,445,721
Total identifiable assets	$ 11,380,214	$ 11,086,503	$ 9,493,425

Text data from pages 6 through 14 (incorporated into Item 1).

PROPERTY AND CASUALTY INSURANCE OPERATIONS

Property and casualty insurance underwriting achieved a combined loss and expense ratio of 100.0% for 1999, on a statutory basis. Several factors converged to improve performance over 1998, when the ratio was 103.6%. Primary among those factors were increased underwriting discipline, reduced catastrophe losses, selective abatement of competitive pressure on commercial pricing and some rate improvements on personal lines.

Net written premiums advanced to $1.681 billion, up 7.9% versus estimated industry growth of 2.3%. New business reached $210.3 million in direct premiums, compared with 1998's $218.4 million. The decrease reflected heightened efforts to balance growth and profitability. Notably, fourth- quarter highlights included new business growth of 11.0% and a $19.0 million gross underwriting profit, the second quarterly underwriting gain in 1999.

INNOVATION: PARTNERING WITH AGENTS

Our strong desire to remain a stable market for most of our agents' best accounts influences the strategies we employ to underwrite profitably. Where some other insurers tighten up by eliminating whole classes of business or drastically raising prices, we're more likely to search for flexible solutions that allow us to write each account. Sometimes the overall risk can be made more attractive by selling additional, more highly profitable coverages in the package, increasing the total premium while giving the policyholder extra value. Or we may offer to write the same policy at a higher price for a multi-year term. This gives policyholders a guarantee that the rates on most coverages won't increase, reduces their incentive to shop their business every year and lowers processing expenses for agents and for us. Innovative strategies do much more than control our profitability; they give agents new advantages to sell.

To provide individualized solutions for agencies and accounts, we must give them each more personal attention. That's why we choose to keep our agency partnerships under 1,000 instead of taking the approach of appointing every agency that asks to represent us. We commit to having a strong local presence by placing almost a third of our staff in the field, assigning well-trained underwriters and granting easy access to our executives and headquarters staff.

While we've succeeded at keeping the number of partnerships fairly constant, the average size of those agencies is increasing due to mergers and consolidations. Many agencies now have multiple locations, giving them a larger marketing radius and larger volume. We wrote an average of $1.7 million of premiums per agency in 1999, out of more than $9 billion total volume reported for all 977 agencies. There is clearly room to grow by further penetrating these prosperous, top-tier agencies.

INNOVATION: CREATING OPPORTUNITIES

Cincinnati also has room to grow geographically. We've expanded to seven new states over the past five years and expect to appoint our first Utah agency soon. It takes time to develop our style of relationship and build premium volume. Those seven new states accounted for $58.9 million of direct premiums in 1999, 3.4% of our total volume.

For additional growth, we supplement the new states with expansion of the number of marketing territories in established states. Over the past five years, this strategy led to the creation of 12 additional, smaller territories where we could provide increased support in return for more business. For 2000, we are looking at staffing new territories in established states of Michigan, South Carolina, Tennessee, Pennsylvania and Illinois.

We also grow by expanding the product lines our agents can sell. In 1999, Michigan moved into fourth place among our largest states, following addition of auto insurance to the products available there. Personal lines filings were approved during 1999 for Montana, a young state with $3 million in 1999 direct premiums; and selected personal lines are available in Idaho, the newest state, activated late in 1999.

Cincinnati's product portfolio undergoes continuous review and enhancement to make sure agents have up-to-date products with differentiated features. Major 1999 updates included the Homeowner Plus value package of extra coverages, the Residential Business Program and the Businessowners Package Policy. New coverages that are giving agents marketing opportunities include Equipment Breakdown Coverage, Builders' Risk Soft Costs, Actual Loss Sustained

Business Income and the Businessowners Package for Cosmetologists and Barbers.

While many insurers pursue their own growth, the innovative Cincinnati approach focuses on the flexible underwriting and deeper relationships that help our agencies grow first. This is a prime reason for our property and casualty insurance group's high rankings and ratings (published in 1999 and generally based on 1998 performance):

- A.M. BEST COMPANY
  A++ (Superior), awarded to just 3% of insurer groups
- STANDARD & POOR'S
  AA+ (Very Strong) Security Circle
- WARD FINANCIAL GROUP
  Ward's 50 Benchmark Company, ninth consecutive year, for balancing policyholder safety and shareholder return
- ARKANSAS INDEPENDENT AGENTS ASSOCIATION
  Regional Company of the Year
- BEST'S REVIEW (JULY 1999)
  #33 nationally, net written premiums
- BEST'S REVIEW (SEPTEMBER 1999)
  #31 nationally, assets
- NATIONAL UNDERWRITER (AUGUST 1999)
  #40 nationally, direct written auto premiums
- BUSINESS WEEK GLOBAL 1000 (JULY 12, 1999)
  #327 in United States, based on financial measures
  #661 globally

INNOVATION: PROVIDING
THE RESOURCES

A 1999 study by Conning & Co. named Cincinnati as one of the four most prominent middle market insurers. The report singled out effective use of technology and outstanding service as the two most important strategies for future success in this market. Both the commercial and personal lines areas of the Company are dedicating resources to bring the benefits of technology and service to agents.

Multi-year projects now underway are beginning to change business workflow. At this time, the headquarters staff and field representatives across the country have been connected to a corporate intranet. CFCNet provides a direct communication link between headquarters, field staff and agencies. This spring, when we begin connecting agencies, they will have online access from their offices to property and casualty policy forms and manuals in our Electronic Document Repository. This repository is the infrastructure for automation of paper-based processes.

Ongoing software and systems projects contribute to progress in every area. Personal lines agents received software to calculate property values and establish correct policy limits, providing the right level of protection at the right price. Sales and Commercial Lines teamed up to attract $12.7 million of jumbo account new business, averaging over $140,000 per package. The large account unit's underwriters are skilled in quoting and underwriting multi-state accounts supported by appropriate resources--loss control, claims service agreements and loss reports customized to the policyholder's needs. When fully implemented, new large loss reporting software will let policyholders view their reports online via a secure Internet link.

By partnering with good agents and innovating to meet their needs, Cincinnati has achieved outstanding commercial and personal insurance rankings and ratings:

- CRITTENDEN'S PROPERTY/CASUALTY RATINGS
  #1 commercial insurer nationwide for 1999--agent survey covering six service categories (January 4, 2000); fourth year as the agents' top choice
  #1 insurer for commercial umbrellas, employment practices liability, multi-peril, commercial inland marine, commercial general liability--product-specific agent surveys
  #2 insurer for commercial auto and business owner policies--product-specific agent surveys
- BEST'S REVIEW (JULY 1999)
  #1 insurer in Ohio for commercial auto direct premiums, with an 8% market share
  #14 of Top 250 insurers for commercial multi-peril net written premiums
- STANDARD & POOR'S
  (BUSINESS INSURANCE, OCTOBER 25, 1999)
  One of the "Top Global Business Insurers Operating in the United States," based on suggestions from market participants and share of commercial risks written in the local market
- BEST'S REVIEW (SEPTEMBER 1999)
  #27 for homeowner direct written premiums

- - NATIONAL UNDERWRITER (AUGUST 16, 1999)
  #68 insurer for private passenger auto direct
  written premiums
- - INDEPENDENT CONSUMER SURVEY
  Highest-rated independent agent insurer for
  auto claims satisfaction

LIFE INSURANCE OPERATIONS

INNOVATION: ALIGNING PRODUCT AND DISTRIBUTION

Cincinnati Life contributed $28.1 million of net operating income in 1999, up from $23.6 million in 1998. Gross written premiums were $420.7 million, including the $302.9 million dollar, single-premium Bank Owned Life Insurance policy discussed in the Shareholders' Letter (page 3).

The Company's life insurance operations are in the third year of new leadership. Management's charge is to align product and distribution to achieve corporate objectives, by rounding accounts and improving persistency of business for Cincinnati's property and casualty agencies. Innovations include a new generation of life products, updated agent compensation programs, a larger agency force and expanded geographical presence.

On the product side, a third-party agreement made it possible to add LifeHorizons Long Term Care to the portfolio and hold training seminars for over 1,000 agents who are selling the coverage. Term insurance sales were very strong as consumers locked in long-term rate guarantees before Triple X regulations became effective on January 1, 2000. Term life first-year premiums rose 70% and ordinary life applications,including individual term, whole life and universal products, rose 64%.

Because term insurance is easily cross-sold to property and casualty policyholders, it opens doors to increased life production from those agencies. We will introduce an updated series of LifeHorizons Term in 2000, as well as survival universal life, disability products, a single premium deferred annuity and a flexible premium deferred annuity.

The broader product portfolio gives agents the full range they must have to meet most life insurance needs of their property and casualty clientele. It also makes recruiting agencies in new states easier. During 1999, we appointed our first agents in Massachusetts, Connecticut, Montana and Nevada. As Cincinnati Life enters states or areas where we have no property casualty agents selling life insurance, we are recruiting independent life agencies. This strategy increases our return on product development because these agencies require less support at a lower fixed cost.

Cincinnati Life will pilot imaging and automated workflow for the Corporation during 2000. Over 325,000 active files will be converted to digital format for online access, with major implications for enhanced service to agencies.

