



## Fourth Quarter 2014 Highlights

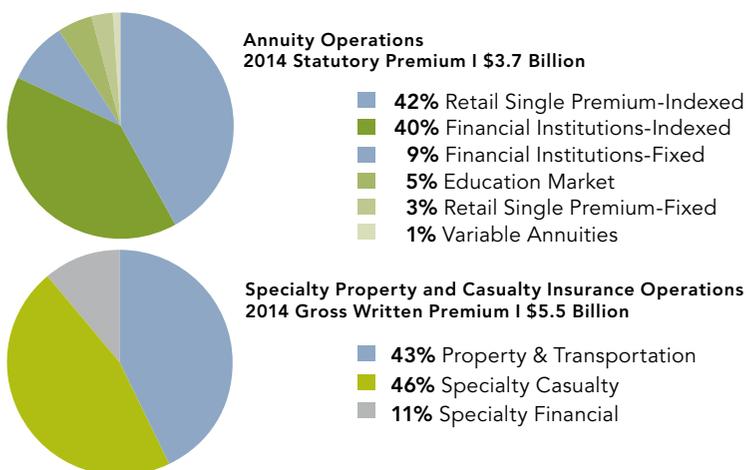


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- Record fourth quarter core net operating earnings of \$1.35 per share; up 5% from the prior year period
  - Record core net operating earnings per share of \$4.82 for the full year, up 14% from 2013
  - Growth in adjusted book value plus dividends of 10% during 2014
  - Full year 2015 core net operating earnings guidance between \$5.10 - \$5.50 per share

## THE STRENGTH OF SPECIALIZATION



American Financial Group is committed to providing insurance products that meet the unique risk management needs of businesses and the financial planning needs of individuals. Its insurance operations, doing business as Great American Insurance Group, are comprised of over 30 niche operations with specialized expertise in the markets they serve.



## Fourth Quarter and Full Year 2014 and 2013 Highlights

In millions, except per share data

Earnings	Three months ended December 31,		Twelve months ended December 31,	
	2014	2013	2014	2013
Core Net Operating Earnings	\$ 122	\$ 117	\$ 439	\$ 385
Core Net Operating Earnings Per Share	\$ 1.35	\$ 1.28	\$ 4.82	\$ 4.22
Net Earnings Attributable to Shareholders	\$ 127	\$ 158	\$ 452	\$ 471
Net Earnings Per Share (Diluted)	\$ 1.41	\$ 1.73	\$ 4.97	\$ 5.16

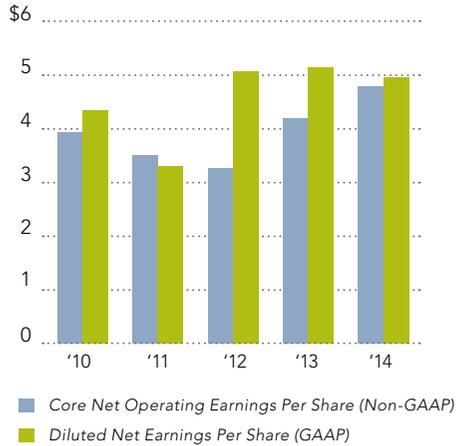
Insurance Premiums	Three months ended December 31,		Twelve months ended December 31,	
	2014	2013	2014	2013
Gross Written Premiums: Specialty P&C	\$ 1,303	\$ 1,071	\$ 5,477	\$ 4,805
Net Written Premiums: Specialty P&C	\$ 1,025	\$ 821	\$ 4,020	\$ 3,341
Statutory Premiums: Annuity	\$ 971	\$ 1,381	\$ 3,696	\$ 4,033

Book Value Per Share	December 31,	December 31,
	2014	2013
Excluding Appropriated Retained Earnings	\$55.65	\$50.83
Excluding Appropriated Retained Earnings and Unrealized Gains/Losses on Fixed Maturities	\$48.76	\$45.90

AFG's overriding goal is to increase long-term shareholder value.

## EARNINGS PER SHARE | FOR THE YEAR ENDED DECEMBER 31,

AFG's Earnings per Share data for the years ended 2010-2014 is shown here. AFG believes that core net operating earnings is a useful measure for analysts and investors in considering ongoing operating trends for AFG.

