

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

Current Report Pursuant to Section 13 or 15(d) of  
The Securities Exchange Act of 1934

Date of report: April 9, 1999      Commission File No. 001-13653  
(Date of earliest event reported)

AMERICAN FINANCIAL GROUP, INC.

Incorporated under  
the laws of Ohio

IRS Employer  
Identification No. 31-1544320

One East Fourth Street  
Cincinnati, Ohio 45202  
Phone: (513) 579-2121

Former name or former address, if changed since last report - not  
applicable.

## AMERICAN FINANCIAL GROUP, INC.

## FORM 8-K

## Item 5. OTHER EVENTS.

On April 9, 1999, American Financial Group, Inc., an Ohio corporation (the "Company"), entered into an Underwriting Agreement relating to the sale of \$350,000,000 aggregate principal amount of its 7-1/8% Senior Debentures due 2009 (the "Securities") under a registration statement on Form S-3 (No. 333-21995), as amended.

This Current Report on Form 8-K is being filed for the purpose of filing as exhibits the Underwriting Agreement, the Designation of Terms of the Securities and the opinion of Keating, Muething & Klekamp, P.L.L.

## Item 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS.

- (a) Not Applicable
- (b) Not Applicable
- (c) Exhibits

- (1) Underwriting Agreement for 7-1/8% Senior Debentures due 2009.
- (4) Resolutions of the Company Designating the Terms of 7-1/8% Senior Debentures Due 2009.
- (5) Opinion of Keating, Muething & Klekamp, P.L.L.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AMERICAN FINANCIAL GROUP, INC.

April 13, 1999

By: /s/James C. Kennedy

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 James C. Kennedy  
 Vice President, Deputy General  
 Counsel & Secretary

\$350,000,000

AMERICAN FINANCIAL GROUP, INC.

7.125% SENIOR DEBENTURES DUE 2009

UNDERWRITING AGREEMENT

April 9, 1999

DONALDSON, LUFKIN & JENRETTE  
SECURITIES CORPORATION  
BEAR, STEARNS & CO. INC.  
CREDIT SUISSE FIRST BOSTON  
CORPORATION  
MERRILL, LYNCH, PIERCE, FENNER  
& SMITH INCORPORATED  
As representative of the several Underwriters  
named in Schedule I hereto  
c/o Donaldson, Lufkin & Jenrette Securities Corporation  
277 Park Avenue  
New York, New York 10172

Dear Sirs:

American Financial Group, Inc., an Ohio corporation (the "COMPANY") proposes to issue and sell \$350,000,000 principal amount of its 7.125% Senior Debentures due 2009 (the "SECURITIES") to the several underwriters named in Schedule I hereto (the "UNDERWRITERS"). The Securities are to be issued pursuant to the provisions of an Indenture dated as of November 12, 1997, as supplemented, (the "INDENTURE") between the Company and Firststar Bank, N.A., a national banking association, as Trustee (the "TRUSTEE").

SECTION 1. Registration Statement and Prospectus. The Company has prepared and filed with the Securities and Exchange Commission (the "COMMISSION") in accordance with the provisions of the Securities Act of 1933, as amended, and the rules and regulations of the Commission thereunder (collectively, the "ACT"), a registration statement (No. 333-21995), including a form of prospectus, which has become effective, relating to the issuance and

sale from time to time of certain of its unsecured debt securities. The Securities represent a portion of the unsecured debt securities registered pursuant to such registration statement. Such registration statement, as amended at the time of this Agreement, is hereinafter referred to as the "REGISTRATION STATEMENT", and the prospectus included in such Registration Statement, as supplemented to reflect the terms of the Securities and the terms of the offering thereof, as filed with the Commission pursuant to and in accordance with Rule 424(b) ("RULE 424(B)") under the Act, is hereinafter referred to as the "PROSPECTUS". All references to the Registration Statement and the Prospectus include all documents incorporated by reference therein. No document has been or will be prepared or distributed in reliance on Rule 434 under the Act. The terms "SUPPLEMENT" and "AMENDMENT" or "AMEND" as used in this Agreement with respect to the Registration Statement or the Prospectus shall include all documents subsequently filed by the Company with the Commission pursuant to the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission thereunder (collectively, the "EXCHANGE ACT") that are deemed to be incorporated by reference in the Prospectus.

SECTION 2. Agreements to Sell and Purchase. On the basis of the representations and warranties contained in this Agreement, and subject to its terms and conditions, the Company agrees to issue and sell, and each Underwriter agrees, severally and not jointly, to purchase from the Company the principal amount of Securities set forth opposite the name of such Underwriter in Schedule I hereto at 98.632% of the principal amount thereof (the "PURCHASE PRICE").

SECTION 3. Terms of Public Offering. The Company is advised by you that the Underwriters propose and, subject to the terms and conditions hereof, severally and not jointly agree (i) to make a public offering of their respective portions of the Securities as soon after the execution and delivery of this Agreement as in your judgment is advisable and (ii) initially to offer the Securities upon the terms set forth in the Prospectus. Subject to the terms and conditions hereof, the Underwriters severally and not jointly also agree that (i) they will offer and sell the Securities to the public only in those jurisdictions, and in such amounts, where due qualification and/or registration has been effected or an exemption from such qualification and/or registration is available under the applicable securities or blue sky laws of such jurisdiction, and (ii) the Securities will be offered and sold only in those jurisdictions where broker/dealer licensing has been obtained or where there is an exemption from such licensing; it being understood, however, that such agreement only covers the initial sale of the Securities by the Underwriters and not any subsequent sale of such Securities in any trading market.

SECTION 4. Delivery and Payment. The Company will deliver, against payment of the Purchase Price, the Securities in the form of one or more permanent global securities in definitive form (the "GLOBAL SECURITIES") deposited with the Trustee as custodian for The Depository Trust Company ("DTC") and registered in the name of Cede & Co., as nominee for DTC. Interests in any permanent global securities will be held only in book-entry form through DTC, except in the limited circumstances described in the Prospectus. Payment for the Securities shall be made by the Underwriters in Federal (same day) funds by wire transfer to an account at a bank acceptable to the Donaldson, Lufkin & Jenrette Securities Corporation, drawn to the order of the Company. The time and date of delivery and payment for the Securities shall be 9:00 A.M., New York City time, on April 14, 1999 or such other time on the same or such other date as Donaldson, Lufkin & Jenrette Securities Corporation and the Company shall agree in writing. The time and date of such delivery and payment are hereinafter referred to as the "CLOSING Date".

The documents to be delivered on the Closing Date on behalf of the parties hereto pursuant to Section 8 of this Agreement shall be delivered at the offices of Taft, Stettinius & Hollister LLP, 425 Walnut Street, Cincinnati, Ohio on the Closing Date.

SECTION 5. Agreements of the Company. The Company agrees with you:

(a) To advise you promptly and, if requested by you, to confirm such advice in writing, (i) of any request by the Commission for amendments to the Registration Statement or amendments or supplements to the Prospectus or for additional information, (ii) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or of the suspension of qualification of the Securities for offering or sale in any jurisdiction, or the initiation of any proceeding for such purposes, (iii) when any amendment to the Registration Statement becomes effective, and (iv) of the happening of any event during the period referred to in Section 5(d) below which makes any statement of a material fact made in the Registration Statement or the Prospectus untrue or which requires any additions to or changes in the Registration Statement or the Prospectus in order to make the statements therein, in light of the circumstances under which they were made, not misleading. If at any time the Commission shall issue any stop order suspending the effectiveness of the Registration Statement, the Company will use its best efforts to obtain the withdrawal or lifting of such order at the earliest possible time.