Cincinnati Life's solid financial strength qualifies it for the high rankings and ratings that increase the comfort level of property and casualty agencies considering life insurance sales:

- BEST'S REVIEW (JULY 1999)
  #100 for ordinary life insurance premiums
  #330 for net premiums written
- WARD FINANCIAL GROUP
  Ward's 50 Benchmark Company, seventh consecutive year, for policyholder safety and financial strength
- A.M. BEST COMPANY
  A+ (Superior)
- STANDARD & POOR'S
  AA+ (Very Strong), Security Circle

FINANCIAL SERVICES

Cincinnati's financial services subsidiaries enhance relationships by increasing service to our agent customers while providing direct availability to other organizations and individuals.

INNOVATION: CROSS-SELLING

CFC Investment Company, the commercial lease and finance subsidiary, reported $3.2 million of net income in 1999. Gross receivables rose 19.9% to $92.6 million as of December 31, 1999. In addition to paying finders' fees to agents for referrals, CFC Investment provides agencies with equipment and vehicles through incentive leases. The Sales Department negotiates generous repayment agreements in exchange for higher insurance premium production. During 1999, two new marketing territories were staffed in Georgia and in Kentucky/ Tennessee.

1999 was the first full year of operations for the asset management services subsidiary, CinFin Capital Management Company. Although start-up costs exceeded income, the Company ended the year with 14 accounts and more than $450 million under management. This amount includes $302.9 million from the large Cincinnati Life policy discussed in the Shareholders' Letter (page 3). As Cincinnati Life pursues additional sales of this type, CinFin's asset management services should be a sales advantage.

Prospective clientele for CinFin services include corporations, insurance agencies and companies, institutions, pension plans and high net-worth individuals. As Cincinnati executives travel to 28 cities for insurance sales meetings this spring, they will introduce agents to CinFin's disciplined, buy-and-hold approach to investing.

INVESTMENT OPERATIONS

INNOVATION: FOCUSING ON THE LONG TERM

Cincinnati's investment style is differentiated by our focus on common stocks of well-managed, high-quality companies with proven success and regular dividend increases. During 1999, 35 of the 45 stocks held in the portfolio announced dividend increases, adding $16.1 million, on an annualized basis, to our investment income. Revenues from investment income advanced $18.8 million, a 5.1% increase.

We achieved this growth with an unusually low level of new investment dollars, due to cash outlays for priority projects of major importance to the Company's future. We spent $35.2 million in 1999 to double the size of our offices, bringing headquarters associates back under one roof for increased efficiency; approximately $23 million for ongoing software development; and $217.1 million to repurchase 6.1 million shares of CFC common stock at an average price of $35.66 per share. After a purchase of 589,000 shares in January of 2000, a balance of 10.3 million shares remained authorized for repurchase under the 17 million share program announced in February 1999. The average price of all repurchases since November of 1996 is $32.13.

We recorded a slight realized capital loss in 1999, less than $0.4 million, compared with net realized capital gains of $42.5 million in 1998. Our policy, over the years, has been to offset capital gains during the fourth quarter and minimize taxes.

The Company's exceptionally strong surplus allows us to capture long-term gains by investing more in common stocks than is typical for many insurers. We continued in 1999 to invest over 40% of new money in equities. The cost basis of the common stock portfolio was $1.602 billion or 34.0% of the total portfolio's cost at December 31, 1999. Because of our buy-and-hold philosophy, equities accounted for $7.107 billion or 70.2% of total portfolio value on a market basis, as of December 31, 1999.

Half of our top 10 equity holdings are financial stocks, a sector temporarily out of favor at year-end 1999. We own financial stocks because of their strong fundamentals, including consistent earnings and dividend histories, in contrast to technology stocks that inflated gains in 1999 for the S&P 500. At year-end 1999, unrealized equity gains in our common stock portfolio were $5.485 billion versus $5.455 billion at year-end 1998. For the three-year period 1997-99, annual total return on our portfolio was 28.7% versus 27.5 % for the S&P 500.

Higher interest rates impacted the bond market, reducing its asset value by $194.8 million as of December 31, 1999. Looking forward to 2000, those high interest rates should bring many opportunities to select fixed-income investments with higher current income and the potential for ratings upgrade.

Reflecting the lower unrealized gains in the portfolio, the book value of Cincinnati Financial stock was $33.46 at year-end 1999 versus $33.72 at year-end 1998. Book value over the past three years grew at a 20.9% compound growth rate.

PUBLIC RESPONSIBILITY

INNOVATION: SPEAKING OUT, STEPPING UP

Published rankings peg Cincinnati as the 18(th) largest insurer in the country for revenues and the 33(rd) largest for net written premiums--but size alone doesn't determine an insurer's spot as a good corporate citizen and industry leader. We back our commitment to local independent agents and their customers with a tradition of civic involvement and social responsibility. In 1999, this tradition took us to classrooms and to nonprofit boardrooms, to statehouses and to Congress.

The legislative news of the year was the Gramm-Leach-Bliley Act. The law paves the way for insurers, securities firms and banks to enter each other's businesses. Your Company actively presented our industry perspective as legislators crafted provisions. Our goal was to make sure that, in this new landscape, consumers will benefit from consistent regulatory oversight, regardless of the type of financial company providing their insurance. We believe the law, as enacted, sufficiently preserves state regulation of insurance and protects consumer privacy.

During 1999, your Company helped recruit more than 50 Congressional sponsors for the Policyholder Disaster Protection Act (H.R. 2749, S.1914), a proposal to protect insurer solvency and provide mega-disaster recovery funds through restricted, tax-deferred insurer reserves. We continue to help build support for the proposal through a broad coalition of insurance, business and consumer organizations. The Company's representative testified before a Congressional committee to urge consideration of this private-sector solution--and to oppose passage of other disaster insurance legislation (H.R. 21) that unnecessarily involves the federal government. To learn more about this issue, visit www.pdpc.com.

Doing what's right for the people we serve is the principle that drives Cincinnati Financial and The Cincinnati Insurance Companies to innovate. Consistent innovation has given us strong agency partnerships, highly-rated claims service, satisfied policyholders...and loyal shareholders who see the opportunity to grow and profit with us over the years. Thank you for your support.

Loss and loss expenses in Notes to Financial Statements from page 31 (incorporated into Item 1).

4. LOSSES AND LOSS EXPENSES

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

	Years Ended December 31,		
	1999	1998	1997
Balance at January 1	$1,978,461	$1,888,883	$1,824,296
Less reinsurance receivable	138,138	112,235	121,881
Net balance at January 1	1,840,323	1,776,648	1,702,415
Incurred related to:			
Current year	1,303,561	1,306,194	1,115,140
Prior years	(116,061)	(153,311)	(119,654)
Total incurred	1,187,590	1,152,883	995,486
Paid related to:			
Current year	574,038	590,366	467,843
Prior years	522,108	498,842	453,410
Total paid	1,096,146	1,089,208	921,253
Net balance at December 31	1,931,767	1,840,323	1,776,648
Plus reinsurance receivable	160,809	138,138	112,235
Balance at December 31	$2,092,576	$1,978,461	$1,888,883

As a result of changes in estimates of insured events in prior years, the provision for losses and loss expenses decreased by $116,061,000, $153,311,000 and $119,654,000 in 1999, 1998 and 1997. 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 $61,573,000 and $76,264,000 at December 31, 1999 and 1998, respectively, for certain life/health losses and loss checks payable.

"Price range of Common Stock" section from page 38 (incorporated into Item 5).

Shares are traded nationally over the counter. 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.

	1999				1998			
Quarter	1ST	2ND	3RD	4TH	1st	2nd	3rd	4th
High	$39 1/4	$41 15/32	$42 1/4	$37 1/16	$45 3/8	$45 21/64	$39 1/8	$40
Low	30 7/8	36 5/16	36 3/4	30 1/8	41 21/64	36 5/8	30 3/4	31 5/8
Dividend paid	.15 1/3	.17	.17	.17	.13 2/3	.15 1/3	.15 1/3	.15 1/3

"Selected Financial Information" from pages 16 and 17 (incorporated into Item 6).

