



American Financial Group Agrees To Sell Its Japanese Division To Mitsui

December 15, 2000

Cincinnati, Ohio - December 15, 2000 - American Financial Group, Inc. (NYSE: AFG) announced today that its insurance subsidiary, Great American Insurance Company, has reached a definitive agreement to sell its Japanese Division to Mitsui Marine and Fire Insurance Company of America. Under the agreement, Great American will transfer certain insurance liabilities and investment assets to Mitsui. In addition, other operating assets and liabilities will be sold to Mitsui for \$22 million in cash. This transaction will enable Great American to redirect statutory capital and surplus to other strategically targeted areas. AFG expects to record a net loss (after-tax) on this sale of approximately \$6 million. In addition, AFG will record a deferred gain of approximately \$21 million (pre-tax) which will be amortized primarily over the next four years.

As part of the transaction, Mitsui will assume responsibility for Great American's Japanese Division. Great American's Japanese Division was founded in 1974 following a strategic alliance with Mitsui Marine and Fire Insurance Company, Ltd. of Japan. The Japanese Division provides both commercial and personal property and casualty insurance coverages to Japanese companies and Japanese nationals doing business in the United States. The Japanese Division generated net written premiums of approximately \$8 million through the first nine months of 2000, after taking into consideration \$35 million of premiums ceded under a quota share reinsurance agreement with Mitsui which will be terminated in connection with this transaction.

Carl H. Lindner III, Co-president of American Financial Group said, "We value the twenty-six year relationship we have had with Mitsui and are pleased that we have reached an agreement which will help both organizations achieve their strategic objectives."

The transaction, subject to certain conditions and applicable regulatory approvals, is expected to be effective January 2001.

American Financial Group is engaged primarily in private passenger automobile and specialty property and casualty insurance businesses and in the sale of retirement annuities, life, supplemental health and long-term care insurance products.

This press release contains certain statements that may be deemed to be "forward-looking" statements. The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements. Some of the forward-looking statements can be identified by the use of forward-looking words such as "believes", "expects", "may", "will", "should", "seeks", "approximately", "intends", "plans", "estimates", "anticipates" or the negative version of those words or other comparable terminology. Future plans and actions could differ materially from those contained in or implied by such forward-looking statements for a variety of factors including: changes in economic conditions, including interest rates, performance of securities markets and the availability of capital; regulatory actions; changes in legal environment; tax law changes; levels of catastrophes and other major losses; adequacy of loss reserves; availability of reinsurance; and competitive pressures, including the ability to obtain rate increases. Forward-looking statements speak only as of the date made. We undertake no obligations to update any forward-looking statements to reflect events or circumstances arising after the date on which they are made.