(b) To furnish to you a signed copy of the Registration Statement as first filed with the Commission and of each amendment to it, including all exhibits and documents incorporated therein by reference, and to furnish to you

and each Underwriter designated by you such number of conformed copies of the Registration Statement as so filed and of each amendment to it, without exhibits but including documents incorporated therein by reference, as you may reasonably request.

(c) To prepare the Prospectus, the form and substance of which shall be satisfactory to you, and to file the Prospectus in such form with the Commission within the applicable period specified in Rule 424(b) under the Act; during the period specified in Section 5(d) below, not to file any further amendment to the Registration Statement and not to make any amendment or supplement to the Prospectus of which you shall not previously have been advised or to which you shall reasonably object after being so advised; and, during such period, to prepare and file with the Commission, promptly upon your reasonable request, any amendment to the Registration Statement or amendment or supplement to the Prospectus which may be necessary or advisable in connection with the distribution of the Securities by you, and to use its best efforts to cause any such amendment to the Registration Statement to become promptly effective.

(d) Prior to 10:00 A.M., New York City time, on the first business day after the date of this Agreement and from time to time thereafter for such period as in the opinion of counsel for the Underwriters a prospectus is required by law to be delivered in connection with sales by an Underwriter or a dealer, to furnish in New York City to each Underwriter and any dealer as many copies of the Prospectus (and of any amendment or supplement to the Prospectus) and any documents incorporated therein by reference as such Underwriter or dealer may reasonably request.

(e) If during the period specified in Section 5(d), any event shall occur or condition shall exist as a result of which, in the opinion of counsel for the Underwriters, it becomes necessary to amend or supplement the Prospectus in order to make the statements therein, in the light of the circumstances when the Prospectus is delivered to a purchaser, not misleading, or if, in the opinion of counsel for the Underwriters, it is necessary to amend or supplement the Prospectus to comply with applicable law, forthwith to prepare and file with the Commission an appropriate amendment or supplement to the Prospectus so that the statements in the Prospectus, as so amended or supplemented, will not in the light of the circumstances when it is so delivered, be misleading, or so that the Prospectus will comply with applicable law, and to furnish to each Underwriter and to any dealer as many copies thereof as such Underwriter or dealer may reasonably request.

(f) Prior to any public offering of the Securities, to cooperate with you and counsel for the Underwriters in connection with the registration or qualification of the Securities for offer and sale by the several Underwriters and

by dealers under the state securities or Blue Sky laws of such jurisdictions as you may request, to continue any such registration or qualification in effect so long as required for distribution of the Securities and to file such consents to service of process or other documents as may be necessary in order to effect such registration or qualification; provided, however, that the Company shall not be required in connection therewith to qualify as a foreign corporation in any jurisdiction in which it is not now so qualified or to take any action that would subject it to general consent to service of process or taxation other than as to matters and transactions relating to the Prospectus, the Registration Statement, any preliminary prospectus or the offering or sale of the Securities, in any jurisdiction in which it is not now so subject to general consent to service of process or taxation.

(g) To mail and make generally available to the holders of the Securities as soon as practicable an earnings statement of the Company covering the twelve-month period ending June 30, 1999 that shall satisfy the provisions of Section 11(a) of the Act, and to advise you in writing when such statement has been so made available.

(h) So long as the Securities are outstanding, (i) to mail and make generally available as soon as practicable after the end of each fiscal year to the record holders of the Securities a financial report of the Company, such financial report to include a consolidated balance sheet, a consolidated statement of operations, a consolidated statement of cash flows and a consolidated statement of shareholders' equity as of the end of and for such fiscal year, together with comparable information as of the end of and for the preceding year, certified by independent public accountants and (ii) to mail and make generally available as soon as practicable after the end of each quarterly period (except for the last quarterly period of each fiscal year) to such holders, a consolidated balance sheet, a consolidated statement of operations and a consolidated statement of cash flows as of the end of and for such period, and for the period from the beginning of such year to the close of such quarterly period, together with comparable information for the corresponding periods of the preceding year.

(i) So long as the Securities are outstanding, to furnish to you as soon as available copies of all reports or other communications furnished to their security holders or furnished to or filed with the Commission or any national securities exchange on which any class of securities of the Company is listed and such other publicly available information concerning the Company and its subsidiaries as you may reasonably request.

(j) Whether or not the transactions contemplated in this Agreement are consummated or this Agreement is terminated, to pay or cause to be paid all expenses incident to the performance of its obligations under this

Agreement, including: (i) the fees, disbursements and expenses of the Company's counsel and the Company's accountants in connection with the registration and delivery of the Securities under the Act and all other fees and expenses in connection with the preparation, printing, filing and distribution of the Registration Statement (including financial statements and exhibits), any preliminary prospectus, the Prospectus and all amendments and supplements to any of the foregoing, including the mailing and delivering of copies thereof to the Underwriters and dealers in the quantities specified herein, (ii) all costs and expenses related to the transfer and delivery of the Securities to the Underwriters, including any transfer or other taxes payable thereon, (iii) all costs of printing or producing this Agreement and any other agreements or documents in connection with the offering, purchase, sale or delivery of the Securities, (iv) all expenses in connection with any registration or qualification of the Securities for offer and sale under the securities or Blue Sky laws of the several states and all costs of printing or producing any Preliminary and Supplemental Blue Sky Memoranda in connection therewith (including the filing fees and fees (which shall not exceed Fifteen Thousand Dollars (\$15,000.00) in the aggregate) and disbursements of counsel for the Underwriters in connection with such registration or qualification and memoranda relating thereto), (v) any filing fees and disbursements of counsel for the Underwriters in connection with the review and clearance of the offering of the Securities by the National Association of Securities Dealers, Inc., (vi) the cost of printing any certificates representing the Securities, (vii) the costs and charges of any transfer agent, registrar and/or depository (including DTC), (viii) all fees charged by rating agencies for the rating of the Securities, (ix) the fees and expenses of the Trustee and the Trustee's counsel in connection with the Indenture and the Securities and (x) all other costs and expenses incident to the performance of their obligations hereunder for which provision is not otherwise made in this Section.

(k) During the period beginning on the date hereof and continuing to and including the Closing Date, not to offer, sell, contract to sell or otherwise transfer or dispose of any debt securities of the Company or any warrants, rights or options to purchase or otherwise acquire debt securities of the Company substantially similar to the Securities (other than (i) the Securities and (ii) commercial paper issued in the ordinary course of business), without the prior written consent of Donaldson, Lufkin & Jenrette Securities Corporation.

(l) Not to voluntarily claim, and to actively resist any attempts to claim, the benefit of any usury laws against the holders of the Securities.

(m) To use its best efforts to do and perform all things required or necessary to be done and performed under this Agreement by the Company



prior to the Closing Date and to satisfy all conditions precedent to the delivery of the Securities.