SELECTED FINANCIAL INFORMATION
(000's omitted except per share data and ratios)
Cincinnati Financial Corporation and Subsidiaries

	Years Ended December 31, 1999	1998	1997	1996
TOTAL ASSETS	$11,380,214	$11,086,503	$ 9,493,425	$ 7,045,514
LONG-TERM OBLIGATIONS.............	$ 456,373	$ 471,520	$ 58,430	$ 79,847
SHAREHOLDERS' EQUITY...............	$ 5,421,284	$ 5,620,936	$ 4,716,965	$ 3,162,889
BOOK VALUE PER SHARE...............	$ 33.46	$ 33.72	$ 28.35	$ 18.95
REVENUES				
Premium Income	$ 1,731,950	$ 1,612,735	$ 1,516,378	$ 1,422,897
Investment Income (Less Expense)	386,773	367,993	348,597	327,307
Realized Gains on Investments	(564)	65,309	69,230	47,946
Other Income	10,064	8,252	8,179	10,599
NET INCOME BEFORE REALIZED GAINS ON INVESTMENTS				
In Total	$ 255,089	$ 199,116	$ 254,375	$ 192,595
Per Common Share	1.55	1.19	1.54	1.15
Per Common Share (Diluted)	1.51	1.16	1.49	1.11
NET INCOME				
In Total	$ 254,722	$ 241,567	$ 299,375	$ 223,760
Per Common Share	1.55	1.45	1.81	1.34
Per Common Share (Diluted)	1.52	1.41	1.77	1.31
CASH DIVIDENDS PER COMMON SHARE				
Declared...........................	$ .68	$ .61 1/3	$ .54 2/3	$ .48 2/3
Paid...............................	.66 1/3	.59 2/3	.53 1/3	.47 2/3
PROPERTY AND CASUALTY OPERATIONS				
Gross Premiums Written.............	$ 1,774,633	$ 1,656,476	$ 1,566,688	$ 1,476,011
Net Premiums Written	1,680,812	1,557,581	1,471,603	1,383,525
Net Premiums Earned	1,657,277	1,542,639	1,453,526	1,366,544
Loss and Expense Ratio (Statutory Basis):				
Loss Ratio	61.6%	65.4%	58.3%	61.6%
Loss Expense Ratio	10.0	9.3	10.1	13.8
Underwriting Expense Ratio	28.4	28.9	29.3	27.6
Combined Ratio	100.0%	103.6%	97.7%	103.0%
Investment Income Before Taxes.....	$ 207,640	$ 203,919	$ 199,427	$ 190,318
Property and Casualty Reserves				
Unearned Premiums	$ 454,844	$ 432,436	$ 418,465	$ 401,562
Losses	1,513,134	1,432,212	1,373,950	1,319,286
Loss Adjustment Expense	418,634	408,113	402,698	383,135
Statutory Policyholders' Surplus...	$ 2,851,774	$ 3,019,828	$ 2,472,532	$ 1,608,084

(*) 1993 earnings include a credit for $13,845 ($.08 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 $8,641 ($.05 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

1995	1994	1993	1992	1991	1990	1989
$6,109,298	$4,734,279	$4,602,288	$4,098,713	$3,513,749	$2,626,156	$2,602,990
$ 80,000	$ 80,000	$ 80,000	$ 80,000	$ 182	$ 202	$ 753
$2,657,971	$1,940,047	$1,947,338	$1,713,776	$1,441,401	$1,006,868	$1,020,253
$ 15.90	$ 11.63	$ 11.70	$ 10.37	$ 8.79	$ 6.18	$ 6.31
$1,314,126	$1,219,033	$1,140,791	$1,038,772	$ 947,576	$ 871,196	$ 813,313
300,015	262,649	239,436	218,942	193,220	167,425	149,285
30,781	19,557	51,529	35,885	7,641	1,488	4,678
10,729	11,267	10,396	10,552	12,698	8,822	7,134
$ 207,342	$ 188,538	$ 182,530(*)	$ 147,669	$ 141,273	$ 128,052	$ 111,477
1.24	1.13	1.10(*)	.90	.86	.79	.69
1.20	1.09	1.06(*)	.87	.86	.78	.69
$ 227,350	$ 201,230	$ 216,024(*)	$ 171,325	$ 146,280	$ 128,962	$ 114,490
1.36	1.21	1.30(*)	1.04	.90	.79	.71
1.33	1.18	1.27(*)	1.03	.89	.79	.70
$ .42 2/3	$ .38 2/3	$ .34	$ .31	$ .27 2/3	$ .24 1/3	$ .22
.42	.37 1/3	.33 1/3	.30	.27	.23 2/3	.21
$1,377,426	$1,287,280	$1,216,766	$1,089,901	$ 996,807	$ 896,204	$ 845,346
1,295,852	1,190,824	1,123,780	1,014,971	930,296	838,554	790,971
1,263,257	1,169,940	1,092,135	992,335	903,465	828,046	771,205
57.6%	63.3%	63.5%	63.8%	61.6%	61.6%	61.6%
14.7	9.8	8.7	9.0	9.2	9.0	9.0
27.1	27.5	27.9	29.0	28.9	29.0	29.1
99.4%	100.6%	100.1%	101.8%	99.7%	99.6%	99.7%
$ 180,074	$ 162,260	$ 153,190	$ 141,958	$ 126,332	$ 110,827	$ 97,661
$ 385,418	$ 353,697	$ 333,550	$ 302,473	$ 280,404	$ 254,000	$ 244,011
1,274,180	1,213,383	1,100,051	960,571	825,952	692,081	616,730
306,570	218,642	193,305	177,262	160,260	140,501	124,993
$1,268,597	$ 998,595	$1,011,609	$ 933,529	$ 735,557	$ 477,355	$ 494,460

Per share data adjusted for three-for-one stock splits in 1998 and 1992 and stock dividends of 5 percent in 1996 and 1995.

"Management Discussion" from pages 18 through 23 (incorporated into Items 1, 7, and 7A).

MANAGEMENT DISCUSSION

Cincinnati Financial Corporation and Subsidiaries

INTRODUCTION

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

Cincinnati Financial Corporation (CFC) had six subsidiaries at year-end 1999. The lead property and casualty insurance subsidiary, The Cincinnati Insurance Company, markets a broad range of business and personal policies in 30 states through an elite corps of 977 independent insurance agencies. Also engaged in the property and casualty business are The Cincinnati Casualty Company, which works on a direct billing basis, and The Cincinnati Indemnity Company, which markets nonparticipatory workers' compensation and nonstandard policies for preferred risk accounts. The Cincinnati Life Insurance Company markets life, long term care, health and accident policies and annuities through property and 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 more than tripled to $462 million in 14 accounts by January 2000 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 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 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. Further, income per share discussions herein relate to basic income per share.

RESULTS OF OPERATION

OVERVIEW OF RESULTS

Primarily as a result of continued market penetration and entry into new states, CFC revenues have increased at a compound annual rate of 7.1%, reaching $2.128 billion in 1999, with property and casualty net written premiums also growing at a 7.1% rate to $1.681 billion over the past five years. In the same five-year period, total net income, including realized capital gains, grew at a compound rate of 4.8% to $254.7 million, or $1.55 per share, from $201.2 million, or $1.21. Net operating income, which excludes capital gains or losses, increased at a 6.2% rate to $255.1 million, or $1.55 per share, from $188.5 million, or $1.13, in 1994. Book value grew at a 23.5% compound rate over the same period to $33.46 per share in 1999 from $11.63.

A number of factors, including the Company's strong reputation among independent insurance agencies and management's belief that the Company can achieve additional market penetration in states in which it currently operates, led management to target an ambitious $2.0 billion in total direct written premiums by the year 2000. This goal was met in 1999, when the Company wrote $2.158 billion in direct written premiums, largely as the result of a single Bank Owned Life Insurance (BOLI) premium of $302.9 million written by The Cincinnati Life Insurance Company. Management believes the Company could again reach $2.0 billion in total direct written premiums in 2000, without additional BOLI sales. Management balances this goal with the objectives of generating an underwriting profit and maximizing annual growth in investment income.

The following table and discussion analyzes results for the three-year period ending December 31, 1999 and provides insight into management's strategic direction.

(000,000's omitted except per share data and ratios)	1999	CHANGE $	CHANGE %	1998	Change $	Change $
Revenue	$ 2,128.2	$ 73.9	4	$ 2,054.3	$ 111.9	6
Net Operating Income	255.1	56.0	28	199.1	(55.3)	(22)
Net Capital (Losses) Gains (after tax)	(.4)	(42.9)	(101)	42.5	(2.5)	(6)
Net Income	254.7	13.1	5	241.6	(57.8)	(19)
Net Operating Income Per Share	$ 1.55	$ .36	30	$ 1.19	$ (.35)	(23)
Net Capital Gains Per Share	.00	(.26)	(100)	.26	(.01)	(4)
Net Income Per Share	$ 1.55	$ .10	7	$ 1.45	$ (.36)	(20)
Catastrophe Losses (before tax)	$ 36.8	$ (56.7)	(61)	$ 93.5	$ 68.0	267
Catastrophe Losses Per Share (after tax)	.15	(.21)	(58)	.36	.26	260

(000,000's omitted except per share data and ratios)	1997	Change %	Change
Revenue	$ 1,942.4	$ 133.7	7
Net Operating Income	254.4	61.8	32
Net Capital (Losses) Gains (after tax)	45.0	13.8	44
Net Income	299.4	75.6	34
Net Operating Income Per Share	$ 1.54	$ .39	34
Net Capital Gains Per Share	.27	.08	42
Net Income Per Share	$ 1.81	$ .47	35
Catastrophe Losses (before tax)	$ 25.5	$ (39.2)	(60)
Catastrophe Losses Per Share (after tax)	.10	(.15)	(60)

The Company's financial results for the three years ending December 31, 1999 reflected growth in new insurance business and retention of renewal customers, offset by highly competitive property and casualty pricing in 1997 through the first half of 1999. Net operating earnings in 1999 were the best for any year in Company history, modestly surpassing the record results of 1997. Relatively low catastrophe losses contributed to the Company's 28% improvement in net operating income in 1999. In 1998, net operating income declined due to catastrophe losses and large property losses.

