CINCINNATI FINANCIAL CORP
Form DEF 14A
March 20, 2009

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SCHEDULE DEF-14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant þ
Filed by a Party other than the Registrant o
Check the appropriate box:

o Preliminary Proxy Statement

o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

þ Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material Pursuant to Section 240.14a-12

CINCINNATI FINANCIAL CORPORATION

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of filing fee (check the appropriate box):

þ No fee required.

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2) Aggregate number of securities to which transaction applies:

3) Per unit price of other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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Cincinnati Financial Corporation

**2009 SHAREHOLDER MEETING NOTICE
AND PROXY STATEMENT**

March 20, 2009

To the Shareholders of Cincinnati Financial Corporation:

You are cordially invited to attend the Annual Meeting of Shareholders of Cincinnati Financial Corporation, which will take place at 9:30 a.m. on Saturday, May 2, 2009, at the Cincinnati Art Museum, located in Eden Park, Cincinnati, Ohio. The business to be conducted at the meeting includes:

1. Electing one director for a term of one year and five directors for terms of three years,
2. Ratifying the selection of Deloitte & Touche LLP as the company s independent registered public accounting firm for 2009,
3. Adopting the Cincinnati Financial Corporation Annual Incentive Compensation Plan of 2009,
4. Adopting the Cincinnati Financial Corporation Directors Stock Plan of 2009,
5. Acting on a shareholder proposal, if introduced at the meeting, and
6. Transacting such other business as may properly come before the meeting.

Shareholders of record at the close of business on March 4, 2009, are entitled to vote at the meeting.

Whether or not you plan to attend the meeting, please cast your vote as promptly as possible. We encourage you to vote via the Internet. It is convenient and saves your company significant postage and processing costs. You also may submit your vote by telephone or by mail, if you prefer.

Your Internet or telephone vote must be received by 11:59 p.m. Eastern Daylight Time on May 1, 2009, to be counted in the final tabulation. Your interest and participation in the affairs of the company are appreciated.

/S/ Steven J. Johnston
Steven J. Johnston, FCAS, MAAA, CFA
Secretary

This proxy statement, the Annual Report on Form 10-K, the Letter from the Chairman and the Chief Executive Officer and voting instructions were first made available to Cincinnati Financial Corporation shareholders on March 20, 2009

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Frequently Asked Questions

Who is soliciting my vote? The board of directors of Cincinnati Financial Corporation is soliciting your vote for the 2009 Annual Meeting of Shareholders.

Who is entitled to vote? Shareholders of record at the close of business on March 4, 2009, may vote.

How many votes do I have? You have one vote for each share of common stock you owned on March 4, 2009.

How many votes can be cast by all shareholders? 162,504,107 outstanding shares of common stock can be voted as of the close of business on March 4, 2009.

How many shares must be represented to hold the meeting? A majority of the outstanding shares, or 81,252,054 shares, must be represented to hold the meeting.

How many votes are needed to elect directors and to approve the proposals? The nominees for director receiving the six highest vote totals will be elected as directors. Our independent registered public accounting firm is ratified and other proposals are approved if votes cast in favor of the proposal exceed votes cast against it.

What if I vote withhold or abstain? Withhold or abstain votes have no effect on the votes required to elect directo to ratify the independent registered public accounting firm or to approve or reject the other proposals.

Can my shares be voted if I don t return my proxy and don t attend the annual meeting? If your shares are registered in your name, the answer is no. If your shares are registered in the name of a bank, broker or other nominee and you do not direct your nominee as to how to vote your shares, applicable rules provide that the nominee generally may vote your shares on any of the routine matters scheduled to come before the meeting. If a bank, broker or other nominee indicates on a proxy that it does not have discretionary authority to vote certain shares on a particular matter, these shares (called broker non-votes) will be counted as present in determining whether we have a quorum but will have no effect on the votes required to elect directors, to ratify the independent registered public accounting firm or to approve or reject the other proposals.

How do I vote? You may vote by proxy, whether or not you attend the meeting, in one of three ways:

Internet (*www.proxyvote.com*)

Telephone (800-690-6903)

Mail

Even if you plan to attend the annual meeting, we ask that you vote by Internet, telephone or mail. Attending the meeting does not constitute a revocation of a previously submitted vote.

Instructions for voting via the Internet or by telephone, along with the required Control Number (the Control Number is unique to each account), were provided to you by mail or by e-mail in late March or early April. If you receive information from us by mail, you also received a Notice or proxy card that can be returned in the postage-paid envelope that was included in the same envelope.

The deadline for Internet and telephone voting is 11:59 p.m., Eastern Daylight Time, May 1, 2009. If you choose to vote by mail, be sure to return your proxy card in time to be received and counted before the Annual Meeting.

W*here do I locate my Control Number so I can vote?* If you receive our information in the mail, it will be on the card that also gives your name and the number of shares you hold. If you receive our information in e-mails, the Control Number is in the text of the e-mail.

What if I cannot locate my Control Number If you hold shares directly in your name, you may obtain your Control Number by calling 800-579-1639. If your shares are registered in the name of a bank, broker or other nominee, that firm will be able to supply the Control Number.

Can I obtain another proxy card so I can vote by mail? If you hold shares directly in your name, you may obtain another proxy card by calling 800-579-1639. If your shares are registered in the name of a bank, broker or other nominee, that firm will be able to supply another proxy card.