SECTION 6. Representations and Warranties. The Company represents and warrants to each Underwriter that:

(a) The Registration Statement has become effective; and no stop order suspending the effectiveness of the Registration Statement is in effect, and no proceedings for such purpose are pending before or, to the Company's knowledge, threatened by the Commission.

(b) (i) Each document filed or to be filed pursuant to the Exchange Act and incorporated by reference in the Prospectus complied or will comply when so filed in all material respects with the Exchange Act; (ii) the Registration Statement, when it became effective, did not contain and, as amended, if applicable, will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (iii) the Registration Statement and the Prospectus comply and, as amended or supplemented, if applicable, will comply in all material respects with the Act, and (iv) the Prospectus does not contain and, as amended or supplemented, if applicable, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, except that the representations and warranties set forth in this paragraph do not apply to statements or omissions in the Registration Statement or the Prospectus based upon information relating to any Underwriter furnished to the Company in writing by such Underwriter through you expressly for use therein.

(c) Each preliminary prospectus filed as part of the registration statement as originally filed or as part of any amendment thereto, or filed pursuant to Rule 424 under the Act, complied when so filed in all material respects with the Act, and did not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, except that the representations and warranties set forth in this paragraph do not apply to statements or omissions in any preliminary prospectus based upon information relating to any Underwriter furnished to the Company in writing by such Underwriter through you expressly for use therein.

(d) The Company has been duly incorporated, is validly existing as a corporation in good standing under the laws of its jurisdiction of incorporation and has the corporate power and authority to carry on its business as described in the Prospectus and to own, lease and operate its properties, and is duly

qualified and is in good standing (or the local law equivalent) as a foreign corporation authorized to do business in each jurisdiction in which the nature of its business or its ownership or leasing of property requires such qualification, except where the failure to be so qualified or to be in good standing would not have a material adverse effect on the business, prospects, financial condition or results of operations of the Company and its subsidiaries, taken as a whole.

(e) Each of the Company's subsidiaries listed on Schedule II ("Designated Subsidiaries") has been duly incorporated and is validly existing as a corporation in good standing (or the local law equivalent), to the extent applicable, or licensed to do business under the laws of the jurisdiction of its incorporation, has the corporate power and authority to own, lease and operate its properties and to conduct its business as presently conducted and as described in the Prospectus, and is duly qualified as a foreign corporation to transact business and is in good standing (or the local law equivalent) in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure to so qualify or be in good standing would not have a material adverse effect on the business, prospects, financial condition or results of operations of the Company and its subsidiaries, taken as a whole.

(f) All the outstanding shares of capital stock of the Company have been duly authorized and validly issued and are fully paid, non-assessable and not subject to any preemptive or similar rights.

(g) All of the outstanding shares of capital stock of each of the Company's Designated Subsidiaries have been duly authorized and validly issued and are fully paid and non-assessable, and, except as set forth on Schedule III annexed hereto, are owned by the Company, directly or indirectly, through one or more subsidiaries, free and clear of any security interest, claim, lien, encumbrance or adverse interest of any nature (each, a "LIEN").

(h) The Indenture has been duly qualified under the Trust Indenture Act of 1939, as amended (the "TRUST INDENTURE ACT"), and has been duly authorized, executed and delivered by the Company and is a valid and binding agreement of the Company, enforceable in accordance with its terms except as (A) the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally and (B) rights of acceleration and the availability of equitable remedies may be limited by equitable principles of general applicability.

(i) The Securities have been duly authorized and, on the Closing Date, will have been validly executed and delivered by the Company. When the Securities have been executed and authenticated in accordance with the provisions of the Indenture and delivered to and paid for by the Underwriters in

accordance with the terms of this Agreement, the Securities will be entitled to the benefits of the Indenture and will be valid and binding obligations of the Company, enforceable in accordance with their terms except as (A) the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally and (B) rights of acceleration and the availability of equitable remedies may be limited by equitable principles of general applicability.

(j) The Securities conform as to legal matters to the description thereof contained in the Prospectus.

(k) Neither the Company nor any of its subsidiaries is in violation of its respective charter or Code of Regulations or by-laws or in default in the performance of any obligation, agreement, covenant or condition contained in any indenture, loan agreement, mortgage, lease or other agreement or instrument that is material to the Company and its subsidiaries, taken as a whole, to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries or their respective property is bound.

(l) The execution, delivery and performance of this Agreement, the Indenture, and the Securities by the Company, the compliance by the Company with all the provisions hereof and thereof and the consummation of the transactions contemplated hereby and thereby will not (i) require any consent, approval, authorization or other order of, or qualification with, any court or governmental body or agency (except such as may be required under the securities or Blue Sky laws of the various states), (ii) conflict with or constitute a breach of any of the terms or provisions of, or a default under, the charter or Code of Regulations or by-laws of the Company or any of its subsidiaries or any indenture, loan agreement, mortgage, lease or other agreement or instrument that is material to the Company and its subsidiaries, taken as a whole, to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries or their respective property is bound, (iii) violate or conflict with any applicable law or any rule, regulation, judgment, order or decree of any court or any governmental body or agency having jurisdiction over the Company, any of its subsidiaries or their respective property, (iv) result in the imposition or creation of (or the obligation to create or impose) a Lien under any agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries or their respective property is bound or (v) result in the suspension, termination or revocation of any Authorization (as defined below) of the Company or any of its subsidiaries or any other impairment of the rights of the holder of any such Authorization.

(m) There are no legal or governmental proceedings pending or, to the knowledge of the Company, threatened to which the Company or any of its

subsidiaries is or could be a party or to which any of their respective property is or could be subject that are required to be described in the Registration Statement or the Prospectus and are not so described; nor are there any statutes, regulations, contracts or other documents that are required to be described in the Registration Statement or the Prospectus or to be filed as exhibits to the Registration Statement that are not so described or filed as required.

(n) Except as disclosed in the Prospectus, neither the Company nor any of its subsidiaries has violated any foreign, federal, state or local law or regulation relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants ("ENVIRONMENTAL LAWS"), any provisions of the Employee Retirement Income Security Act of 1974, as amended, or any provisions of the Foreign Corrupt Practices Act or the rules and regulations promulgated thereunder, except for such violations which, singly or in the aggregate, would not have a material adverse effect on the business, prospects, financial condition or results of operation of the Company and its subsidiaries, taken as a whole.

(o) Except as disclosed in the Prospectus, each of the Company and its subsidiaries has such permits, licenses, consents, exemptions, franchises, authorizations and other approvals (each, an "AUTHORIZATION") of, and has made all filings with and notices to, all governmental or regulatory authorities and self-regulatory organizations and all courts and other tribunals, including, without limitation, under any applicable Environmental Laws, as are necessary to own, lease, license and operate its respective properties and to conduct its business, except where the failure to have any such Authorization or to make any such filing or notice would not, singly or in the aggregate, have a material adverse effect on the business, prospects, financial condition or results of operations of the Company and its subsidiaries, taken as a whole. Each such Authorization is valid and in full force and effect and each of the Company and its subsidiaries is in compliance with all the terms and conditions thereof and with the rules and regulations of the authorities and governing bodies having jurisdiction with respect thereto; and no event has occurred (including, without limitation, the receipt of any notice from any authority or governing body) which allows or, after notice or lapse of time or both, would allow, revocation, suspension or termination of any such Authorization or results or, after notice or lapse of time or both, would result in any other impairment of the rights of the holder of any such Authorization; and such Authorizations contain no restrictions that are burdensome to the Company or any of its subsidiaries; except where such failure to be valid and in full force and effect or to be in compliance, the occurrence of any such event or the presence of any such restriction would not, singly or in the aggregate, have a material adverse effect on the business, prospects, financial condition or results of operations of the Company and its subsidiaries, taken as a whole.

