



American Financial Group Announces Intent to Purchase Farmers Crop Insurance Alliance

July 28, 2005

CINCINNATI, July 28, 2005 /PRNewswire-FirstCall via COMTEX/ -- American Financial Group, Inc. (NYSE: AFG; Nasdaq) and Farmers Alliance Mutual Insurance Company (Farmers Alliance) today announced that they have executed a letter of intent to acquire the multi-peril crop insurance and the crop hail insurance businesses written through Farmers Crop Insurance Alliance, Inc (FCIA). Assuming its completion, this acquisition would be made by AFG's subsidiary, Great American Insurance Company.

Both Great American and Farmers Alliance are leading providers of agricultural insurance products. Great American has been providing crop-hail coverage since 1925 and began writing multi-peril crop insurance in 1980 after Congress authorized the program. Great American generated gross written premiums of approximately \$447 million in 2004. Great American's crop business is similar in size to Farmers Crop whose gross written premiums in 2004 were approximately \$504 million.

Keith Birkhead, Chief Executive Officer and President of Farmers Alliance, commented, "We believe that the combination of our crop businesses would provide a unique opportunity for our crop insurance employees to become part of a larger and stronger organization that would provide enhanced service to our agents and policyholders. Great American has strong knowledge of the crop insurance business and a solid reputation in the industry. We are pleased to be working with them on this transaction."

Carl H. Lindner III, Co-Chief Executive Officer of AFG, commented, "This potential acquisition supports our strategy of building our specialty insurance businesses. It provides an opportunity to expand one of our very profitable businesses where we have significant experience and unique expertise. We look forward to working with the people of Farmers Alliance to support its customers' insurance needs."

While the transaction is subject to the companies' negotiation of a binding agreement, and will be subject to customary conditions and regulatory approvals, a closing is anticipated in the third quarter of 2005.

Through the operations of the Great American Insurance Group, AFG is engaged primarily in property and casualty insurance, focusing on specialized commercial products for businesses, and in the sale of retirement annuities, supplemental insurance and life 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 and earnings; and rate increases.

Actual results could differ materially from those expected by AFG depending on certain factors including but not limited to: changes to the terms of the proposed transactions, changes in economic conditions including interest rates, performance of securities, the availability of capital, regulatory actions, judicial decisions and rulings, tax law changes, and other changes in market conditions that could affect any party to the proposed transactions.

SOURCE American Financial Group, Inc.

Anne N. Watson, Vice President-Investor Relations of American Financial Group, Inc., +1-513-579-6652

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