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Can I change my vote or revoke my proxy? Yes. Just cast a new vote by Internet or telephone or send in a new signed proxy card with a later date. If you hold shares directly in your name, you may send a written notice of revocation to the secretary of the company. If you hold shares directly in your name and attend the annual meeting, you also may choose to vote in person at the meeting. To do so, at the meeting you can request a ballot and direct that your previously submitted proxy not be used. Otherwise, your attendance itself does not constitute a revocation of your previously submitted proxy.

How are the votes counted? Votes cast by proxy are tabulated prior to the meeting by the holders of the proxies. Inspectors of election appointed at the meeting count the votes and announce the results. The proxy agent reserves the right not to vote any proxies that are altered in a manner not intended by the instructions contained in the proxy.

Could other matters be decided at the meeting? We do not know of any matters to be considered at the annual meeting other than the election of directors and the proposals described in this proxy statement. For any other matters that do properly come before the meeting, your shares will be voted at the discretion of the proxy holder.

Who can attend the meeting? The meeting is open to all interested parties.

Can I listen to the meeting if I cannot attend in person? If you have access to the Internet, you can listen to a live webcast of the meeting. Instructions will be available on the Investors page of *www.cinfin.com* approximately two weeks before the meeting. An audio replay will be available on the Web site within two hours after the close of the meeting.

Why did my materials arrive in different envelopes Again this year, our paper mailings were timed to meet new regulatory standards that help us keep mailing and paper costs low. Most shareholders who have not elected to receive information using electronic delivery received three mailings:

In late March: you received a card notifying you that you could cast your vote after reviewing your company s year-end 2008 financial materials and proxy statement online. You also could request paper materials.

In early April: if you hadn t yet voted, you received a second notification that your company s information is available. This notice also serves as your paper proxy card.

A few days later, you received this proxy statement along with management s annual letter on performance, issues, events and trends.

If you are enrolled in electronic delivery, you received an e-mail notifying you of the availability of the information on the Internet and providing electronic voting instructions.

How can I obtain a 2008 Annual Report You can obtain our 2008 Annual Report on Form 10-K as filed with the Securities and Exchange Commission (SEC) at no cost in several different ways. You may view, search or print the document online from *www.cinfin.com/Investors.* You may ask that a copy be mailed to you by contacting the secretary of Cincinnati Financial Corporation. Or, you may request it directly from Shareholder Services. Please see the Investor Contact Page of our Web site for details.

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Security Ownership of Principal Shareholders and Management

Under Section 13(d) of the Securities Exchange Act of 1934 (Exchange Act), a beneficial owner of a security is any person who directly or indirectly has or shares voting power or investment authority over such security. A beneficial owner under this definition need not enjoy the economic benefit of such securities. The following are the only shareholders known to the company who are deemed to be beneficial owners of at least 5 percent of our common stock as of March 1, 2009. John J. Schiff, Jr. and Thomas R. Schiff, directors of the company, are brothers.

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Footnote Reference	Percent of Class
Common stock	John J. Schiff, Jr., CPCU Cincinnati Financial Corporation 6200 South Gilmore Fairfield, OH 45014	12,596,515	(1)(2)(3)(4)(5)	7.73
Common stock	Thomas R. Schiff Cincinnati Financial Corporation 6200 South Gilmore Fairfield, OH 45014	9,432,954	(1)(2)(5)	5.80

The outstanding common shares beneficially owned by each other director and nondirector executive officers as of March 1, 2009, are shown below:

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Footnote Reference	Percent of Class
Other Directors			
William F. Bahl, CFA, CIC	221,576	(6)	0.14
James E. Benoski	622,041	(3)	0.38
Gregory T. Bier, CPA (Ret.)	7,423		
Kenneth C. Lichtendahl	19,781		0.01
W. Rodney McMullen	27,347		0.02
Gretchen W. Price	12,674		0.01
Douglas S. Skidmore	22,743	(7)	0.01
Kenneth W. Stecher	222,015	(3)(5)	0.14
John F. Steele, Jr.	8,162		0.01
Larry R. Webb, CPCU	479,541	(5)(8)	0.30
E. Anthony Woods	18,404		0.01
Nondirector Executive Officers			
Donald J. Doyle, Jr., CPCU, AIM	80,008	(3)(5)	0.05
Craig W. Forrester, CLU	81,884	(3)(4)(5)	0.05
Martin F. Hollenbeck, CFA, CPCU	36,982	(3)(4)(5)	0.02
Steven J. Johnston, FCAS, MAAA, CFA	22,000		0.01
Thomas A. Joseph, CPCU	170,918	(3)(5)(9)	0.11

Eric N. Mathews, CPCU, AIAF	90,572	(3)(5)	0.06
Martin J. Mullen, CPCU	49,469	(3)(5)	0.03
Larry R. Plum, CPCU, ARe	272,136	(3)(4)(5)	0.17
David H. Popplewell, FALU, LLIF	168,258	(3)(5)	0.10
Jacob F. Scherer, Jr.	257,894	(3)(5)	0.16
Joan O. Shevchik, CPCU, CLU	65,352	(3)	0.04
Charles P. Stoneburner II, CPCU, AIM	42,187	(3)(5)	0.03
Timothy L. Timmel	270,097	(3)(4)(5)	0.17
All directors and nondirector executive officers as a group (26 individuals)	**17,907,980**		**10.88**

Except as otherwise indicated in the notes below, each person has sole voting and investment power with respect to the common shares noted.