(p) Except as disclosed in the Prospectus, there are no costs or liabilities associated with Environmental Laws (including, without limitation, any capital or operating expenditures required for clean-up, closure of properties or compliance with Environmental Laws or any Authorization, any related constraints on operating activities and any potential liabilities to third parties) which would, singly or in the aggregate, have a material adverse effect on the business, prospects, financial condition or results of operations of the Company and its subsidiaries, taken as a whole.

(q) This Agreement has been duly authorized, executed and delivered by the Company.

(r) Ernst & Young LLP are independent public accountants with respect to the Company and its subsidiaries as required by the Act.

(s) The consolidated financial statements included in the Registration Statement and the Prospectus (and any amendment or supplement thereto), together with related schedules and notes, present fairly in all material respects the consolidated financial position, results of operations and changes in financial position of the Company and its subsidiaries on the basis stated therein at the respective dates or for the respective periods to which they apply; such statements and related schedules and notes have been prepared in accordance with generally accepted accounting principles consistently applied throughout the periods involved, except as disclosed therein; the supporting schedules, if any, included in the Registration Statement present fairly in all material respects in accordance with generally accepted accounting principles the information required to be stated therein; and the other financial and statistical information and data set forth in the Registration Statement and the Prospectus (and any amendment or supplement thereto) are, in all material respects, accurately presented and prepared on a basis consistent with such financial statements and the books and records of the Company.

(t) The Company is not and, after giving effect to the offering and sale of the Securities and the application of the proceeds thereof as described in the Prospectus, will not be, an "investment company" as such term is defined in the Investment Company Act of 1940, as amended.

(u) There are no contracts, agreements or understandings between the Company and any person granting such person the right to require the Company to file a registration statement under the Act with respect to any securities of the Company or to require the Company to include such securities with the Securities registered pursuant to the Registration Statement.

(v) No "nationally recognized statistical rating organization" as such term is defined for purposes of Rule 436(g) (2) under the Act has indicated to

the Company that it is considering (i) the downgrading, suspension or withdrawal of, or any review for a possible change that does not indicate the direction of the possible change in, any rating assigned to the Company or any securities of the Company or (ii) any change in the outlook for any rating of the Company or any securities of the Company.

(w) Since the respective dates as of which information is given in the Prospectus other than as set forth in the Prospectus (exclusive of any amendments or supplements thereto subsequent to the date of this Agreement), (i) there has not occurred any material adverse change or any development involving a prospective material adverse change in the condition, financial or otherwise, or the earnings, business, management or operations of the Company and its subsidiaries, taken as a whole, (ii) there has not been any material adverse change or any development involving a prospective material adverse change in the capital stock or in the long-term debt of the Company or any of its subsidiaries and (iii) neither the Company nor any of its subsidiaries has incurred any material liability or obligation, direct or contingent.

(x) Each subsidiary of the Company which is engaged in the business of insurance or reinsurance (collectively, the "INSURANCE SUBSIDIARIES") holds such insurance licenses, certificates and permits from governmental authorities (including, without limitation, from the insurance regulatory agencies of the various jurisdictions where it conducts business (the "INSURANCE LICENSES")) as are necessary to the conduct of its business as described in the Prospectus; the Company and each Insurance Subsidiary have fulfilled and performed all obligations necessary to maintain the Insurance Licenses; except as disclosed in the Prospectus, there is no pending or, to the knowledge of the Company, threatened action, suit, proceeding or investigation that could reasonably be expected to result in the revocation, termination or suspension of any Insurance License which would have a material adverse effect on the business, prospects, financial condition or results of operations of the Company and its subsidiaries, taken as a whole; and except as disclosed in the Prospectus, no insurance regulatory agency or body has issued, or commenced any proceeding for the issuance of, any order or decree impairing, restricting or prohibiting the payment of dividends by any Insurance Subsidiary to its parent.

(y) Except as disclosed in the Prospectus, the Company and its Insurance Subsidiaries have made no material change in their insurance reserving practices since the most recent audited financial statements included in the Prospectus.

(z) All reinsurance treaties and arrangements to which any Insurance Subsidiary is a party are in full force and effect and no Insurance Subsidiary is in violation of or in default in the performance, observance or fulfillment of,

any obligation, agreement, covenant or condition contained therein; no Insurance Subsidiary has received any notice from any of the other parties to such treaties, contracts or agreements that such other party intends not to perform such treaty and, to the best knowledge of the Company and the Insurance Subsidiaries, the Company and the Insurance Subsidiaries have no reason to believe that any of the other parties to such treaties or arrangements will be unable to perform such treaty or arrangement except to the extent adequately and properly reserved for in the consolidated financial statements of the Company included in the Prospectus, except where such default or inability to perform would not have a material adverse effect on the business, prospects, financial condition or results of operations of the Company and its subsidiaries, taken as a whole.

(aa) The statutory financial statements of the Insurance Subsidiaries, from which certain ratios and other statistical data included in the Registration Statement and the Prospectus have been derived, have been prepared for each relevant period in conformity with statutory accounting principles or practices required or permitted by the National Association of Insurance Commissioners and by the appropriate Insurance Department of the jurisdiction of domicile of each Insurance Subsidiary, and such statutory accounting practices have been applied on a consistent basis throughout the periods involved, except as may otherwise be indicated therein or in the notes thereto, and present fairly in all material respects the statutory financial position of the Insurance Subsidiaries as of the dates thereof, and the statutory basis results of operations of the Insurance Subsidiaries for the periods covered thereby.

(bb) Each certificate signed by any officer of the Company and delivered to the Underwriters or counsel for the Underwriters shall be deemed to be a representation and warranty by the Company to the Underwriters as to the matters covered thereby (but, in the absence of bad faith, no such certificate shall impose any personal, as opposed to corporate, liability).

(cc) Except as set forth in the Prospectus, all of the outstanding shares of capital stock and other ownership interests of the Company and any of its subsidiaries in Chiquita Brands International, Inc. ("Chiquita") have been validly issued and are fully paid and nonassessable and are beneficially owned by either the Company or American Financial Corporation ("AFC") or by one of their direct or indirect subsidiaries free and clear of all liens, charges, claims or encumbrances except as set forth on Schedule III annexed hereto.

(dd) The Company has previously delivered to you true and complete copies of Chiquita's (i) Annual Report on Form 10-K for the year ended December 31, 1998, as filed with the Commission, and all amendments thereto; (ii) proxy statements relating to all meetings of its shareholders (whether annual or special) held or scheduled to be held since January 1, 1998;

and (iii) all other reports, statements and registration statements (including Current Reports on Form 8-K) filed by it with the Commission since December 31, 1998 (collectively, the "Chiquita Filings"). As of their respective dates, the Chiquita Filings did not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The financial statements of Chiquita included in the Chiquita Filings present fairly, in all materials respects, the financial condition, results of operations and changes in financial position of Chiquita as at the dates or for the periods indicated therein in conformity with generally accepted accounting principles applied on a consistent basis.