The Company reported a modest net capital loss after tax of $0.4 million in 1999. Capital gains on sales of equity securities were offset by sales of fixed maturity securities with market value lower than book value, attributable to higher interest rates and sales of a few non-performing investments. In 2000, the Company expects to be able to invest available cash and proceeds from the sales of securities at higher yields. Revenue from investment income rose 5.1% to an all-time high of $386.8 million in 1999. Record investment income was achieved despite reduced cash flow available for investment in 1999, when more cash was spent on the Company's stock repurchase, the construction of a new office tower and ongoing technology initiatives.

YEAR 2000

The Company's Year 2000 project was successfully completed, with total expenses of $9.7 million over a six-year period ending in 1999. The investment included upgrading and replacement of systems that will generate long-term value for the Company. No material effect on operations or financial results occurred because of the calendar year change. Small isolated technical problems early in January 2000 were resolved quickly. Any future problems are anticipated to be minimal and further reporting of Year 2000 issues will not be made, unless the occurrence is material to the Company.

PROPERTY AND CASUALTY INSURANCE OPERATIONS

(000,000's omitted except ratios)	1999	CHANGE $	CHANGE %	1998	Change $	Change %	1997	Change $	Change %
Gross Written Premiums	$1,774.6	$118.1	7.1	$1,656.5	$ 89.8	5.7	$1,566.7	$ 90.7	6.1
Net Written Premiums	1,680.8	123.2	7.9	1,557.6	86.0	5.8	1,471.6	88.1	6.4
Net Earned Premiums	1,657.3	114.7	7.4	1,542.6	89.1	6.1	1,453.5	87.0	6.4
Loss and LAE Ratio	71.6%	n/a	(4.1)	74.7%	n/a	9.2	68.4%	n/a	(9.3)
Expense Ratio (Statutory Basis)	28.4%	n/a	(1.7)	28.9%	n/a	(1.4)	29.3%	n/a	6.2
Combined Ratio (Statutory Basis)	100.0%	n/a	(3.5)	103.6%	n/a	6.0	97.7%	n/a	(5.1)

PREMIUMS -- The Company's property and casualty total net written premiums, which advanced 7.9% in 1999, continued to outpace the estimated industry growth rate. The Company's commercial lines growth rate reversed a downward trend to increase 7.9% to $1,099.8 billion in 1999 versus 3.3% in 1998 and 3.6% in 1997. Personal lines net written premiums increased 8.0% to $581.0 million in 1999 compared with 11.0% in 1998 and 12.4% in 1997.

During 1999, the commercial insurance market continued to experience the price competition that began prior to 1996, although some of the Company's field marketing representatives and independent agents reported firmer pricing for selected lines in some market areas. Accelerated growth of new business later in the year brought the 1999 total to $210.3 million versus $218.4 million in 1998. The Company continues to selectively underwrite both new and renewal accounts, carefully assessing profitability.

In addition, the Company completed an agency re-underwriting program that helped restore profitability to its personal lines insurance business. The improved profitability was balanced against slower premium growth, and the Company anticipates that the pace of personal lines growth will continue to reflect heightened underwriting discipline and the need for upcoming technology upgrades.

While improved pricing of some commercial lines of business should contribute to future growth, the Company will be challenged to continue achieving strong personal lines growth. To continue its growth and maximize profitability, the Company is working harder to develop new and retain profitable business by:

- pursuing a marketing strategy that permits field representatives to spend more time assisting the independent insurance agents and
- providing innovative product and service solutions that meet the needs of the Company's independent agents.

Management believes additional market penetration can be achieved by leveraging strong relationships with independent agencies. The Company also can distinguish itself through competitive features of its insurance products such as the availability of three- and five-year policy terms for many types of insurance coverage.

In 1999, approximately 97% of the Company's premium volume was in states in which the Company has had a presence for more than five years. During the past five years, the Company added 12 territories in established states,restructuring so that each field representative has fewer agencies to serve. The Company expects to subdivide as many as five territories in 2000 and 2001 to further strengthen agency relationships.

Entry into new states also has been a source of premium growth. The Company appointed its first agent in Idaho late in 1999 and expects to be active in Utah in 2000. A very successful example of a new market entry is Minnesota, where premium volume reached $23.1 million in 1999, up from $2.9 million in 1995. From 1997 through 1999, the Company began marketing commercial lines in North Dakota, Montana, Idaho and upstate New York and added full personal lines in Minnesota, North Dakota, Montana and Pennsylvania. The Company's criteria for entry into new states include a favorable regulatory climate and no residual market.

The Company's Special Accounts unit enjoyed strong growth in 1999. Formed to underwrite and support large, multi-state accounts, the unit generated $12.7 million in new business in 1999 -- up from $8.3 million in 1998. The accounts in this unit are among the largest businesses served by the Company's agents.

EXPENSES -- The Company recorded a $6.2 million statutory gross underwriting loss in 1999, compared with a $59.6 million statutory gross underwriting loss in 1998 and a $28.6 million gross underwriting profit in 1997. The 1999 underwriting loss, reflecting a combined ratio (statutory basis) of 100.0%, was primarily the result of strong premium growth and more favorable loss results, with catastrophe losses accounting for only 2.2 percentage points of the loss and loss adjustment expense ratio. The 1998 underwriting loss, reflecting a combined ratio of 103.6%, was primarily the result of catastrophe losses, which added 6.1 percentage points to the loss and loss adjustment expense ratio, as well as an unusual number of losses greater than $1 million, including several large fire losses. In 1997, catastrophe losses had a 1.8 percentage point impact on a combined ratio of 97.7%.

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 has continued not to market property and casualty insurance in California, not to write flood insurance, to review exposure to huge disasters and 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.

The pure loss ratio for commercial lines increased to 61.4% in 1999 from 61.1% in 1998 and 53.3% in 1997. The 1999 pure loss ratio for commercial lines was increased by 1.3 percentage points due to Ohio uninsured motorist claims that the Company incurred, which resulted in losses of $13.7 million. In 1999, the Ohio Supreme Court ruled that Ohio business automobile policies cover employees or their family members for injuries caused by uninsured and underinsured motorists, even when the injured persons are not in company vehicles or on company business. Effective October 1, 1999, the Company began using new language in Ohio business auto policies to relieve business policyholders of the need to fund this coverage for losses that they did not intend to assume responsibility for. The Company is being very proactive about changing the policy language on renewals, at or before the policy anniversaries,and amending language on policies outside of Ohio to protect business owner policyholders from this type of risk.

The pure loss ratio for personal lines improved to 62.0% for 1999, down from 73.8% in 1998 and 68.9% in 1997. Lower catastrophe losses accounted for 6.3 percentage points of the improvement between 1999 and 1998. The Company's 1998-1999 agency re-underwriting program, designed to help restore profitability, accounted for the remainder.

The expense ratio (statutory basis) continued to decline slightly in 1999, dropping to 28.4% from 28.9% in 1998 and 29.3% in 1997, as the Company maintained a sustainable level of investment in staff and costs associated with upgrading technology and facilities. For the next several years, the Company anticipates the expense ratio will be affected by plans to invest in upgraded or new direct personal lines billing software for the Company's property and casualty subsidiaries, with the phased roll-outs planned for 2000 through 2001.

In January 1999, the Company adopted Statement of Position (SOP) 98-1, "Accounting for Costs of Computer Software Developed or Obtained for Internal Use." This SOP provides guidance on the capitalization of costs related to internal use software and does not require restatement of prior period amounts. The Company capitalized costs of $6.0 million in 1999, which would have been expensed under the Company's prior policy.

As discussed in the Notes to the Consolidated Financial Statements, the Company's liabilities for insurance reserves are estimated by management based upon Company experience. The Company consistently has established property and casualty insurance reserves, including adjustments of estimates, using information from internal analysis and review by external actuaries. Though uncertainty always exists as to the adequacy of established reserves, management believes this uncertainty is less than it otherwise would be, due to the 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 at this time these reserves are adequate. Environmental exposures are minimal as a result of the types of risks the Company has insured in the past. Historically, most commercial accounts are written with post-date coverages that afford clean-up costs and Superfund responses.

Cincinnati Financial Corporation and Subsidiaries

LIFE AND ACCIDENT AND HEALTH

(000,000's omitted except ratios)	1999	CHANGE $	CHANGE %	1998	Change $	Change %	1997	Change $	Change %
Gross Written Premiums	$ 420.7	$306.0	266.8	$ 114.7	$ 17.1	17.5	$ 97.6	$ 7.8	8.7
Net Written Premiums	410.4	301.2	275.8	109.2	16.8	18.2	92.4	7.2	8.5
Net Earned Premiums	74.7	4.6	6.6	70.1	7.2	11.4	62.9	6.5	11.5
Total Assets	1,447.1	236.9	19.6	1,210.2	110.2	10.0	1,100.0	192.7	21.2
Equity	463.2	(61.8)	(11.8)	525.0	48.4	10.2	476.6	101.0	26.9
Net Operating Income	28.1	4.5	19.1	23.6	(1.2)	(4.8)	24.8	4.7	23.4

CFC's life insurance subsidiary had total net earned premium income for 1999 of $74.7 million, up from $70.1 million in 1998 and $62.9 million in 1997. Life insurance premiums were $65.1 million in 1999, $61.7 million in 1998 and $54.7 million in 1997. The life insurance subsidiary contributed 11% of CFC's operating income in 1999, down from 12% in 1998 but above the 10% in 1997.