(1) Includes 4,403,341 shares owned of record by the John J. and Mary R. Schiff Foundation and 2,756,177 shares owned of record by the John J. Schiff Charitable Lead Trust, the trustees of all of which are Mr. J. Schiff, Jr., Mr. T. Schiff and Ms. Suzanne S. Reid, who share voting and investment power equally.

(2) Includes 107,186 shares owned of record by the John J. & Thomas R. Schiff & Co. Inc. pension plan, the trustees of which are Mr. J. Schiff, Jr., and Mr. T. Schiff,

who share
voting and
investment
power; and
124,249 shares

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owned by John J. & Thomas R. Schiff & Co. Inc. of which Mr. J. Schiff, Jr., and Mr. T. Schiff are principal owners.

(3) Includes shares available within 60 days from exercise of stock options in the amount of 501,055 shares for Mr. J. Schiff, Jr.; 465,170 shares for Mr. Benoski; 131,870 shares for Mr. Stecher; 64,560 shares for Mr. Doyle; 44,218 shares for Mr. Forrester; 29,526 shares for Mr. Hollenbeck; 131,870 shares for Mr. Joseph; 55,834 shares for Mr. Mathews; 32,335 shares for Mr. Mullen; 137,645 shares for Mr. Plum; 121,107 shares for Mr. Popplewell; 142,895 shares for Mr. Scherer; 42,551 shares for Ms. Shevchik; 25,886 shares for Mr. Stoneburner; and 119,632 shares for Mr. Timmel.

(4)

Includes shares held in the company s nonqualified savings plan for highly compensated associates in the amount of 12,800 shares for Mr. J. Schiff, Jr.; 956 shares for Mr. Forrester; 3,341 shares for Mr. Hollenbeck; 2,248 shares for Mr. Plum; 184 shares for Mr. Popplewell and 7,579 shares for Mr. Timmel. Individuals participating in this plan do not have the right to vote or direct the disposition of shares.

(5) Includes shares pledged as collateral as of March 1, 2009 in the amount of 1,363,521 shares for Mr. J. Schiff; 1,009,270 shares for Mr. T. Schiff; 84,000 shares for Mr. Webb; 15,000 shares for Mr. Doyle; 27,427 shares for Mr. Forrester; 35,988 shares for Mr. Joseph; 3,010 shares for Mr. Hollenbeck; 31,212 shares for Mr. Mathews; 15,814 shares for

Mr. Mullen; 119,212 shares for Mr. Plum; 45,143 shares for Mr. Popplewell; 96,331 shares for Mr. Scherer; 30,475 shares for Mr. Stecher; 15,301 shares for Mr. Stoneburner and 100,033 shares for Mr. Timmel.

(6) Includes 8,821 shares held in the Bahl Family Foundation, of which Mr. Bahl is president; and 10,256 shares held in a trust for the benefit of a child, for which Mr. Bahl is not the trustee and has no investment or voting rights for the trust.

(7) Includes 7,035 shares owned of record by Skidmore Sales Profit Sharing Plan, of which Mr. Skidmore is an administrator and shares investment authority.

(8) Includes 186,257 shares owned of record by a limited partnership of which Mr. Webb is a general partner; 43,478

shares owned of record by an IRR marital trust for the benefit of his wife and children; 13,601 shares held in Mr. Webb s father s family trust and 60,411 shares held in his mother s IRR living trust.

(9) Includes 3,000 shares held in the Estate of John J. Joseph for which Mr. Joseph is co-executor and shares voting and investment authority.

Section 16(a) Beneficial Ownership Reporting Compliance

Directors, executive officers and 10 percent shareholders are required to report their beneficial ownership of our stock according to Section 16 of the Exchange Act. Those individuals are required by SEC regulations to furnish the company with copies of all Section 16(a) forms they file.

SEC regulations require us to identify in this proxy statement anyone who filed a required report late during the most recent calendar year. Based on our review of forms we received, or written representations from reporting persons stating that they were not required to file these forms, we believe that, during the calendar year 2008, all Section 16(a) filing requirements were satisfied on a timely basis except the sale of 1,132 shares on May 7, 2008 by the Bahl & Gaynor Profit Sharing Plan, of which William F. Bahl is a trustee. The transaction was reported in a Form 5 filed by Mr. Bahl on February 12, 2009.

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Information About the Board of Directors

The mission of the board is to encourage, facilitate and foster the long-term success of Cincinnati Financial Corporation. The board directs management in the performance of the company s obligations to our independent agents, policyholders, associates, communities and suppliers in a manner consistent with the company s mission and with the board s responsibility to shareholders to achieve the highest sustainable shareholder value over the long term.

Proposal 1 Election of Directors

The board of directors currently consists of 13 directors divided into three classes, and each year the directors in one class are elected to serve terms of three years. This means that shareholders generally elect one-third of the members of the board of directors annually. The term of office of six directors expires as of the 2009 Annual Meeting of Shareholders.

According to the Sixth Article of the company s Articles of Incorporation, the three classes of the company s directors must be of nearly equal size, with no class having more than one more director than any other class. During 2008, the classes became unbalanced as one director resigned from the board when called to active military service and a new director was appointed by the board. The company s practice is to require any new director appointed by the board to stand for election at the next annual meeting of shareholders. To rebalance the classes, of the six directors with terms expiring in 2009, one director, James E. Benoski, is nominated for election to a term of one year expiring 2010 and five directors are nominated for election to terms of three years expiring 2012.