(ee) Except as set forth in the Chiquita Filings or the Prospectus, since January 1, 1998, Chiquita and its subsidiaries have conducted business only in the ordinary and usual course and there has not occurred any adverse change in the financial condition, business, results of operations, prospects, properties or assets of Chiquita and its subsidiaries that would have a material adverse effect on the business, prospects, financial condition or results of operations of the Company and its subsidiaries, taken as a whole.

SECTION 7. Indemnification. (a) The Company agrees to indemnify and hold harmless each Underwriter, its directors, its officers and each person, if any, who controls any Underwriter within the meaning of Section 15 of the Act or Section 20 of the Exchange Act from and against any and all losses, claims, damages, liabilities and judgments (including, without limitation, any legal or other expenses incurred in connection with investigating or defending any matter, including any action, that could give rise to any such losses, claims, damages, liabilities or judgments) caused by any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or any amendment thereto), the Prospectus (or any amendment or supplement thereto) or any preliminary prospectus, or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages, liabilities or judgments are caused by any such untrue statement or omission or alleged untrue statement or omission based upon information relating to any Underwriter furnished in writing to the Company by or on behalf of such Underwriter through you expressly for use therein; provided, however, that the foregoing indemnity agreement with respect to any preliminary prospectus shall not inure to the benefit of any Underwriter who failed to deliver a Prospectus, as then amended or supplemented, (so long as the Prospectus and any amendment or supplement thereto was provided by the Company to the several Underwriters in the requisite quantity and on a timely basis to permit proper delivery on or prior to the Closing Date) to the person asserting any losses, claims, damages, liabilities or judgements caused by any untrue statement or alleged untrue statement of a material fact contained in the



preliminary prospectus, or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, if such material misstatement or omission or alleged material misstatement or omission was cured in the Prospectus, as so amended or supplemented, and such Prospectus was required by law to be delivered at or prior to the written confirmation of sale to such person.

(b) Each Underwriter agrees, severally and not jointly, to indemnify and hold harmless the Company, its directors, its officers who sign the Registration Statement and each person, if any, who controls the Company within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, to the same extent as the foregoing indemnity in Section 7(a) from the Company to such Underwriter but only with reference to information relating to such Underwriter furnished in writing to the Company by such Underwriter through you for use in the Registration Statement (or any amendment thereto), the Prospectus (or any amendment or supplement thereto) or any preliminary prospectus.

(c) In case any action shall be commenced involving any person in respect of which indemnity may be sought pursuant to Section 7(a) or 7(b) (the "indemnified party"), the indemnified party shall promptly notify the person against whom such indemnity may be sought (the "indemnifying party") in writing and the indemnifying party shall assume the defense of such action, including the employment of counsel reasonably satisfactory to the indemnified party and the payment of all reasonable fees and expenses of such counsel, as incurred (except that in the case of any action in respect of which indemnity may be sought pursuant to both Sections 7(a) and 7(b), the Underwriter shall not be required to assume the defense of such action pursuant to this Section 7(c), but may employ separate counsel and participate in the defense thereof, but the fees and expenses of such counsel, except as provided below, shall be at the expense of such Underwriter). Any indemnified party shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of the indemnified party unless (i) the employment of such counsel shall have been specifically authorized in writing by the indemnifying party, (ii) the indemnifying party shall have failed to assume the defense of such action or employ counsel reasonably satisfactory to the indemnified party or (iii) the named parties to any such action (including any impleaded parties) include both the indemnified party and the indemnifying party, and the indemnified party shall have been advised by such counsel that there may be one or more legal defenses available to it which are different from or additional to those available to the indemnifying party (in which case the indemnifying party shall not have the right to assume the defense of such action on behalf of the indemnified party). In any such case, the indemnifying party shall not, in connection with any one action or separate but substantially similar or related actions in the

same jurisdiction arising out of the same general allegations or circumstances, be liable for the fees and expenses of more than one separate firm of attorneys (in addition to any local counsel) for all indemnified parties and all such fees and expenses shall be reimbursed as they are incurred. Such firm shall be designated in writing by Donaldson, Lufkin & Jenrette Securities Corporation, in the case of parties indemnified pursuant to Section 7(a), and by the Company, in the case of parties indemnified pursuant to Section 7(b). The indemnifying party shall indemnify and hold harmless the indemnified party from and against any and all losses, claims, damages, liabilities and judgments by reason of any settlement of any action (i) effected with its written consent or (ii) effected without its written consent if the settlement is entered into more than twenty business days after the indemnifying party shall have received a request from the indemnified party for reimbursement for the fees and expenses of counsel (in any case where such fees and expenses are at the expense of the indemnifying party) and, prior to the date of such settlement, the indemnifying party shall have failed to comply with such reimbursement request. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement or compromise of, or consent to the entry of judgment with respect to, any pending or threatened action in respect of which the indemnified party is or could have been a party and indemnity or contribution may be or could have been sought hereunder by the indemnified party, unless such settlement, compromise or judgment (i) includes an unconditional release of the indemnified party from all liability on claims that are or could have been the subject matter of such action and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of the indemnified party.

(d) To the extent the indemnification provided for in this Section 7 is unavailable to an indemnified party or insufficient in respect of any losses, claims, damages, liabilities or judgments referred to therein, then each indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, liabilities and judgments (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters on the other hand from the offering of the Securities or (ii) if the allocation provided by clause 7(d)(i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause 7(d)(i) above but also the relative fault of the Company on the one hand and the Underwriters on the other hand in connection with the statements or omissions which resulted in such losses, claims, damages, liabilities or judgments, as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Underwriters on the other hand shall be deemed to be in the same proportion as the total net proceeds from the offering (after deducting underwriting discounts and commissions but before deducting expenses)

received by the Company, and the total underwriting discounts and commissions received by the Underwriters, bear to the total price to the public of the Securities, in each case as set forth in the table on the cover page of the Prospectus. The relative fault of the Company on the one hand and the Underwriters on the other hand shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 7(d) were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an indemnified party as a result of the losses, claims, damages, liabilities or judgments referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses incurred by such indemnified party in connection with investigating or defending any matter, including any action, that could have given rise to such losses, claims, damages, liabilities or judgments. Notwithstanding the provisions of this Section 7, no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations to contribute pursuant to this Section 7(d) are several in proportion to the respective principal amount of Securities purchased by each of the Underwriters hereunder and not joint.

(e) The remedies provided for in this Section 7 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any indemnified party at law or in equity.

SECTION 8. Conditions of Underwriters' Obligations. The several obligations of the Underwriters to purchase the Securities under this Agreement are subject to the satisfaction of each of the following conditions

(a) All the representations and warranties of the Company contained in this Agreement shall be true and correct in all material respects on the

Closing Date with the same force and effect as if made on and as of the Closing Date.