The growth in life insurance premium came primarily from the sale of term insurance. The LifeHorizons products offered competitive rates and commissions along with guaranteed level premiums for periods up to 30 years. Term insurance sales were strong throughout the industry as policyholders wanted to lock in those level premiums before "Triple X" regulations took effect on January 1, 2000. Term life first-year premiums rose 70% and ordinary life applications, including individual term, whole life and universal products, rose 64%. Worksite marketing applications increased 17% in 1999.

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 selling by the Company's property and casualty agency force. 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 and casualty agent and their customers as well as attract independent life agents to help support overall product volume.

INVESTMENT INCOME AND INVESTMENTS

Though the growth rate for investment income declined slightly to 5.1% in 1999 from 5.6% in 1998, income reached a record level of $386.8 million primarily as a result of investing the cash flows from operating activities and the collection of dividend increases from equity securities in the investment portfolio.

The primary reason for the slower growth in 1999 was the use of $217.1 million of cash flow to fund the repurchase of the Company's common stock, which decreased cash available for the investment portfolio compared with 1998, a year affected by high catastrophe losses, and 1997. The asset value of the equities rose by about $56 million in 1999, offset by the bond portfolio, which declined by about $195 million, in line with the market. In 1999, 35 out of the 45 common stocks in the Company's investment portfolio increased dividends during the year, adding more than $16.1 million to future annualized investment earnings.

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.

Investments in common stocks have emphasized securities 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 8.9% at December 31, 1999. 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.

INTEREST AND INCOME TAXES

The Company's income tax expense was $66.9 million, $65.5 million and $95.2 million for 1999, 1998 and 1997, respectively, while the effective tax rate was 20.79%, 21.34% and 24.12%, for the same periods. The higher tax rate in 1997 primarily was due to the strong underwriting profit recorded for the year and higher capital gains. The effective rate remained constant from 1998 to 1999. The Company incurred no additional alternative minimum tax expenses for the three years.

CASH FLOW AND LIQUIDITY

(000,000's omitted)	1999	1998	1997
Net Cash Provided by			
Operating Activities	$ 687.8	$ 273.6	$ 427.0
Net Cash Used in Investing Activities	(205.3)	(320.7)	(282.5)
Net Cash (Used in) Provided by			
Financing Activities	(201.6)	25.5	(124.2)
Net Increase (Decrease) in Cash	280.9	(21.6)	20.3
Cash at Beginning of Year	58.6	80.2	59.9
Cash at End of Year	339.5	58.6	80.2
Supplemental			
Interest Paid	31.6	36.4	21.8
Income Taxes Paid	55.0	91.2	95.5

CASH FLOW

In 1999, operating cash flow was 151% higher than in 1998, primarily because of the sale of a $302.9 BOLI policy. Excluding this event, operating cash flow was 41% higher than in 1998 primarily because of lower catastrophe losses. For the years 1999 and 1998, cash flow was sufficient to meet operating needs, but short-term borrowings were utilized for financing and investing activities. In 1997, operating cash flow was sufficient to meet operating needs and provide for financing needs and increased investment. 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 ceded reinsurance agreements with financially stable reinsurance companies. Further, the Company has no significant exposure to assumed reinsurance. Assumed reinsurance comprised no more than 3% of gross premiums in each of the last three years.

The change in net cash used in investing activities for 1999 reflected a decline in the amount of fixed maturity investments being called by the issuers, compared with the higher amounts called in 1998 and 1997. This also resulted in lower levels of fixed maturities purchased in 1999, compared with 1998 and 1997. Cash flows used in net purchases of fixed maturity and equity securities, respectively, amounted to $45.1 million and $49.0 million in 1999, $107.8 million and $153.2 million in 1998, and $122.6 million and $134.1 million in 1997. For the years 1999 and 1997, 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 a senior debenture, 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 $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 for other purposes.

DIVIDENDS -- CFC has increased cash dividends to shareholders for 39 consecutive years and, periodically, the Board of Directors authorizes stock dividends or splits. In February 1998, the CFC Board increased the indicated annual dividend 12.2%, raising the annual dividend five cents to an indicated annual rate of $1.84 (pre split basis). At the same time, the Board of Directors announced its intention to declare a three-for-one split to be distributed on May 15, 1998, to shareholders of record as of April 24, 1998, which was authorized on April 4, 1998, based on shareholder approval of a proposal to increase authorized shares to 200 million from 80 million.

On February 6, 1999, the Board of Directors authorized a 10.9% cash dividend increase, raising the quarterly dividend by one and two-thirds cents to an indicated annual rate of $0.68.

On February 5, 2000, the Board of Directors authorized an 11.8% increase in the regular quarterly dividend to an indicated annual rate of $0.76 per share. Since 1987, the Company's Board has authorized three additional stock splits or stock dividends: 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 1,946 Cincinnati Financial shares, if all shares from accrued stock dividends and splits were held and cash dividends not reinvested. In the past 10 years, the Company has paid an average of 30-35% of net income as dividends, with the other 65-70% reinvested for future growth. The ability of the Company to continue paying cash dividends is subject to such factors as the Board of Directors may deem relevant.

FINANCIAL CONDITION

ASSETS

Cash and marketable securities of $10.468 billion make up 92.0% of the Company's $11.380 billion assets; this compares with 93.1% in 1998 and 93.0% in 1997. The Company has only minor investments in real estate and mortgages, which are typically illiquid. At December 31, 1999, the Company's portfolio of fixed maturity securities had an average yield-to-cost of 8.3% and an average maturity of 10 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 1999 and 1998, investments totaling approximately $888 million and $873 million ($970 million and $883 million at cost) of the Company's $10.194 billion and $10.325 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. Further, many have been upgraded to investment grade while owned by CFC. Because of alternative minimum tax matters, the Company uses a blend of tax-exemptand taxable fixed maturity securities. Tax-exempt bonds comprise 9% of invested assets as of December 31, 1999, compared with 9% at year-end 1998 and 10% at year-end 1997. 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.

The $54.1 million increase in land, building and equipment for Company use includes $35.2 million relating to the addition of a second office tower, which approximately doubled the headquarters space. The new construction and related renovations will be completed in the first half of 2000. The total cost is estimated at $60 million.

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, 1999, long- and short-term debt were 5%, insurance reserves were 26% and total shareholders' equity was 48%, of total assets, with remaining liabilities consisting of unearned premiums, deferred income taxes, declared but unpaid dividends and other liabilities.

DEBT -- Total long- and short-term debt was less than 6% of total assets at year-end 1999 and 1998. At December 31, 1999 and 1998, long-term debt consisted of $456.4 million and $471.5 million,respectively, of convertible and senior debentures. Short-term debt is used to provide working capital as discussed above.

EQUITY -- Shareholders' equity, as a percentage of total assets, declined in 1999 to 48% compared with 51% for 1998 and 50% for 1997 due to a decrease in accumulated other comprehensive income as a result of a decline in unrealized capital gains, primarily due to the lower market value of the Company's bond portfolio. Statutory risk-based capital requirements became effective for life insurance companies in 1993 and for property casualty companies in 1994. The Company's capital has been well above required amounts in each year since those effective dates.

(000,000's omitted)	1999	1998	1997
Shareholders' Equity Excluding Retained Earnings and Accumulated Other Comprehensive Income	$ 267.3	$ 462.0	$ 469.5
Retained Earnings	1,623.9	1,480.9	1,341.7
Accumulated Other Comprehensive Income	3,530.1	3,678.0	2,905.8
Total Shareholders' Equity	$ 5,421.3	$ 5,620.9	$ 4,717.0

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 generated as a result of this policy. Unrealized appreciation on equity investments, before deferred income taxes, was $5.488 billion as of December 31, 1999 and constituted 54% of the total investment portfolio; 73% of the equity investment portfolio; and after deferred income taxes, 66% of total shareholders' equity. Such unrealized appreciation, before deferred income taxes, amounted to $5.512 billion and $4.273 billion, at year-end 1998 and 1997, respectively.

On November 22, 1996, the Board of Directors authorized the repurchase of up to 3 million of the Company's outstanding shares as management deemed appropriate over an unspecified period of time. On August 21, 1998, the Board of Directors adjusted the authorization to reflect the three-for-one split, which resulted in a total of 9 million shares authorized to be repurchased. On February 6, 1999, the CFC Board authorized management to repurchase up to 17 million shares of the Company's 166.7 million shares outstanding at December 31, 1998. They specified their intention to complete the repurchase by December 31, 2000. This authorization superceded the previous authorization of 9 million shares.

As of December 31, 1999, the Company, working under Board repurchase authorizations, had bought back more than 9.6 million shares of its common stock at a cost of $310.2 million. Under the new authority, repurchases in 1999 and the first month of 2000 totaled 6.7 million shares at a cost of $235.1 million. As of February 1, 2000, 10.3 million shares remained authorized for repurchase by the Board of Directors.

Independent Auditors' Report and Financial Statements from pages 24 thru 36
(incorporated into Items 8 and 14).