The board of directors recommends a vote FOR James E. Benoski as director to hold office until the 2010 Annual Meeting of Shareholders and FOR William F. Bahl, Gretchen W. Price, John J. Schiff, Jr., Kenneth W. Stecher and E. Anthony Woods as directors to hold office until the 2012 Annual Meeting of Shareholders and until their successors are elected.

We do not know of any reason that any of the nominees for director would not accept the nomination, and it is intended that votes will be cast to elect all six nominees as directors. In the event, however, that any nominee should refuse or be unable to accept the nomination, the people acting under the proxies intend to vote for the election of such person or people as the board of directors may recommend.

For each nominee for election to the office of director and each current director whose term does not expire at this time, listed below are principal business positions held currently and over the past five years. Some directors also serve on various subsidiary boards.

Nominee for Director for Term Expiring 2010

(age as of March 1, 2009)	Principal Business Positions Since March 2004
James E. Benoski (70)	Director since 2000. Vice chairman and, from 2006 to 2008, president and, from 2004 to 2008, chief insurance officer of Cincinnati Financial Corporation and The Cincinnati Insurance Company, a subsidiary of the company. Chief operating officer from 2006 to 2008 of Cincinnati Financial Corporation. Chief executive officer from 2006 to 2008 of The Cincinnati Insurance Company; senior vice president headquarters claims until 2006.

Nominees for Directors for Terms Expiring 2012

(age as of March 1, 2009)	Principal Business Positions Since March 2004
William F. Bahl, CFA, CIC (57)	Director since 1995. Chairman of Bahl & Gaynor Investment Counsel Inc., based in Cincinnati. Trustee until 2006 of The Preferred Group of Funds. Director since 2005 of LCA-Vision Inc.
Gretchen W. Price (54)	Director since 2002. Chief financial officer since 2008 of philosophy inc., an international skin care and cosmetics company, based in Phoenix, Arizona. Vice president until 2008 of go-to-market reinvention for global operations of Procter &

Gamble, based in Cincinnati. Vice president until 2007 of finance and accounting for global operations.

(age as of March 1, 2009)	Principal Business Positions Since March 2004
John J. Schiff, Jr., CPCU (65)	Director since 1968. Chairman and, until 2008, chief executive officer and, until 2006, president of Cincinnati Financial Corporation. Chairman until 2006 and since 2008 of The Cincinnati Insurance Company; president and chief executive officer until 2006. Director of John J. & Thomas R. Schiff & Co. Inc., a privately owned independent insurance agency; Fifth Third Bancorp; and The Standard Register Company; all Cincinnati-area companies.
Kenneth W. Stecher (62)	Director since 2008. President and chief executive officer since 2008 of Cincinnati Financial Corporation and The Cincinnati Insurance Company. Executive vice president from 2006 to 2008 and, until 2008, chief financial officer, principal accounting officer and secretary of Cincinnati Financial and Cincinnati Insurance; senior vice president until 2006. Treasurer until 2008 of Cincinnati Financial. Chairman from 2006 to 2008 of Cincinnati Insurance.
E. Anthony Woods (68)	Director since 1998. Chairman and chief executive officer of SupportSource LLC, a healthcare consulting firm. Chairman of Deaconess Associations Inc., a healthcare holding company, based in Cincinnati. Chairman since 2006 and director since 2004 of LCA-Vision Inc.

Continuing Directors for Terms Expiring 2010

(age as of March 1, 2009)	Principal Business Positions Since March 2004
Gregory T. Bier, CPA (Ret.) (62)	Director since 2006. Retired managing partner, Cincinnati office of Deloitte & Touche LLP. Director since 2008 of LifePoint Hospitals Inc.
Douglas S. Skidmore (46)	Director since 2004. Chief executive officer, president and director of Skidmore Sales & Distributing Company Inc., a family-owned, full-service distributor and broker of quality industrial food ingredients, based in the Cincinnati area. Chief executive officer since 2006 of Essex Grain Products Inc., a subsidiary of Skidmore Sales & Distributing Company Inc. Managing partner since 2004, Mustang Real Estate Holdings LLC.
Larry R. Webb, CPCU (53)	Director since 1979. President, director, a principal owner and agent of Webb Insurance Agency Inc., a privately owned independent insurance agency, based in Lima, Ohio.

Continuing Directors for Terms Expiring 2011

(age as of March 1, 2009)	Principal Business Positions Since March 2004
Kenneth C. Lichtendahl (60)	Director since 1988. President, chief executive officer and director of Tradewinds Beverage Company, based in Cincinnati.
W. Rodney McMullen (48)	Director since 2001. Vice chairman of The Kroger Co., based in Cincinnati.
Thomas R. Schiff (61)	Director since 1975. Chairman, chief executive officer and agent of John J. & Thomas R. Schiff & Co. Inc., a privately owned independent insurance agency,

	based in the Cincinnati area. Chief executive officer of Lightborne Properties, Lightborne Communications and Lightborne Publications, media companies based in the Cincinnati area.
John F. Steele, Jr. (55)	Director since 2005. Chairman since 2004 and chief executive officer of Hilltop Basic Resources Inc., a family owned aggregates and ready-mixed concrete supplier to the construction industry, based in the Cincinnati area. President until 2004. Director since 2006 of Smook Bros. (Thompson) Inc. and since 2004 of William A. Powell Company.