(b) On or after the date hereof, (i) there shall not have occurred any downgrading, suspension or withdrawal of, nor shall any notice have been given to the Company of any potential or intended downgrading, suspension or withdrawal of, or of any review (or of any potential or intended review) for a possible change that does not indicate the direction of the possible change in, any rating of the Company or any securities of the Company (including, without limitation, the placing of any of the foregoing ratings on credit watch with negative or developing implications or under review with an uncertain direction) by any "nationally recognized statistical rating organization" as such term is defined for purposes of Rule 436(g)(2) under the Act, (ii) there shall not have occurred any change, nor shall any notice have been given of any potential or intended change, in the outlook for any rating of the Company or any securities of the Company by any such rating organization and (iii) no such rating organization shall have given notice to the Company that it has assigned (or is considering assigning) a lower rating to the Securities than that on which the Securities were marketed.

(c) You shall have received on the Closing Date certificates, dated the Closing Date, signed by the President or any Vice-President and a principal financial or accounting officer of the Company in which such officers confirm the matters set forth in Sections 6(w), 8(a) and 8(b) and state that the Company has complied with all of the agreements and satisfied all of the conditions herein contained and required to be complied with or satisfied by the Company on or prior to the Closing Date.

(d) Since the respective dates as of which information is given in the Prospectus, other than as set forth in the Prospectus (exclusive of any amendments or supplements thereto subsequent to the date of this Agreement), (i) there shall not have occurred any change or any development involving a prospective change in the condition, financial or otherwise, or the earnings, business, management or operations of either Company and its subsidiaries, taken as a whole, (ii) there shall not have been any change or any development involving a prospective change in the capital stock or in the long-term debt of either Company or any of its subsidiaries and (iii) neither the Company nor any of its subsidiaries shall have incurred any liability or obligation, direct or contingent, the effect of which, in any such case described in clause 8(d)(i), 8(d)(ii) or 8(d)(iii), in your judgment, is material and adverse and, in your judgment, makes it impracticable to market the Securities on the terms and in the manner contemplated in the Prospectus.

(e) You shall have received on the Closing Date an opinion (satisfactory to you and counsel for the Underwriters), dated the Closing Date,

of Keating, Muething & Klekamp, P.L.L., counsel for the Company, to the effect that:

(i) the Company has been incorporated, is validly existing as a corporation in good standing under the laws of its jurisdiction of incorporation and has the corporate power and authority to carry on its business as described in the Prospectus and to own, lease and operate its properties, and is duly qualified and is in good standing (or the local law equivalent) as a foreign corporation authorized to do business in each jurisdiction in which the nature of its business or its ownership or leasing of property requires such qualification, except where the failure to be so qualified would not have a material adverse effect on the business, prospects, financial condition or results of operations of the Company and its subsidiaries, taken as a whole;

(ii) each of the Designated Subsidiaries has been incorporated and is validly existing as a corporation in good standing (or the local law requirement), to the extent applicable, or licensed to do business under the laws of the jurisdiction of its incorporation, has the corporate power and authority to own, lease and operate its properties and to conduct its business as presently conducted and as described in the Prospectus, and is duly qualified as a foreign corporation to transact business and is in good standing (or the local law equivalent) in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure to so qualify or be in good standing would not have a material adverse effect on the business, prospects, financial condition or results of operations of either Company and its respective subsidiaries taken as a whole;

(iii) all the outstanding shares of capital stock of the Company have been duly authorized and validly issued and are fully paid, non-assessable and not subject to any preemptive or similar rights;

(iv) to the best knowledge of such counsel, all of the outstanding shares of capital stock of each of the Designated Subsidiaries have been duly authorized and validly issued and are fully paid and non-assessable, and are owned by the respective Company, directly or indirectly through one or more subsidiaries, free and clear of any Lien;

(v) the Securities have been duly authorized and, when executed and authenticated in accordance with the provisions of the Indenture and delivered to and paid for by the Underwriters in accordance with the terms of this Agreement, will be entitled to the

benefits of the Indenture and will be valid and binding obligations of the Company, enforceable in accordance with their terms except as (A) the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally and (B) rights of acceleration and the availability of equitable remedies may be limited by equitable principles of general applicability;

(vi) the Indenture has been duly qualified under the Trust Indenture Act and has been duly authorized, executed and delivered by the Company and is a valid and binding agreement of the Company, enforceable in accordance with its terms except as (A) the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally and (B) rights of acceleration and the availability of equitable remedies may be limited by equitable principles of general applicability;

(vii) this Agreement has been duly authorized, executed and delivered by the Company;

(viii) the Registration Statement has become effective under the Act, no stop order suspending its effectiveness has been issued and no proceedings for that purpose are, to the best of such counsel's knowledge after due inquiry, pending before or contemplated by the Commission;

(ix) the statements under the captions "Description of Senior Debentures," "Description of Debt Securities" and "Underwriting" in the Prospectus and Item 15 of Part II of the Registration Statement, insofar as such statements constitute a summary of the legal matters, documents or proceedings referred to therein, fairly present in all material respects the information called for with respect to such legal matters, documents and proceedings;

(x) neither the Company nor any of its subsidiaries is in violation of its respective charter or Code of Regulations or by-laws and, to the best of such counsel's knowledge after due inquiry, neither the Company nor any of its subsidiaries is in default in the performance of any obligation, agreement, covenant or condition contained in any indenture, loan agreement, mortgage, lease or other agreement or instrument that is material to the Company and its subsidiaries, taken as a whole, to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries or their respective property is bound;

(xi) the execution, delivery and performance of this Agreement, the Indenture, and the Securities by the Company, the compliance by the Company with all the provisions hereof and thereof and the consummation of the transactions contemplated hereby and thereby will not (A) require any consent, approval, authorization or other order of, or qualification with, any court or governmental body or agency (except such as may be required under the securities or Blue Sky laws of the various states), (B) conflict with or constitute a breach of any of the terms or provisions of, or a default under, the charter or Code of Regulations or by-laws of the Company or any of its subsidiaries or any indenture, loan agreement, mortgage, lease or other agreement or instrument that is material to the Company and its subsidiaries, taken as a whole, to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries or their respective property is bound, (C) violate or conflict with any applicable law or any rule, regulation, judgment, order or decree of any court or any governmental body or agency having jurisdiction over the Company, any of its subsidiaries or their respective property that is material to the Company and its subsidiaries, taken as a whole, (D) result in the imposition or creation of (or the obligation to create or impose) a Lien under any agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries or their respective property is bound, that is material to the Company and its subsidiaries, taken as a whole, or (E) result in the suspension, termination or revocation of any Authorization of the Company or any of its subsidiaries or any other impairment of the rights of the holder of any such Authorization that is material to the Company and its subsidiaries, taken as a whole;

(xii) after due inquiry, such counsel does not know of any legal or governmental proceedings pending or threatened to which either the Company or any of its subsidiaries is or could be a party or to which any of their respective property is or could be subject that are required to be described in the Registration Statement or the Prospectus and are not so described, or of any statutes, regulations, contracts or other documents that are required to be described in the Registration Statement or the Prospectus or to be filed as exhibits to the Registration Statement that are not so described or filed as required;