CONSOLIDATED BALANCE SHEETS
(000's omitted)
Cincinnati Financial Corporation and Subsidiaries

	December 31, 1999	December 31, 1998
ASSETS		
Investments		
Fixed maturities, at fair value (cost: 1999-$2,692,154; 1998-$2,682,659)	$ 2,617,412	$ 2,812,231
Equity securities, at fair value (cost: 1999-$2,022,555; 1998-$1,943,206)	7,510,918	7,454,817
Other invested assets	65,909	57,902
Cash	339,554	58,611
Investment income receivable	80,128	76,773
Finance receivables	32,931	32,107
Premiums receivable	166,585	164,412
Reinsurance receivable	159,229	135,991
Prepaid reinsurance premiums	24,684	26,435
Deferred acquisition costs pertaining to unearned premiums and to life policies in force	154,385	142,896
Land, buildings and equipment for Company use (at cost, less accumulated depreciation: 1999-$123,427; 1998-$108,449)	107,784	53,639
Other assets	120,695	70,689
Total assets	$11,380,214	$11,086,503
LIABILITIES		
Insurance reserves		
Losses and loss expenses	$ 2,154,149	$ 2,054,725
Life policy reserves	860,561	533,730
Unearned premiums	480,453	459,695
Other liabilities	169,721	136,894
Deferred income taxes	1,719,673	1,809,003
Notes payable	118,000	- 0 -
6.9% senior debentures due 2028	419,614	419,601
5.5% convertible senior debentures due 2002	36,759	51,919
Total liabilities	5,958,930	5,465,567
SHAREHOLDERS' EQUITY		
Common stock, par value-$2 per share; authorized 200,000 shares; issued: 1999-171,862; 1998-170,435	343,725	340,871
Paid-in capital	237,859	218,328
Retained earnings	1,623,890	1,480,914
Accumulated other comprehensive income	3,530,104	3,678,019
	5,735,578	5,718,132
Less treasury shares at cost (1999-9,841 shares; 1998-3,754 shares)	(314,294)	(97,196)
Total shareholders' equity	5,421,284	5,620,936
Total liabilities and shareholders' equity	$11,380,214	$11,086,503

Accompanying notes are an integral part of this statement.

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

	Years Ended December 31,		
	1999	1998	1997
REVENUE			
Premium income			
Property and casualty	$ 1,657,277	$ 1,542,639	$ 1,453,526
Life	65,824	61,704	54,742
Accident and health	8,849	8,392	8,110
Net premiums earned	1,731,950	1,612,735	1,516,378
Investment income	386,773	367,993	348,597
Realized (losses) gains on investments	(564)	65,309	69,230
Other income	10,064	8,252	8,179
Total revenues	2,128,223	2,054,289	1,942,384
BENEFITS AND EXPENSES			
Insurance losses and policyholder benefits	1,254,363	1,221,118	1,054,924
Commissions	311,979	290,832	282,690
Other operating expenses	151,170	144,849	139,030
Taxes, licenses and fees	59,796	60,798	48,573
Increase in deferred acquisition costs pertaining to unearned premiums and to life policies in force	(11,489)	(7,583)	(7,725)
Interest expense	33,043	28,012	20,821
Other expenses	7,788	9,156	9,512
Total benefits and expenses	1,806,650	1,747,182	1,547,825
INCOME BEFORE INCOME TAXES	321,573	307,107	394,559
PROVISION FOR INCOME TAXES			
Current	76,534	78,847	107,046
Deferred	(9,683)	(13,307)	(11,862)
Total provision for income taxes	66,851	65,540	95,184
NET INCOME	$ 254,722	$ 241,567	$ 299,375
PER COMMON SHARE			
Net income	$ 1.55	$ 1.45	$ 1.81
Net income (diluted)	$ 1.52	$ 1.41	$ 1.77
Cash dividends (declared)	$ .68	$.61 1/3	$.54 2/3

Per share amounts reflect the effects of a three-for-one stock split effective to shareholders of record on April 24, 1998.

Accompanying notes are an integral part of this statement.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(000's 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, 1996	$ 334,972	$ (11,217)	$ 178,547	$ 1,132,880	$ 1,527,707	$ 3,162,889
Net income				299,375		299,375
Change in unrealized gains on investments					2,120,075	2,120,075
Income taxes on unrealized gains					(742,026)	(742,026)
Comprehensive income						1,677,424
Dividends declared				(90,525)		(90,525)
Purchase/issuance of treasury shares		(61,368)	654			(60,714)
Stock options exercised	931		5,543			6,474
Conversion of debentures	2,879		18,538			21,417
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 losses on investments					(227,562)	(227,562)
Income taxes on unrealized losses					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

Amounts reflect the effects of a three-for-one stock split effective to shareholders of record on April 24, 1998.

Accompanying notes are an integral part of this statement.

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

	Years Ended December 31,		
	1999	1998	1997
Cash flows from operating activities:			
Net income	$ 254,722	$ 241,567	$ 299,375
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	16,016	11,793	11,327
Increase in investment income receivable	(3,355)	(2,253)	(4,074)
(Increase) decrease in premiums receivable	(2,173)	(5,873)	3,506
(Increase) decrease in reinsurance receivable	(23,238)	(26,881)	6,796
Decrease (increase) in prepaid reinsurance premiums	1,751	(2,823)	(688)
Increase in deferred acquisition costs	(11,489)	(7,583)	(7,725)
Increase in accounts receivable	(15,277)	(7,369)	(7,230)
(Increase) decrease in other assets	(376)	649	42,084
Increase in loss and loss expense reserves	99,424	118,191	55,367
Increase in life policy reserves	326,831	51,283	42,166
Increase in unearned premiums	20,758	16,641	17,304
Increase (decrease) in other liabilities	10,030	(20,330)	38,746
Increase (decrease) in current income taxes	20,752	(14,595)	10,926
Decrease in deferred income taxes	(9,683)	(13,307)	(11,862)
Realized loss (gains) on investments	564	(65,309)	(69,230)
Other	2,546	(224)	169
Net cash provided by operating activities	687,803	273,577	426,957
Cash flows from investing activities:			
Sale of fixed maturities investments	61,909	47,486	138,741
Call or maturity of fixed maturities investments	316,495	320,510	376,496
Sale of equity securities investments	197,141	321,003	266,296
Collection of finance receivables	16,133	14,738	8,588
Purchase of fixed maturities investments	(423,505)	(475,751)	(637,858)
Purchase of equity securities investments	(246,129)	(474,176)	(400,405)
Investment in land, buildings and equipment	(102,141)	(47,750)	(16,485)
Investment in finance receivables	(16,957)	(15,131)	(13,439)
Increase in other invested assets	(8,232)	(11,589)	(4,471)
Net cash used in investing activities	(205,286)	(320,660)	(282,537)
Cash flows from financing activities:			
Proceeds from issue of 6.9% senior debentures	- 0 -	419,593	- 0 -
Proceeds from stock options exercised	7,212	10,314	6,474
Purchase/issuance of treasury shares	(217,084)	(24,301)	(60,714)
Increase in (payoff of) notes payable	118,000	(280,558)	18,460
Payment of cash dividends to shareholders	(109,702)	(99,522)	(88,405)
Net cash (used in) provided by financing activities	(201,574)	25,526	(124,185)
Net increase (decrease) in cash	280,943	(21,557)	20,235
Cash at beginning of year	58,611	80,168	59,933
Cash at end of year	$ 339,554	$ 58,611	$ 80,168
Supplemental disclosures of cash flow information:			
Interest paid	$ 31,612	$ 36,419	$ 21,823
Income taxes paid	$ 55,000	$ 91,241	$ 95,488

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 (the "Company"), through its subsidiaries, sells insurance 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 and casualty insurance as well as life insurance and accident and health insurance.

BASIS OF PRESENTATION- The consolidated financial statements include the accounts of the Company and its subsidiaries, each of which is wholly owned, and are presented in conformity with accounting principles generally accepted in the United States of America. 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. 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. The accompanying consolidated financial statements include estimates for such items as insurance reserves and income taxes. Actual results could differ from those estimates.

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

LIFE INSURANCE- Policy acquisition costs are deferred and amortized over the premium paying period of the policies. Life policy reserves are based on anticipated rates of mortality derived primarily from industry experience data, anticipated withdrawal rates based principally on Company experience and estimated future interest earnings using initial interest rates ranging from 3% to 10 1/2%. Interest rates on approximately $380,000,000 and $356,000,000 of such reserves at December 31, 1999 and 1998, respectively, are periodically adjusted based upon market conditions.

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

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

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

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

INVESTMENTS- 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.

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.

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) 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.

STOCK SPLIT - On April 4, 1998, the Company's authorized capital was increased to 200,000,000 shares of common stock and a three-for-one stock split was declared that was effective for shareholders of record as of April 24, 1998. The financial statements, notes and other references to share and per share data have been retroactively restated to reflect the stock split for all periods presented.

ACCOUNTING CHANGES - Effective January 1, 1999, the Company adopted Statement of Position (SOP) 98-1, "Accounting for Costs of Computer Software Developed or Obtained for Internal Use." This SOP does not require restatement of prior period amounts. The adoption of this SOP was not material to the Company's financial statements. Statements of Financial Accounting Standards (SFAS) No. 133 "Accounting for Derivative Instruments and Hedging Activities" is effective for the Company in 2001 and establishes accounting and reporting standards for derivative instruments. The effects of SFAS No. 133 to the Company are not yet known.