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Information About Nondirector Executive Officers

Executive officers are elected to one-year terms at the annual meetings of the boards of directors of the company and its subsidiaries. Unless otherwise indicated, each executive officer has served continuously since first elected to that position. For each nondirector executive officer, we list below principal positions held currently and over the past five years in the company, in our lead property casualty insurance subsidiary, and in other subsidiaries when the officer serves as president. When a nondirector executive officer s service with the company is less than five years, we also include principal occupations with other firms.

Cincinnati Financial owns 100 percent of its three subsidiaries: The Cincinnati Insurance Company, CFC Investment Company and CSU Producer Resources Inc. The Cincinnati Insurance Company leads the property casualty group and owns 100 percent of its four subsidiaries: The Cincinnati Casualty Company, The Cincinnati Indemnity Company, The Cincinnati Specialty Underwriters Insurance Company and The Cincinnati Life Insurance Company. Some executive officers also serve on various subsidiary boards.

Nondirector Executive Officers

(ages as of March 1, 2009)	Primary Title(s) and Business Responsibilities Since March 2004	Executive Officer Since
Donald J. Doyle, Jr., CPCU, AIM (42)	Senior vice president of The Cincinnati Insurance Company. Responsible since 2007 for excess and surplus lines operations; responsible from 2004 to 2007 for internal audit and until 2004 for strategic planning and enterprise risk management.	2008
Craig W. Forrester, CLU (50)	Senior vice president of The Cincinnati Insurance Company. Responsible for information technology systems.	2003
Martin F. Hollenbeck, CFA, CPCU (49)	President and chief operating officer since 2008 of CFC Investment Company. President from 2008 to 2009 of CinFin Capital Management Company, a former subsidiary of Cincinnati Financial. Senior vice president since 2008 of Cincinnati Financial Corporation. Senior vice president since 2009 of The Cincinnati Insurance Company; vice president from 2005 to 2009; assistant vice president until 2005. Responsible for investment operations and leasing and financing services; responsible until 2009 for asset management services operations.	2008
Steven J. Johnston, FCAS, MAAA, CFA (49)	Senior vice president, chief financial officer and secretary since 2008 of Cincinnati Financial Corporation and The Cincinnati Insurance Company. Treasurer since 2008 of Cincinnati Financial. From 2006 to 2008, consulted on risk management, economic capital and executive compensation modeling, agency valuation. Until	2008

	2006, chief financial officer, senior vice president and treasurer of State Auto Financial Corporation.	
Thomas A. Joseph, CPCU (53)	President since 2008 of The Cincinnati Casualty Company. Senior vice president of The Cincinnati Insurance Company. Responsible for personal lines underwriting operations and reinsurance; responsible until	2003

(ages as of March 1, 2009)	Primary Title(s) and Business Responsibilities Since March 2004	Executive Officer Since
	2008 for commercial lines underwriting operations except machinery and equipment.	
Eric N. Mathews, CPCU, AIAF (53)	Principal accounting officer since 2008 and vice president, assistant secretary and assistant treasurer of Cincinnati Financial Corporation. Senior vice president of The Cincinnati Insurance Company.	2001
Martin J. Mullen, CPCU (53)	Senior vice president and chief claims officer since 2008 of The Cincinnati Insurance Company; vice president until 2008. Responsible for headquarters and field claims operations, special investigations unit and claims administration; responsible until 2008 for casualty claims.	2008
Larry R. Plum, CPCU, ARe (62)	Senior vice president of The Cincinnati Insurance Company. Responsible for government relations; responsible until 2008 for personal lines underwriting operations, meetings and travel. Transitioning to retirement in 2009.	1988
David H. Popplewell, FALU, LLIF (65)	President and chief operating officer of The Cincinnati Life Insurance Company. Responsible for life insurance operations.	1997
Jacob F. Scherer, Jr. (56)	Executive vice president since 2008 of The Cincinnati Insurance Company; senior vice president until 2008. Responsible for sales and marketing, including new commercial lines business, relationships with independent agencies and, since 2008, research and development and meetings and travel.	1995
Joan O. Shevchik, CPCU, CLU (58)	Senior vice president of The Cincinnati Insurance Company. Responsible for corporate communications.	2003
Charles P. Stoneburner II, CPCU, AIM (56)	Senior vice president since 2008 of The Cincinnati Insurance Company; vice president from 2005 to 2008 and assistant vice president until 2005. Responsible for commercial lines underwriting, loss control, premium audit and	2008

	staff underwriting; responsible until 2008 for field claims operations.	
Timothy L. Timmel (60)	Senior vice president of The Cincinnati Insurance Company. Responsible for operations including corporate communications, learning and development, legal, personnel and, since 2008, administrative services, data entry, maintenance, printing, regulatory and consumer relations, security and information security; also responsible until 2008 for field claims operations.	1997

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Information About Corporate Governance

Meetings of the Board of Directors

Board members are encouraged to attend the Annual Meeting of Shareholders, all meetings of the board and the meetings of committees of which they are a member. The annual meeting of directors is held immediately following the annual shareholders meeting at the same location. In May 2008, all of the company s then 13 directors attended the Annual Meeting of Shareholders. The board of directors of the company met six times and the executive committee of the board met five times during 2008. The directors met in executive session four times during 2008. All directors attended at least 85 percent of the board and committee meetings of which they were members.

Codes of Conduct and Committee Charters

On January 30, 2009, the board of directors re-adopted the Corporate Governance Guidelines, the Code of Ethics for Senior Financial Officers and the Code of Conduct. Charters for the all of the board committees were reviewed and re-approved at the same time. The guidelines, codes and charters are available on our Web site at *www.cinfin.com*.