(xiii) such counsel does not know of any violation by the Company or any of its subsidiaries of any Environmental Law, any provisions of the Employee Retirement Income Security Act of 1974, as amended, or any provisions of the Foreign Corrupt Practices Act or the rules and regulations promulgated thereunder, except for such violations which, singly or in the aggregate, would not have a material adverse

effect on the business, prospects, financial condition or results of operation of the Company and its subsidiaries, taken as a whole;

(xiv) to the best knowledge of such counsel, the Company and its subsidiaries have such Authorizations of, and have made all filings with and notices to, all governmental or regulatory authorities and self-regulatory organizations and all courts and other tribunals, including, without limitation, under any applicable Environmental Laws, as are necessary to own, lease, license and operate its respective properties and to conduct its business, except where the failure to have any such Authorization or to make any such filing or notice would not, singly or in the aggregate, have a material adverse effect on the business, prospects, financial condition or results of operations of the Company and its subsidiaries, taken as a whole; each such Authorization is valid and in full force and effect and the Company and its subsidiaries are in compliance with all the terms and conditions thereof and with the rules and regulations of the authorities and governing bodies having jurisdiction with respect thereto; and no event has occurred (including, without limitation, the receipt of any notice from any authority or governing body) which allows or, after notice or lapse of time or both, would allow, revocation, suspension or termination of any such Authorization or results or, after notice or lapse of time or both, would result in any other impairment of the rights of the holder of any such Authorization; and such Authorizations contain no restrictions that are burdensome to either the Company or any of its subsidiaries; except where such failure to be valid and in full force and effect or to be in compliance, the occurrence of any such event or the presence of any such restriction would not, singly or in the aggregate, have a material adverse effect on the business, prospects, financial condition or results of operations of the Company and its subsidiaries, taken as a whole;

(xv) the Company is not and, after giving effect to the offering and sale of the Securities and the application of the proceeds thereof as described in the Prospectus, will not be, an "investment company" as such term is defined in the Investment Company Act of 1940, as amended;

(xvi) to the best of such counsel's knowledge after due inquiry, there are no contracts, agreements or understandings between the Company and any person granting such person the right to require the Company to file a registration statement under the Act with respect to any securities of the Company or to require the Company to include such securities with the Securities registered pursuant to the Registration Statement;



(xvii) to the best knowledge of such counsel (which has not conducted any investigation), each Insurance Subsidiary holds such insurance licenses, certificates and permits from governmental authorities (including, without limitation, Insurance Licenses) which are necessary to the conduct of its business as described in the Prospectus; to the best knowledge of such counsel, there is no pending or threatened action, suit, proceeding or investigation that could reasonably be expected to result in the revocation, termination or suspension of any Insurance License; and, except as disclosed in the Prospectus, to the knowledge of such counsel, no insurance regulatory agency or body has issued, or commenced any proceeding for the issuance of, any order or decree impairing, restricting or prohibiting the payment of dividends by any Insurance Subsidiary to its parent;

(xviii) to the best knowledge of such counsel, all reinsurance treaties and arrangements to which any Insurance Subsidiary is a party are in full force and effect and such counsel is not aware of any violation of or default in the performance, observance or fulfillment of, any obligation, agreement, covenant or condition contained therein by any Insurance Subsidiary;

(xix) To the best of such counsel's knowledge after due inquiry, except as set forth in the Prospectus or as listed in Schedule II annexed hereto, all of the outstanding shares of capital stock and other ownership interests of the Company and any of its subsidiaries in Chiquita have been validly issued and are fully paid and nonassessable and are beneficially owned by either the Company or AFC or one of its directly or indirectly wholly owned subsidiaries free and clear of all liens, charges, claims or encumbrances; and

(xx) (A) each document, if any, filed pursuant to the Exchange Act and incorporated by reference in the Prospectus (except for financial statements and other financial data included therein as to which no opinion need be expressed) complied when so filed as to form with the Exchange Act, (B) the Registration Statement and the Prospectus and any supplement or amendment thereto (except for the financial statements and other financial data included therein as to which no opinion need be expressed) comply as to form with the Act, (C) such counsel has no reason to believe that at the time the Registration Statement became effective or on the date of this Agreement, the Registration Statement and the prospectus included therein (except for the financial statements and other financial data as to which such counsel need not express any belief and except for that part of the Registration Statement that constitutes the Statement of Eligibility (Form T-1) under the Trust Indenture Act) contained any untrue statement of a

material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading and (D) such counsel has no reason to believe that the Prospectus, as amended or supplemented, if applicable (except for the financial statements and other financial data, as aforesaid) contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

The opinion of Keating, Muething & Klekamp, P.L.L. described in Section 8(e) above shall be rendered to you at the request of the Company and shall so state therein.

(f) You shall have received on the Closing Date an opinion, dated the Closing Date, of Taft, Stettinius & Hollister LLP, counsel for the Underwriters, as to the matters referred to in Sections 8(e) (v), 8(e) (vi), 8(e) (vii) and 8(e) (ix) and clauses 8(e) (xx) (B) (insofar as it relates to the Prospectus), 8(e) (xx) (C) and 8(e) (xx) (D).

In giving such opinions with respect to the matters covered by Section 8(e) (xx), Keating, Muething & Klekamp, P.L.L. may state that their opinion and belief are based upon their participation in the preparation of the Registration Statement and Prospectus and any amendments or supplements thereto and documents incorporated therein by reference and review and discussion of the contents thereof, but is without independent check or verification except as specified. In giving such opinions with respect to the matters covered by clauses 8(e) (xx) (B), 8(e) (xx) (C) and 8(e) (xx) (D) above, Taft, Stettinius & Hollister LLP may state that their opinion and belief are based upon their participation in the preparation of the Prospectus and any amendments or supplements thereto (other than the documents incorporated therein by reference) and review and discussion of the contents thereof (including the documents incorporated therein by reference), but are without independent check or verification except as specified.

(g) You shall have received, on each of the date hereof and the Closing Date, a letter dated the date hereof or the Closing Date, as the case may be, in form and substance satisfactory to you, from Ernst & Young LLP, independent public accountants, containing the information and statements of the type ordinarily included in accountants' "comfort letters" to Underwriters with respect to the financial statements and certain financial information contained in or incorporated by reference into the Registration Statement and the Prospectus.

(h) The Company shall not have failed on or prior to the Closing Date to perform or comply with any of the agreements herein contained and

required to be performed or complied with by them on or prior to the Closing Date.

SECTION 9. Effectiveness of Agreement and Termination. This Agreement shall become effective upon the execution and delivery of this Agreement by the parties hereto.

This Agreement may be terminated at any time on or prior to the Closing Date by you by written notice to the Company if any of the following has occurred: (i) any outbreak or escalation of hostilities or other national or international calamity or crisis or change in economic conditions or in the financial markets of the United States or elsewhere that, in your judgment, is material and adverse and, in your judgment, makes it impracticable to market the Securities on the terms and in the manner contemplated in the Prospectus, (ii) the suspension or material limitation of trading in securities or other instruments on the New York Stock Exchange, the American Stock Exchange, the Chicago Board of Options Exchange, the Chicago Mercantile Exchange, the Chicago Board of Trade or the Nasdaq National Market or limitation on prices for securities or other instruments on any such exchange or the Nasdaq National Market, (iii) the suspension of trading of any securities of the Company on any exchange or in the over-the-counter market, (iv) the enactment, publication, decree or other promulgation of any federal or state statute, regulation, rule or order of any court or other governmental authority which in your opinion materially and adversely affects, or will materially and adversely affect, the business, prospects, financial condition or results of operations of the Company and its subsidiaries, taken as a whole, (v) the declaration of a banking moratorium by either federal or New York State authorities or (vi) the taking of any action by any federal, state or local government or agency in respect of its monetary or fiscal affairs which in your opinion has a material adverse effect on the financial markets in the United States.

