



American Financial Group Announces Proposed Private Offering of Convertible Notes

May 20, 2003

Cincinnati, Ohio - May 20, 2003 - American Financial Group, Inc. (NYSE: AFG) announced today that it will commence an offer to sell, subject to market conditions, \$150 million of senior unsecured convertible notes through a private offering (which amount does not give effect to an option granted to initial purchasers to acquire up to \$25 million of additional notes).

The offering will be made only to qualified institutional buyers in accordance with Rule 144A under the Securities Act of 1933. The Company intends to use the proceeds of the offering to repay outstanding indebtedness under its existing bank line of credit and to provide capital to support its operations. The notes, which will be convertible into shares of the Company's common stock, will be due in 2033.

The securities to be offered have not been registered under the Securities Act of 1933 or any state securities laws and unless so registered may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act of 1933 and applicable state securities laws.

American Financial Group is engaged primarily in property and casualty insurance, focusing on specialized commercial products for businesses, and in the sale of annuities, life and supplemental health insurance products.

This press release contains certain statements that may be deemed to be "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements in this press release not dealing with historical results are forward-looking and are based on estimates, assumptions and projections. Examples of such forward looking statements include statements relating to: the Company's expectations concerning market and other conditions, future premiums, revenues, earnings and investment activities; expected losses and the adequacy of reserves for asbestos, environmental pollution and mass tort claims; rate increases, improved loss experience and expected expense savings resulting from other recent initiatives.

Actual results could differ materially from those expected by AFG depending on certain factors including but not limited to: the unpredictability of possible future litigation if certain settlements do not become effective, changes in economic conditions including interest rates, performance of securities markets, and the availability of capital, regulatory actions, changes in legal environment, judicial decisions and rulings, tax law changes, levels of catastrophes and other major losses, the actual amount of liabilities associated with certain asbestos and environmental related insurance claims, adequacy of loss reserves, availability of reinsurance and ability of reinsurers to pay their obligations, competitive pressures, including the ability to obtain rate increases, driving patterns and other changes in market conditions that could affect AFG's insurance operations.