Communicating with the Board

Shareholders may direct a communication to board members by sending it to the attention of the secretary of the company, Cincinnati Financial Corporation, P.O. Box 145496, Cincinnati, Ohio, 45250-5496. The company and board of directors have not established a formal process for determining whether all shareholder communication received by the secretary will be forwarded to directors. Nonetheless, the board welcomes shareholder communication and has instructed the secretary of the company to use reasonable criteria to determine whether correspondence should be forwarded. The board believes that correspondence has been and will continue to be forwarded appropriately. However, exceptions may occur, and the board does not intend to provide management with instructions that limit its ability to make reasonable business decisions. Examples of exceptions would be routine items such as requests for publicly available information that can be provided by company associates; vendor solicitations that appear to be mass-directed to board members of a number of companies; or correspondence that raises issues related to specific company transactions (insurance policies or claims) where there may be privacy concerns or other issues.

In some circumstances, the board anticipates that management would provide the board or board member with summary information regarding correspondence.

Board Composition and Director Independence

Each year, based on all relevant facts and circumstances, the board determines which directors satisfy the criteria for independence. To be found independent, a director must not have a material relationship with the company, either directly or indirectly as a partner, other than a limited partner, controlling shareholder or executive officer of another organization that has a relationship with the company that could affect the director s ability to exercise independent judgment.

Directors deemed independent are believed to satisfy the definitions of independence required by the rules and regulations of the SEC and the listing standards of NASDAQ. The board has determined that these directors and nominees meet the applicable criteria for independence as of January 30, 2009: William F. Bahl, Gregory T. Bier, Kenneth C. Lichtendahl, W. Rodney McMullen, Gretchen W. Price, Douglas S. Skidmore, John F. Steele, Jr. and E. Anthony Woods. When making its determination as to Mr. Bier, the board considered the fact that in 2008 an insurance subsidiary of the company employed two of his adult children and a daughter-in-law in nonofficer positions. When making its determination as to Mr. Lichtendahl, the board considered the fact that in 2009 the company s leasing subsidiary leased equipment valued at $273,900 to Tradewinds Beverage Company, of which Mr. Lichtendahl is the president and chief executive officer. The board determined that these relationships presented no material conflict of interest and would not affect the ability of either director to exercise his independent judgment in his role as a director. Following the re-election of the directors included in this proxy, a majority (eight) of the 13 directors would meet the applicable criteria for independence under the listing standards of NASDAQ.

Standing Committees of the Board of Directors

The board of directors has five standing committees. Current committee assignments are noted below. The board of directors will review committee assignments at its meeting on May 2, 2009.

Audit Committee The purpose of the audit committee is to oversee the process of accounting and financial reporting, audits and financial statements of the company. The committee met four times during the last year. The report of the audit committee begins on Page 13.

Six independent directors serve on the audit committee: William F. Bahl, Gregory T. Bier, Kenneth C. Lichtendahl (chair), Gretchen W. Price, Douglas S. Skidmore and John F. Steele, Jr. Each of these individuals meets the NASDAQ standards for audit committee member independence and also is independent for purposes of Section 10A-3 of the Exchange Act. Further, Mr. Bahl, Mr. Bier and Ms. Price qualify as financial experts according to the SEC definition and meet the standards established by NASDAQ for financial expertise.

Compensation Committee The compensation committee discharges the responsibility of the board of directors relating to compensation of the company s directors and officers, including its principal executive officers and its internal audit officer. The committee also administers the company s stock- and performance-based compensation plans. The committee met eight times during the last year. The report of the compensation committee begins on Page 15.

Three independent directors serve on the compensation committee: W. Rodney McMullen (chair), Gretchen W. Price and E. Anthony Woods.

Executive Committee The purpose of the executive committee is to exercise the powers of the board of directors in the management of the business and affairs of the company between meetings of the board of directors. The committee met five times during the last year.

Six directors serve on the executive committee: William F. Bahl, James E. Benoski, W. Rodney McMullen, John J. Schiff, Jr. (chair), Larry R. Webb and E. Anthony Woods. Independence requirements do not apply to the executive committee.

Investment Committee The investment committee provides oversight of the policies and procedures of the investment department of the company and its subsidiaries and reviews the invested assets of the company. The objective of the committee is to oversee the management of the portfolio to ensure the long-term security of the company. The committee met 11 times during the last year.

Seven directors serve on the investment committee: William F. Bahl, Gregory T. Bier, James E. Benoski, W. Rodney McMullen, John J. Schiff, Jr. (chair), Thomas R. Schiff and E. Anthony Woods. Richard M. Burridge, CFA, a former director, serves as an adviser to the committee. Independence requirements do not apply to the investment committee.

Nominating Committee The nominating committee identifies, recruits and recommends qualified candidates for election as directors and officers of the company and as directors of its subsidiaries. The committee also nominates directors for committee membership. Further, the committee oversees compliance with the corporate governance policies for the company. The committee met four times during the last year.

Four independent directors serve on the nominating committee: William F. Bahl (chair), Kenneth C. Lichtendahl, Gretchen W. Price and Douglas S. Skidmore.