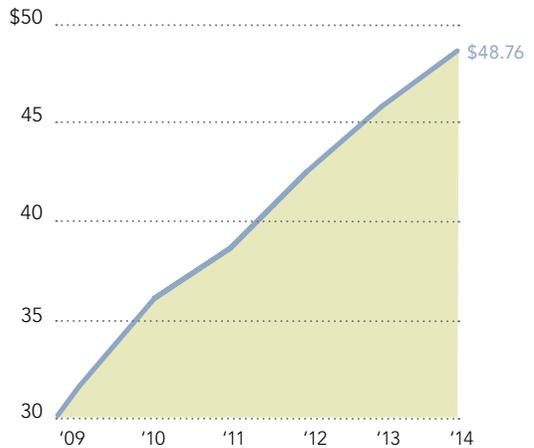


## BOOK VALUE PER SHARE | AS OF DECEMBER 31,

(Excluding appropriated retained earnings and unrealized gains and losses on fixed maturities)

AFG's overriding goal is to increase long-term shareholder value.

- Book value per share increased 6% during 2014
- Tangible book value was \$45.82 per share at the end of 2014, up 5% from the prior year



## Our Business Model

AFG's business model is founded on an entrepreneurial approach that allows local decision-making for underwriting, claims and policy servicing in each of its niche operations.

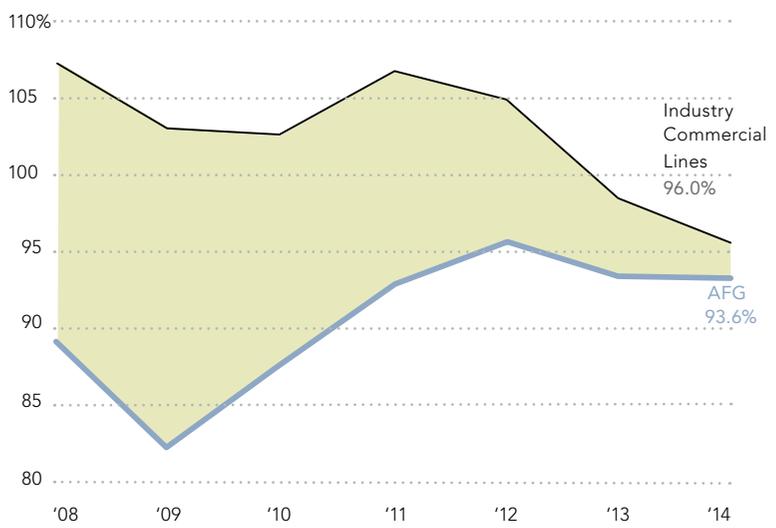
AFG's COR has been better than the industry average for 27 of the last 29 years.

**CAPITAL AND LIQUIDITY**

In Millions	Dec 31, 2014	Dec 31, 2013
Total Assets . . . . .	\$47,535 . . . . .	\$42,087
Statutory Surplus – P&C Group . . . . .	2,286 . . . . .	1,896
Adjusted Capital – Annuity Subsidiaries . . . . .	1,822 . . . . .	1,661
<i>(Policyholder Surplus + Asset Valuation Reserve)</i>		
Cash & Cash Equivalents . . . . .	1,343 . . . . .	1,639
Ratio of debt to total capital <sup>A</sup>		
Including subordinated and secured debt . . . . .	19.2% . . . . .	17.6%
Excluding subordinated and secured debt . . . . .	15.6% . . . . .	16.6%

<sup>A</sup> The ratio is calculated by dividing AFG's long-term debt by its total capital, which includes long-term debt, noncontrolling interests and shareholders' equity (excluding unrealized gains (losses) related to fixed maturity investments and appropriated retained earnings related to managed investment entities).

