



CINCINNATI FINANCIAL CORPORATION

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Compensation Committee Charter Cincinnati Financial Corporation

- I. Statement of Purpose – The compensation committee is a standing committee of the board of directors. The committee discharges the responsibility of the board of directors relating to compensation of the company's directors and management, including its principal executive officers, its internal auditor and such other company associates as the board of directors may determine, and related matters.
- II. Membership
- A. The members of the committee shall be appointed by and may be removed by the board of directors. Committee members shall meet the independence requirements of applicable law and the listing standards of Nasdaq. The committee shall be comprised of at least three members. The board of directors also shall designate a committee chair.
- B. The members of the committee shall meet the requirements of an "outside director" for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended, and the requirements of a "non-associate director" for purposes of Section 16 of the Securities Exchange Act of 1934, as amended.
- III. Primary Responsibilities
- A. *Goals and Objectives* – The committee's primary goal is to devise forms of compensation for management that attract and retain quality executives; provide compensation competitive with similar companies; reinforce the attainment of the company's performance objectives; align the interests of management with those of the company's shareholders; and encourage management to acquire and retain the company's stock.
- At least annually, the committee shall review the company's goals and objectives as they relate to compensation of the chief executive officer and other members of management, including the balance between short-term compensation and long-term incentives.
- B. *Compensation Levels* – Each year the committee shall evaluate the performance of the chief executive officer and other management in light of the company's goals and objectives and shall establish the compensation level (including base and incentive compensation) and direct and indirect benefits of the chief executive officer and other management. In determining base compensation, the committee shall consider, among other factors it deems appropriate, the compensation of management of comparable companies and the compensation of management in prior years. In determining incentive compensation, the committee shall consider, among other factors it deems appropriate, the company's performance and relative shareholder return during such periods as the committee may deem appropriate, the value of similar incentive awards to persons holding comparable positions at comparable companies and the awards given to management in prior years.
- The chair of the committee shall be responsible for communicating to the chief executive officer the committee's evaluation of the performance of the chief executive officer and the level of compensation approved for the chief executive officer.
- C. *Incentive Compensation Plans* – The committee shall make recommendations to the board of directors with respect to the establishment and terms of incentive compensation plans and equity-

based stock plans and shall administer such plans, including determining any awards to be granted to management under any plan implemented by the company.

- D. *Director Compensation and Perquisites* – The committee shall advise the board of directors with respect to proposed changes in board or committee compensation. Directors who are company associates shall not be compensated for their services as directors.

See the Board Committee Joint Charter Provisions for additional items applicable to all standing committees, including the compensation committee.