Consideration of Director Nominees

The nominating committee considers many factors when determining the eligibility of candidates for nomination as director. The committee s goal is to nominate candidates who contribute to the board s overall effectiveness in meeting its mission. The committee is charged with identifying nominees with certain characteristics:

- Demonstrated character and integrity
- An ability to work with others
- Sufficient time to devote to the affairs of the company
- Willingness to enter into a long-term association with the company, in keeping with the company s overall business strategy

The nominating committee also considers the needs of the board in accounting and finance, business judgment, management, industry knowledge, leadership and such other areas as the board deems appropriate. The committee further considers factors included in the Corporate Governance Guidelines that might preclude nomination or re-nomination.

In particular, the nominating committee seeks to support our unique, agent-centered business model. The committee believes that the board should include a variety of individuals, serving alongside independent insurance agents who bring a special knowledge of policyholders and agents in the communities where we do business.

Potential board nominees generally are identified by referral. The nominating committee follows a five-part process to evaluate nominees for director. The committee first performs initial screening that includes reviewing background information on the candidates, evaluating their qualifications against the criteria set forth in the company s Corporate Governance Guidelines and, as the committee believes is appropriate, discussing the potential candidates with the individual or individuals making the referrals. Second, for candidates who qualify for additional consideration, the committee interviews the potential nominees as to their background, interests and potential commitment to the company and its operating philosophy. Third, the committee may seek references from sources identified by the candidates as well as sources known to the committee members. Fourth, the committee may ask other members of the board for their input. Finally, the committee develops a list of nominees who exhibit the characteristics desired of directors and satisfy the needs of the board. In 2008, the committee recommended that Kenneth W. Stecher be appointed a director as he was promoted to president and chief executive officer of the company. Using these factors, the committee also recommended that all of the directors with terms expiring in 2009 stand for re-election to the board, including Mr. Benoski. Although the age guideline might suggest that Mr. Benoski would not stand for re-election, the committee determined that re-election for a one-year term would be beneficial because of his deep knowledge of the company and attendant ability to assist the new management team.

The nominating committee considers qualified candidates referred by shareholders for nomination as director. Information about such a candidate should be provided in writing to the secretary of the company, giving the candidate s name, biographical data and qualifications, and emphasizing the characteristics set forth in our Corporate Governance Guidelines available on our Web site at *www.cinfin.com*. Preferably, any such referral would contain sufficient information to enable the committee to preliminarily screen the referred candidate for the needs of the board, if any, in accounting and finance, business judgment, management, industry knowledge, leadership, and the board s independence requirements. Such information should be provided by August 1 to receive appropriate consideration for the annual meeting held in the following year. The nominating committee does not differentiate among candidates based on the source of the nomination. Since the 2008 annual shareholders meeting, no fees were paid to any third party to identify, evaluate, or assist in identifying and evaluating potential nominees.

Certain Relationships and Transactions

The audit committee follows a written policy for review and approval of transactions involving the company and related persons, defined as directors and executive officers or their immediate family members, or shareholders owning 5 percent or greater of our outstanding stock. The policy covers any related transaction that meets the minimum threshold for disclosure in the proxy statement under the relevant SEC rules, generally transactions involving amounts exceeding $120,000 in which a related person has a direct or indirect material interest.

As it examines individual transactions for approval, the committee considers:

- Whether the transaction creates a conflict of interest or would violate the company s Code of Conduct
- Whether the transaction would impair the independence of a director
- Whether the transaction would be fair
- Any other factor the committee deems appropriate

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Consideration of transactions with related parties is a regular item on the audit committee s agenda. Most of the transactions fall into the categories of standard agency contracts with directors who are principals of independent insurance agencies that sell our insurance products or with directors and executive officers who purchase the company s insurance products on the same terms as such products are offered to the public. Because the committee does not believe these classes of transactions create conflicts of interest or otherwise violate our Code of Conduct, the committee deems such transactions pre-approved.

The following transactions in 2008 with related persons were determined to pose no actual conflict of interest and were approved by the committee pursuant to its policy:

John J. Schiff, Jr. is chairman of the board of Cincinnati Financial Corporation, and all its subsidiaries in 2008 except CinFin Capital Management Company. He and Thomas R. Schiff, also a director of Cincinnati Financial Corporation, are principal owners and directors of John J. & Thomas R. Schiff & Co. Inc., a privately owned insurance agency that represents a number of insurance companies, including our insurance subsidiaries. Our insurance subsidiaries paid John J. & Thomas R. Schiff & Co. Inc. commissions of $4,990,821. The company purchased various insurance policies through John J. & Thomas R. Schiff & Co. Inc. for premiums totaling $1,480,524. John J. & Thomas R. Schiff & Co. Inc. purchased group health coverage from our life insurance subsidiary for a premium of $123,361 and paid rent to the company in the amount of $122,445 for office space located in the headquarters building.

Douglas S. Skidmore is a director of Cincinnati Financial Corporation and principal owner, director, chief executive officer and president of Skidmore Sales & Distributing Company Inc., which purchased property, casualty and life insurance from our insurance subsidiaries for premiums totaling $313,899.

John F. Steele, Jr. is a director of Cincinnati Financial Corporation and chairman and chief executive officer of Hilltop Basic Resources Inc., which purchased property casualty insurance from our insurance subsidiaries for premiums totaling $358,974.

Larry R. Webb is a director of Cincinnati Financial Corporation and president, director and a principal owner of Webb Insurance Agency Inc., a privately owned insurance agency that represents a number of insurance companies, including our insurance subsidiaries. The company s insurance subsidiaries paid Webb Insurance Agency Inc. commissions of $700,302.

