



American Financial Group, Inc. Proposes to Simplify Its Holding Company Structure

April 17, 2003

Cincinnati, Ohio - April 17, 2003 - American Financial Group, Inc. (NYSE: AFG) announced today that it is proposing steps to simplify its corporate structure and eliminate the publicly-traded preferred stock of a subsidiary, thus converting minority interest into shareholders' equity.

AFG owns 100% of the common stock and 79% of the voting equity securities of American Financial Corporation ("AFC"). AFC has one series of publicly held voting preferred stock, Series J, which represents the other 21% of AFC's voting securities. Under the proposal, AFG and AFC would merge, pursuant to which Series J preferred shareholders would receive \$22.00 per share in common stock of the surviving corporation. All record holders of Series J Preferred on April 15 will be paid the regularly scheduled \$1.00 semi-annual dividend on May 1.

The transaction would be subject to (i) the negotiation of specific terms and final documentation, (ii) the approval of the Board of Directors of each of AFG, AFC, and a special committee of independent directors of AFC, and (iii) the receipt of all required shareholder, stock exchange listing and regulatory approvals. As a result of certain shareholder approval requirements related to the proposal, AFC will not hold its meeting of shareholders until later this year.

This announcement does not constitute a solicitation of proxies or consents of AFC or AFG shareholders, which will only be made by means of a prospectus/proxy statement relating to the proposals which has yet to be filed with the Securities and Exchange Commission.

American Financial Group and American Financial Corporation are 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.