RECLASSIFICATIONS - Certain prior year amounts have been reclassified to conform with 1999 classifications.

2. INVESTMENTS
(000's omitted)

	Years Ended December 31, 1999	1998	1997
Investment income summarized by investment category:			
Interest on fixed maturities	$ 218,688	$ 217,675	$ 218,065
Dividends on equity securities	165,137	145,885	128,403
Other investment income	8,316	9,545	6,865
Total	392,141	373,105	353,333
Less investment expenses	5,368	5,112	4,736
Net investment income	$ 386,773	$ 367,993	$ 348,597
Realized (losses) gains on investments summarized by investment category:			
Fixed maturities:			
Gross realized gains	$ 10,842	$ 11,591	$ 22,075
Gross realized losses	(48,518)	(10,354)	(6,732)
Equity securities:			
Gross realized gains	57,605	104,079	62,337
Gross realized losses	(20,493)	(40,007)	(8,450)
Realized (losses) gains on investments	$ (564)	$ 65,309	$ 69,230
Change in unrealized (losses) gains on investments summarized by investment category:			
Fixed maturities	$ (204,314)	$ (50,098)	$ 49,650
Equity securities	(23,248)	1,238,195	2,070,425
Change in unrealized (losses) gains on investments	$ (227,562)	$1,188,097	$2,120,075

Analysis of cost, gross unrealized gains, gross unrealized losses and fair value as of December 31, 1999 and 1998 (000's omitted):

1999	COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	FAIR VALUE
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
1998				
Fixed maturities:				
States, municipalities and political subdivisions	$ 865,600	$ 51,944	$ 341	$ 917,203
Convertibles and bonds with warrants attached	100,360	6,208	4,914	101,654
Public utilities	55,709	4,713	- 0 -	60,422
United States government and government agencies and authorities	9,043	480	- 0 -	9,523
All other corporate bonds	1,651,947	104,849	33,367	1,723,429
Total	$2,682,659	$ 168,194	$ 38,622	$2,812,231
Equity securities	$1,943,206	$5,553,489	$ 41,878	$7,454,817

Contractual maturity dates for investments in fixed maturity securities as of December 31, 1999 (000's omitted):

	COST	FAIR VALUE	% OF FAIR VALUE
Maturity dates occurring:			
One year or less	$ 110,483	$ 111,754	4.3
After one year through five years..........	709,912	703,431	26.9
After five years through ten years.........	827,996	778,814	29.7
After ten years	1,043,763	1,023,413	39.1
Total.................................	$2,692,154	$2,617,412	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, 1999, investments with a cost of $58,850,000 and fair value of $58,082,000 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 (000's omitted):

	1999		1998	
	COST	FAIR VALUE	Cost	Fair Value
Fifth Third Bancorp common stock...........	$ 276,799	$3,544,757	$ 276,799	$3,445,118
Alltel Corporation common stock	$ 100,467	$1,060,481	$ 100,467	$ 767,105

3. DEFERRED ACQUISITION COSTS

Acquisition costs incurred and capitalized during 1999, 1998 and 1997 amounted to $376,154,000, $343,881,000 and $322,117,000, respectively. Amortization of deferred acquisition costs was $364,665,000, $336,298,000 and $314,392,000 for 1999, 1998 and 1997, respectively.

4. LOSSES AND LOSS EXPENSES

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

	Years Ended December 31,		
	1999	1998	1997
Balance at January 1...........	$1,978,461	$1,888,883	$1,824,296
Less reinsurance receivable ..	138,138	112,235	121,881
Net balance at January 1........	1,840,323	1,776,648	1,702,415
Incurred related to:			
Current year	1,303,561	1,306,194	1,115,140
Prior years	(116,061)	(153,311)	(119,654)
Total incurred	1,187,590	1,152,883	995,486
Paid related to:			
Current year..................	574,038	590,366	467,843
Prior years...................	522,108	498,842	453,410
Total paid.....................	1,096,146	1,089,208	921,253
Net balance at December 31......	1,931,767	1,840,323	1,776,648
Plus reinsurance receivable...	160,809	138,138	112,235
Balance at December 31........	$2,092,576	$1,978,461	$1,888,883

As a result of changes in estimates of insured events in prior years, the provision for losses and loss expenses decreased by $116,061,000, $153,311,000 and $119,654,000 in 1999, 1998 and 1997. 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 $61,573,000 and $76,264,000 at December 31, 1999 and 1998, respectively, for certain life/health losses and loss checks payable.

5. LIFE POLICY RESERVES

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

	1999	1998
Ordinary/traditional life	$155,931	$156,887
Universal life	236,214	221,197
Annuities	144,221	135,176
Group life	302,990	80
Industrial	15,555	15,986
Other	5,650	4,404
Total	$860,561	$533,730

At December 31, 1999 and 1998, the fair value associated with the annuities shown above approximated $158,000,000 and $144,000,000, respectively.

6. NOTES PAYABLE

The Company and subsidiaries had no compensating balance requirement on debt for either 1999 or 1998. Notes payable in the accompanying balance sheets are short term, and interest rates charged on such borrowings ranged from 5.22% to 6.69% during 1999, which resulted in an average interest rate of 5.49%. At December 31, 1999, the fair value of the notes payable approximated the carrying value and the weighted average interest rate approximated 6.67%.

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 as a conversion price of $14.88 (67.23 shares for each $1,000 principal). At December 31, 1999 and 1998, the fair value of the debentures approximated $445,000,000 and $533,000,000, respectively.

8. SHAREHOLDERS' EQUITY AND RESTRICTION

The insurance subsidiaries paid cash dividends to the Company of approximately $195,000,000, $105,000,000 and $95,500,000 in 1999, 1998 and 1997, respectively. Dividends paid to the Company by insurance subsidiaries are restricted by regulatory requirements of the insurance subsidiaries' domiciliary state. Generally, the maximum dividend that may be paid without prior regulatory approval is limited to the greater of 10% of statutory surplus or 100% of statutory net income for the prior calendar year, up to the amount of statutory unassigned surplus as of the end of the prior calendar year. Dividends exceeding these limitations can be paid only with approval of the insurance department of the subsidiaries' domiciliary state. During 2000, the total dividends that can be paid to the Company without regulatory approval are approximately $285,177,000.

3,401,000 shares of common stock were available for future stock option grants, as of December 31, 1999.

On February 6, 1999, the Board of Directors of the Company authorized the repurchase of up to 17 million of the Company's outstanding shares, with the intent to complete the repurchase by December 31, 2000. This authorization supercedes the previous authorization of nine million shares.

9. REINSURANCE

Property and casualty premium income in the accompanying statements of income includes approximately $37,113,000, $38,790,000 and $41,694,000 of earned premiums on assumed business and is net of approximately $95,572,000, $96,073,000 and $94,397,000 of earned premiums on ceded business for 1999, 1998 and 1997, respectively.

Written premiums for 1999, 1998 and 1997 consist of the following (000's omitted):

	1999	1998	1997
Direct business............	$1,737,370	$1,618,357	$1,523,915
Assumed business...........	37,263	38,119	42,773
Ceded business	(93,821)	(98,895)	(95,085)
Net	$1,680,812	$1,557,581	$1,471,603

Insurance losses and policyholder benefits in the accompanying statements of income are net of approximately $63,206,000, $59,741,000 and $34,744,000 of reinsurance recoveries for 1999, 1998 and 1997, respectively.

10. FEDERAL INCOME TAXES

Significant components of the Company's net deferred tax liability as of December 31, 1999 and 1998 are as follows (000's omitted):

	1999	1998
Deferred tax liabilities:		
Unrealized gains on investments........	$1,894,768	$1,974,414
Deferred acquisition costs.............	46,780	45,205
Other..................................	22,211	8,046
Total	1,963,759	2,027,665
Deferred tax assets:		
Losses and loss expense reserves.......	181,713	162,311
Unearned premiums......................	31,839	30,270
Life policy reserves...................	18,603	18,637
Other..................................	11,931	7,444
Total	244,086	218,662
Net deferred tax liability.............	$1,719,673	$1,809,003

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:

	1999 PERCENT	1998 Percent	1997 Percent
Tax at statutory rate...................	35.00	35.00	35.00
Increase (decrease) resulting from:			
Tax-exempt municipal bonds............	(5.13)	(5.39)	(4.44)
Dividend exclusion....................	(9.19)	(9.29)	(6.54)
Other.................................	.11	1.02	.10
Effective rate..........................	20.79	21.34	24.12

No provision has been made (at December 31, 1999, 1998 and 1997) 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.