A brother of Timothy L. Timmel, senior vice president of operations of the company s insurance subsidiaries, is a secretary of the company s property casualty insurance subsidiary and manager of workers compensation claims in the Headquarters Claims department with 31 years of experience in both the Field Claims and Headquarters Claims departments. In 2008, Mr. Timmel s brother earned compensation consisting of salary, cash bonus, stock-based compensation and perquisites totaling $165,287. The amount of compensation was established by the company in accordance with our employment and compensation practices applicable to associates with equivalent qualifications and responsibilities and holding similar positions.

Audit-Related Matters

Proposal 2 Management s Proposal to Ratify Appointment of the Independent Registered Public Accounting Firm

The audit committee has appointed the firm of Deloitte & Touche LLP as the company s independent registered public accounting firm for 2009. Although action by shareholders in this matter is not required, the audit committee believes that it is appropriate to seek shareholder ratification of this appointment and to seriously consider shareholder opinion on this issue.

Representatives from Deloitte & Touche LLP, which also served as the company s independent registered public accounting firm for the last calendar year, will be present at the 2009 Annual Meeting of Shareholders and will be afforded the opportunity to make any statements they wish and to answer appropriate questions.

To ratify the appointment of Deloitte & Touche LLP, a majority of votes cast at the meeting must be voted for the proposal.

The board of directors recommends a vote FOR the proposal to ratify appointment of the independent registered public accounting firm.

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Report of the Audit Committee

The audit committee is responsible for monitoring the integrity of the company s consolidated financial statements, the company s system of internal controls, the qualifications and independence of the company s independent registered accounting firm, the performance of the company s internal audit department and independent registered accounting firm and the company s compliance with certain legal and regulatory requirements. The committee has sole authority and responsibility to select, determine the compensation of, and evaluate the company s independent registered accounting firm. The committee has six independent directors and operates under a written charter. The board has determined that each committee member is independent under the standards of director independence established by the NASDAQ listing requirements and is also independent for purposes of Section 10A(m)(3) of the Exchange Act.

Management is responsible for the financial reporting process, including the system of internal controls, for the preparation of consolidated financial statements in accordance with generally accepted accounting principles and for the report on the company s internal control over financial reporting. The company s independent registered public accounting firm is responsible for auditing those financial statements and expressing an opinion as to their conformity with accounting principles generally accepted in the United States of America. The committee s responsibility is to oversee and review the financial reporting process and to review and discuss management s report on the company s internal control over financial reporting. However, the committee is not professionally engaged in the practice of accounting or auditing and does not provide any expert or special assurance as to such financial statements concerning compliance with laws, regulations or generally accepted accounting principles or as to auditor independence. The committee relies, without independent verification, on the information provided to it and on the representations made by management and the independent registered accounting firm.

The committee reviewed and discussed the audited consolidated financial statements for the fiscal year ended December 31, 2008, with management, the internal auditors and Deloitte & Touche LLP. The committee also discussed with management, the internal auditors and Deloitte & Touche LLP the process used to support certifications by the company s chief executive officer and chief financial officer that are required by the SEC and the Sarbanes Oxley Act of 2002 to accompany the company s periodic filings with the SEC and the processes used to support management s annual report on the company s internal controls over financial reporting.

The committee also discussed with Deloitte & Touche LLP matters that independent registered public accounting firms must discuss with audit committees under generally accepted auditing standards and standards of the Public Company Accounting Oversight Board (PCAOB), including, among other things, matters related to the conduct of the audit of the company s consolidated financial statements and the matters required to be discussed by Auditing Standards No. 61, as modified or supplemented (AICPA, Professional Standards, Vol. 1. AU Section 380), as adopted by the PCAOB in Rule 3200T. The committee has received the written disclosures and the letter from Deloitte & Touche LLP required by applicable requirements of the PCAOB regarding its communications with the committee concerning independence, and has discussed with Deloitte & Touche, their independence from the company. When considering Deloitte & Touche LLP s independence, the committee considered whether services it provided to the company beyond those rendered in connection with its audit of the company s consolidated financial statements, and its reviews of the company s interim condensed consolidated financial statements included in its Quarterly Reports on Form 10-Q compatible with maintaining its independence. The committee also reviewed, among other things, the audit, audit-related and tax services performed by, and the amount of fees paid for such services to Deloitte & Touche LLP. The committee received regular updates on the amount of fees and scope of audit, audit-related and tax services provided.

Based on the above-mentioned review and these meetings, discussions and reports, and subject to the limitations on the committee s role and responsibilities referred to above and in the committee s charter, the committee recommended to the board that the company s audited consolidated financial statements for the fiscal year ended December 31, 2008, be included in the company s Annual Report on Form 10-K. The committee also selected Deloitte & Touche LLP as the company s independent registered accounting firm for the fiscal year ending December 31, 2009, and is presenting the selection to the shareholders for ratification.

Submitted by the audit committee:

William F. Bahl, Gregory T. Bier, Kenneth C. Lichtendahl (chair), Gretchen W. Price, Douglas S. Skidmore and John F. Steele, Jr.

Fees Billed by the Independent Registered Public Accounting Firm

The audit committee engaged Deloitte & Touche LLP to perform an annual audit of the company s financial statements for the year ended December 31, 2008.

	Year Ended December 31,	
	2008	2007
Audit Fees	$ 2,249,500	$ 2,145,000
Audit-related Fees	255,844	212,027
Tax Fees	189,812	329,777
Deloitte & Touche LLP Total Fees	$ 2,695,156	$ 2,686,804