**STATUTORY COMBINED RATIO (COR)**



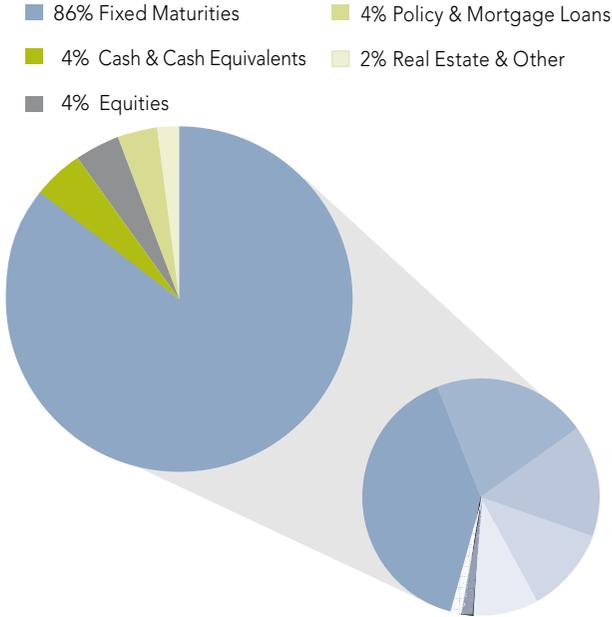
Industry Commercial Lines 2008 – 2013 based on data from A.M. Best; 2014E industry based on data from Conning.

Each business unit designs its own products, builds its own relationships and creates its own unique distribution channels. Centralized business support and investment management functions provide a framework for success.

Our investment philosophy is to focus on high-quality diversified, liquid investments and to maximize returns on a long-term basis.

**INVESTMENT PORTFOLIO | AS OF DECEMBER 31, 2014**

Carrying Value = \$36.2 billion



**Fixed Maturities Overview**



- Fixed income investments comprise 94% of the portfolio
- Fixed maturity portfolio is 87% investment grade (97% NAIC 1-2)
- Mortgage-backed securities portfolio is 58% investment grade (97% NAIC 1-2)

More information about our investment portfolio may be found in AFG’s Investor Supplement posted on [www.AFGinc.com](http://www.AFGinc.com) under Quick Links – “Quarterly Results.”

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Great American Insurance Company is rated “A+” (Superior) by A.M. Best Company, and has maintained a financial strength rating of “A” (Excellent) or higher since 1908.



RATINGS | PROPERTY & CASUALTY INSURANCE COMPANIES

	A.M. Best	Standard & Poor's	Moody's
Great American Insurance Company	A+ (Superior)	A+	A1
American Empire Surplus Lines Insurance Company	A+ (Superior)	A+	Not Rated
Mid-Continent Casualty Company	A+ (Superior)	A+	Not Rated
National Interstate Insurance Company	A (Excellent)	Not Rated	Not Rated
Vanliner Insurance Company	A (Excellent)	Not Rated	Not Rated
Republic Indemnity Company of America	A (Excellent)	A+	A3
Bridgefield Casualty Insurance Company	A (Excellent)	A	Not Rated
Bridgefield Employers Insurance Company	A (Excellent)	A	Not Rated
Marketform Limited	A (Excellent)	A+	Not Rated



Great American's P&C Group was selected as one of the Ward's 50<sup>®</sup> Top Performing Insurance Companies for 2014.

RATINGS | ANNUITY COMPANIES

	A.M. Best	Standard & Poor's	Moody's
Great American Life Insurance Company	A (Excellent)	A+	A2
Annuity Investors Life Insurance Company	A (Excellent)	A+	Not Rated

A.M. Best rating affirmed February 21, 2014 for all companies except Marketform Limited, Republic, Bridgefield Employers Insurance Company and Bridgefield Casualty Insurance Company. Republic and the Bridgefield companies' A.M. Best rating affirmed April 17, 2014. Standard & Poor's rating affirmed December 19, 2014 for all companies except Marketform Limited, Bridgefield Employers Insurance Company and Bridgefield Casualty Insurance Company. The Bridgefield companies' Standard & Poor's rating affirmed July 21, 2014. Moody's rating affirmed January 9, 2014. Ratings for Marketform Limited are determined by the rating of Lloyd's. See [lloyds.com](http://lloyds.com) for a discussion of these ratings.

This document contains certain statements that may be considered “forward-looking statements” and are based on estimates, assumptions and projections which management believes are reasonable but by their nature subject to risks and uncertainties. The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements. Refer to AFG's filing on Form 10-K as of December 31, 2014 for more information.