Cincinnati Financial Corporation and Subsidiaries

11. NET INCOME PER COMMON SHARE
(000's omitted except per share data)

1999	Income (Numerator)	Shares (Denominator)	Per Share Amount
Net income per common share........	$254,722	164,637	$1.55
Effect of dilutive securities:			
5.5% convertible senior debentures.....................	1,539	2,471	
Stock options...................		1,507	
Net income per common share........ (diluted)	$256,261	168,615	$1.52
1998			
Net income per common share........	$241,567	166,821	$1.45
Effect of dilutive securities:			
5.5% convertible senior debentures.....................	1,918	3,490	
Stock options...................		1,767	
Net income per common share (diluted).........................	$243,485	172,078	$1.41
1997			
Net income per common share........	$299,375	165,538	$1.81
Effect of dilutive securities:			
5.5% convertible senior debentures.....................	2,712	3,928	
Stock options		1,329	
Net income per common share (diluted).........................	$302,087	170,795	$1.77

Options to purchase 918,000, 667,000 and 76,000 shares of common stock were outstanding during 1999, 1998 and 1997, 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 (000's omitted):

	Years Ended December 31,	
	1999	1998
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 76,314	$ 62,934
Service cost	5,319	4,150
Interest cost	5,147	4,474
Plan amendments	11,088	- 0 -
Actuarial gain	(18,795)	7,383
Benefits paid	(3,152)	(2,627)
Benefit obligation at end of year	$ 75,921	$ 76,314
Change in plan assets:		
Fair value of plan assets at beginning of year	$151,879	$ 133,470
Actual return on plan assets	(107)	21,036
Benefits paid	(3,152)	(2,627)
Fair value of plan assets at end of year	$148,620	$ 151,879
Funded status:		
Funded status at end of year	$ 72,699	$ 75,565
Unrecognized net actuarial gain	(80,552)	(72,235)
Unrecognized net transitional asset	(2,962)	(3,331)
Unrecognized prior service cost	10,770	(357)
Prepaid (accrued) pension cost	$ (45)	$ (358)

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 $18,164,130 and $21,331,023 of the plan's assets at December 31, 1999 and 1998, respectively.

The following summarizes the assumptions for the plan:

	Years Ended December 31,	
	1999 PERCENT	1998 Percent
Discount rate	7.50	6.25
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 1999, 1998 and 1997 include the following (000's omitted):

	Years Ended December 31,		
	1999	1998	1997
Service cost	$ 5,319	$ 4,150	$ 3,449
Interest cost....................	5,147	4,474	3,938
Expected return on plan assets...	(9,100)	(7,451)	(6,250)
Amortization of:			
Transition obligation (asset)..	(370)	(370)	(370)
Prior service cost............	(40)	(40)	(40)
Actuarial (gain) loss..........	(1,269)	(1,049)	(790)
Net pension expense.............	$ (313)	$ (286)	$ (63)

13. STATUTORY ACCOUNTING INFORMATION

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

	Years Ended December 31,		
	1999	1998	1997
Net income:			
Property/casualty insurance subsidiaries................	$209,915	$148,235	$200,830
Life/health insurance subsidiary..................	$ 21,381	$ 7,248	$ 6,261

	December 31,	
	1999	1998
Shareholders' equity:		
Property/casualty insurance subsidiaries.....................	$2,498,609	$2,650,503
Life/health insurance subsidiary...	$ 353,165	$ 369,325

14. TRANSACTIONS WITH AFFILIATED PARTIES

The Company paid certain officers and directors, or insurance agencies of which they are shareholders, commissions of approximately $12,989,000, $11,654,000 and $11,780,000 on premium volume of approximately $82,707,000, $82,839,000 and $78,727,000 for 1999, 1998 and 1997, 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 ten-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 (000's omitted except per share data):

		1999	1998	1997
Net income	As reported	$ 254,722	$ 241,567	$ 299,375
	Pro forma	246,007	235,420	296,078
Net income per common share	As reported	$ 1.55	$ 1.45	$ 1.81
	Pro forma	1.49	1.41	1.79
Net income per common share	As reported	$ 1.52	$ 1.41	$ 1.77
(diluted)	Pro forma	1.47	1.38	1.75

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 1999, 1998 and 1997, respectively: dividend yield of 2.36%, 1.79% and 1.22%; expected volatility of 22.89%, 21.79% and 19.67%; risk-free interest rates of 6.81%, 5.02% and 5.89%; and expected lives of ten 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, 1999, 1998 and 1997 follows (000's omitted except per share data):

	1999		1998		1997	
	SHARES	WEIGHTED-AVERAGE EXERCISE PRICE	SHARES	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
Outstanding at beginning of year ..	4,940,591	$ 25.11	3,932,271	$ 17.88	3,774,492	$ 15.98
Granted	1,011,800	35.46	1,664,200	38.00	655,437	20.97
Exercised	(414,703)	16.55	(615,884)	15.27	(465,429)	11.31
Forfeited/revoked	(77,548)	32.89	(39,996)	25.48	(32,229)	17.96
Outstanding at end of year	5,460,140	27.57	4,940,591	25.11	3,932,271	17.88
Options exercisable at end of year	3,224,461		2,243,982		2,108,790	
Weighted-average fair value of options granted during the year		$ 14.40		$ 13.39		$ 7.66

Options outstanding and exercisable at December 31, 1999 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
$ 7.46 to 15.79	681,606	2.96 yrs	$13.13	681,606	$13.13
15.95 to 20.47	776,500	5.30 yrs	18.57	776,500	18.57
20.50 to 22.46	1,085,661	6.51 yrs	20.96	998,961	20.83
23.00 to 33.75	984,423	8.55 yrs	31.08	217,329	25.69
33.88 to 34.50	916,250	8.76 yrs	33.93	282,040	33.88
36.63 to 42.00	414,200	9.25 yrs	39.43	47,104	38.07
42.87 to 45.37	601,500	8.07 yrs	43.87	220,921	43.76
	5,460,140	7.02 yrs	27.57	3,224,461	21.95

16. 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 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 as follows (000's omitted):

	Years Ended December 31,		
REVENUES	1999	1998	1997
Commercial lines insurance	$ 1,088,039	$ 1,019,463	$ 983,605
Personal lines insurance	569,238	523,176	469,921
Life insurance	74,673	70,096	62,852
Investment operations	386,209	433,302	417,827
Corporate and other	10,064	8,252	8,179
Total revenues	$ 2,128,223	$ 2,054,289	$1,942,384
INCOME BEFORE INCOME TAXES			
Property and casualty insurance	$ 3,241	$ (59,438)	$ 28,955
Life insurance	(903)	(1,776)	2,763
Investment operations	355,643	403,925	390,850
Corporate and other	(36,408)	(35,604)	(28,009)
Total income before income taxes	$ 321,573	$ 307,107	$ 394,559
IDENTIFIABLE ASSETS			
Property and casualty insurance	$ 5,372,717	$ 5,483,137	$4,953,259
Life insurance	1,441,657	1,203,908	1,094,445
Corporate and other	4,565,840	4,399,458	3,445,721
Total identifiable assets	$ 11,380,214	$ 11,086,503	$9,493,425

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, 1999 and 1998 and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 1999. 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, 1999 and 1998 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1999 in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche LLP

Cincinnati, Ohio
February 3, 2000

"Selected Quarterly Financial Data" from page 15 (incorporated into Item 8).

SELECTED QUARTERLY FINANCIAL DATA
(Unaudited)
(000's omitted except per share data)
Financial data for each quarter in the two years ended December 31,

	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.......	.39	.53	.35	.29	1.55
Net income per common share (diluted).......................	.38	.52	.34	.28	1.52

	1998				
Quarter	1st	2nd	3rd	4th	Full Year
Revenues...........................	$ 512,554	$ 518,578	$ 514,766	$ 508,392	$2,054,289
Income before income taxes.........	116,333	72,913	64,019	53,841	307,107
Net income.........................	84,178	58,850	52,915	45,623	241,567
Net income per common share........	.51	.35	.31	.27	1.45
Net income per common share (diluted)........................	.49	.35	.30	.27	1.41

EXHIBIT 23

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statements No. 333-85953 (on Form S-8), No. 2-71575 (on Form S-8), No. 33-34127 (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 3, 2000, appearing in and incorporated by reference in the Annual Report on Form 10-K of Cincinnati Financial Corporation for the year ended December 31, 1999.

DELOITTE & TOUCHE LLP

/S/ Deloitte & Touche LLP

Cincinnati, Ohio
March 20, 2000

YEAR
DEC-31-1999
JAN-01-1999
DEC-31-1999
2,617,412
0
0
7,510,918
15,370
4,270
10,194,239
339,554
1,717
154,385
11,380,214
2,957,781
480,453
51,773
16,552
574,373
0
0
343,725
5,077,559
11,380,214
1,731,950
386,773
(564)
10,064
1,254,363
364,665
187,622
321,573
66,851
254,722
0
0
0
254,722
1.55
1.52
1,840,323
1,303,651
(116,061)
574,038
522,108
1,931,767
(116,061)

Equals the sum of Fixed Maturities, Equity Securities and other Invested Assets
Equals the sum of Life Policy Reserves and Losses and Loss Expenses less the Life Company liability for Supplementary Contracts without Life Contingencies of $5,156 which is classified as Other Policyholder Funds
Equals the sum of Notes Payable, the 5.5% Convertible Senior Debentures and the 6.9% Senior Debentures
Equals the Total Shareholders' Equity
Equals the Sum of Commissions, Other Operating Expenses, Taxes Licenses and Fees, Increase in Deferred Acquisition Costs, Interest Expense and Other Expenses
Equals the Net Reserve for Unpaid Claims for the Property Casualty Subsidiaries less Loss Checks Payable as of December 31, 1998
Equals the Net Reserves for Unpaid Claims for the Property Casualty Subsidiaries less Loss Checks Payable as of December 31, 1999