

American Financial Group, Inc. Announces The Pricing of \$200 Million Aggregate Principal Amount of Senior Notes

June 8, 2012 8:36 AM ET

CINCINNATI--(BUSINESS WIRE)--Jun. 8, 2012-- American Financial Group, Inc. (NYSE/NASDAQ: AFG) announced today the sale of \$200 million aggregate principal amount of 6¾% Senior Notes due June 12, 2042. The Company has granted the underwriters a 30-day option to purchase up to an additional \$30 million aggregate principal amount of Senior Notes. The Senior Notes are redeemable on or after June 12, 2017, at 100% of their principal amount plus accrued and unpaid interest to the redemption date.

AFG intends to apply for listing of the Senior Notes on The New York Stock Exchange. If approved, we expect trading in the Senior Notes to begin within 30 days of issuance. The net proceeds from the offering, together with cash on hand, will be used to redeem \$112.5 million aggregate principal amount of 7½% Senior Notes due November 2033 and \$86.25 million aggregate principal amount of 7¼% Senior Notes due January 2034, issued by one of our subsidiaries and guaranteed by us and another of our subsidiaries, in each case plus accrued and unpaid interest thereon to the date of redemption. If the underwriters exercise their option to purchase additional Senior Notes, any net proceeds from such exercise will be used either to redeem in part our 7½% Senior Debentures due 2034, plus accrued and unpaid interest thereon to the date of redemption, of which \$115 million aggregate principal amount is outstanding, or for general working capital purposes. Due to notice requirements for the redemptions, there will be a period of several weeks (including the June 30, 2012 quarter end) when both the new Senior Notes and notes to be redeemed are outstanding.

This press release does not constitute an offer for sale of any securities. The Senior Notes may be offered only by means of a Prospectus Supplement and accompanying base Prospectus. Merrill Lynch, Pierce, Fenner & Smith Incorporated, UBS Securities LLC and Wells Fargo Securities, LLC acted as joint book-running managers for the offering. A copy of the Prospectus Supplement and accompanying base Prospectus relating to the offering may be obtained from:

- Merrill Lynch, Pierce, Fenner & Smith Incorporated, at One Bryant Park, New York, NY 10036, toll free number: 1-800-294-1322;
- UBS Securities LLC at 299 Park Avenue, New York, NY 10171, Attn: Prospectus Specialist, toll free number: 1-877-827-6444, ext. 561 3884;
- Wells Fargo Securities, LLC at 1525 West W.T. Harris Blvd., NC0675, Charlotte, North Carolina 28262, Attn: Capital Markets Client Support, toll free number: 1-800-326-5897.

Alternatively, the base prospectus and prospectus supplement may be obtained by visiting AFG's EDGAR filings on AFG's website, or by clicking [here](#).

About American Financial Group, Inc.

American Financial Group is an insurance holding company based in Cincinnati, Ohio with assets in excess of \$35 billion. Through the operations of 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 traditional fixed and indexed annuities and a variety of supplemental insurance products such as Medicare supplement (In May 2012, the Company reached a definitive agreement to sell its core supplemental insurance operations to Cigna Corporation; the transaction is expected to close in the third quarter of 2012). Great American Insurance Group's roots go back to 1872 with the founding of its flagship company, Great American Insurance Company.

Forward-Looking Statements

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 and their effect on future premiums, revenues, earnings and investment activities; recoverability of asset values; expected losses and the adequacy of reserves for asbestos, environmental pollution and mass tort claims; rate changes; and improved loss experience.

Actual results and/or financial condition could differ materially from those contained in or implied by such forward-looking statements for a variety of reasons including but not limited to: changes in financial, political and economic conditions, including changes in interest and inflation rates, currency fluctuations and extended economic recessions or expansions in the U.S. and abroad; performance of securities markets; AFG's ability to estimate accurately the likelihood, magnitude and timing of any losses in connection with investments in the non-agency residential mortgage market; new legislation or declines in credit quality or credit ratings that could have a material impact on the valuation of securities in AFG's investment portfolio; the availability of capital; regulatory actions (including changes in statutory accounting rules); changes in the legal environment affecting AFG or its customers; tax law and accounting changes; levels of natural catastrophes and severe weather, terrorist activities (including any nuclear, biological, chemical or radiological events), incidents of war or losses resulting from civil unrest and other major losses; development of insurance loss reserves and establishment of other reserves, particularly with respect to amounts associated with asbestos and environmental claims; changes in persistency of in-force policies; availability of reinsurance and ability of reinsurers to pay their obligations; the unpredictability of possible future litigation if certain settlements of current litigation do not become effective; trends in persistency, mortality and morbidity; competitive pressures, including those in the annuity bank distribution channels, the ability to obtain adequate rates and policy terms; changes in AFG's credit ratings or the financial strength ratings assigned by major ratings agencies to our operating subsidiaries; and other factors identified in our filings with the Securities and Exchange Commission.

The forward-looking statements herein are made only as of the date of this press release. The Company assumes no obligation to publicly update any forward-looking statements.

Source: American Financial Group, Inc.

American Financial Group, Inc.

Diane P. Weidner, Assistant Vice President - Investor Relations, 513-369-5713

or

Websites:

www.AFGinc.com

www.GAFRI.com

www.GreatAmericanInsuranceGroup.com