If on the Closing Date any one or more of the Underwriters shall fail or refuse to purchase the Securities which it or they have agreed to purchase hereunder on such date and the aggregate principal amount of Securities which such defaulting Underwriter or Underwriters agreed but failed or refused to purchase is not more than one-tenth of the aggregate principal amount of Securities to be purchased on such date by all Underwriters, each non-defaulting Underwriter shall be obligated severally, in the proportion which the principal amount of Securities set forth opposite its name in Schedule I bears to the aggregate principal amount of Securities which all the non-defaulting Underwriters have agreed to purchase, or in such other proportion as you may specify, to purchase the Securities which such defaulting Underwriter or Underwriters agreed but failed or refused to purchase on such date; provided that in no event shall the aggregate principal amount of

Securities which any Underwriter has agreed to purchase pursuant to Section 2 hereof be increased pursuant to this Section 9 by an amount in excess of one-ninth of such principal amount of Securities without the written consent of such Underwriter. If on the Closing Date any Underwriter or Underwriters shall fail or refuse to purchase Securities and the aggregate principal amount of Securities with respect to which such default occurs is more than one-tenth of the aggregate principal amount of Securities to be purchased by all Underwriters and arrangements satisfactory to you and the Company for purchase of such Securities are not made within 48 hours after such default, this Agreement will terminate without liability on the part of any non-defaulting Underwriter and the Company. In any such case which does not result in termination of this Agreement, either you or the Company shall have the right to postpone the Closing Date, but in no event for longer than seven days, in order that the required changes, if any, in the Registration Statement and the Prospectus or any other documents or arrangements may be effected. Any action taken under this paragraph shall not relieve any defaulting Underwriter from liability in respect of any default of any such Underwriter under this Agreement.

SECTION 10. Miscellaneous. Notices given pursuant to any provision of this Agreement shall be addressed as follows: (i) if to the Company, to American Financial Group, Inc., One East Fourth Street, Cincinnati, Ohio 45202, Attention James C. Kennedy, Corporate Secretary and (ii) if to any Underwriter or to you, to you c/o Donaldson, Lufkin & Jenrette Securities Corporation, 277 Park Avenue, New York, New York 10172, Attention: Syndicate Department, or in any case to such other address as the person to be notified may have requested in writing.

The respective indemnities, contribution agreements, representations, warranties and other statements of the Company and the several Underwriters set forth in or made pursuant to this Agreement shall remain operative and in full force and effect, and will survive delivery of and payment for the Securities, regardless of (i) any investigation, or statement as to the results thereof, made by or on behalf of any Underwriter, the officers or directors of any Underwriter, any person controlling any Underwriter, the Company, the officers or directors of the Company or any person controlling the Company, (ii) acceptance of the Securities and payment for them hereunder and (iii) termination of this Agreement.

If for any reason the Securities are not delivered by or on behalf of the Company as provided herein (other than as a result of any termination of this Agreement pursuant to Section 9), the Company agrees to reimburse the several Underwriters for all out-of-pocket expenses (including the fees and disbursements of counsel) incurred by them. Notwithstanding any termination of this Agreement, the Company shall be liable for all expenses which they

have agreed to pay pursuant to Section 5(j) hereof. The Company also agrees to reimburse the several Underwriters, their directors and officers and any persons controlling any of the Underwriters for any and all fees and expenses (including, without limitation, the fees disbursements of counsel) incurred by them in connection with enforcing their rights hereunder (including, without limitation, pursuant to Section 7 hereof).

Except as otherwise provided, this Agreement, including the indemnity agreements contained in Section 7 hereof, has been and is made solely for the benefit of and shall be binding upon the Company, the Underwriters, the Underwriters' directors and officers, any controlling persons referred to herein, the Company's directors and the Company's officers who sign the Registration Statement and any person controlling the Company and its respective successors and assigns, all as and to the extent provided in this Agreement, and no other person shall acquire or have any right under or by virtue of this Agreement. The term "successors and assigns" shall not include a purchaser of any of the Securities from any of the several Underwriters merely because of such purchase.

This Agreement shall be governed and construed in accordance with the laws of the State of New York.

This Agreement may be signed in various counterparts which together shall constitute one and the same instrument.

Please confirm that the foregoing correctly sets forth the agreement between the Company and the several Underwriters.

Very truly yours,

AMERICAN FINANCIAL GROUP, INC.

By: \_\_\_\_\_

Name:  
Title:

DONALDSON, LUFKIN & JENRETTE  
SECURITIES CORPORATION  
Acting on behalf of  
themselves and the several  
Underwriters named in  
Schedule I hereto

DONALDSON, LUFKIN & JENRETTE  
SECURITIES CORPORATION

By \_\_\_\_\_

Name:  
Title:

## SCHEDULE I

Underwriters -----	Principal Amount of Securities to be Purchased -----
Donaldson, Lufkin & Jenrette Securities Corporation	\$213,500,000
Bear, Stearns & Co., Inc.	45,500,000
Credit Suisse First Boston Corporation	45,500,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	45,500,000
	-----
	\$350,000,000
	=====

## SCHEDULE II

Name of Company -----	State of Incorporation -----	Percentage of Common Equity Ownership -----
AFC Holding Company	Ohio	100
American Financial Capital Trust I	Delaware	100
American Financial Corporation	Ohio	100
American Premier Underwriters, Inc.	Pennsylvania	100
Pennsylvania Company	Delaware	100
Atlanta Casualty Company	Ohio	100
Infinity Insurance Company	Indiana	100
Leader Insurance Company	Ohio	100
Republic Indemnity Company of America	California	100
Windsor Insurance Company	Indiana	100
Great American Insurance Company	Ohio	100
American Annuity Group, Inc.	Delaware	82
AAG Holding Company, Inc.	Ohio	100
Great American Life Insurance Company	Ohio	100
Loyal American Life Insurance Company	Alabama	100
Prairie National Life Insurance Company	South Dakota	100
American Annuity Group Capital Trust I	Delaware	100
American Annuity Group Capital Trust II	Delaware	100
American Annuity Group Capital Trust III	Delaware	100
American Empire Surplus Lines Insurance Company	Delaware	100
American National Fire Insurance Company	New York	100
Brothers Property Corporation	Ohio	80
Mid-Continent Casualty Company	Oklahoma	100
Stonewall Insurance Company	Alabama	100
Transport Insurance Company	Ohio	100



## SCHEDULE III

1. AFC has pledged 580,000 shares of Chiquita Brands International, Inc. ("Chiquita") common stock and 150,000 shares of Marsh Supermarkets CIB Common as collateral for State of New York tax obligations.
2. AFC has placed 300,000 shares of Chiquita common stock and 608,402 shares of AAG common stock for the benefit of GAIC in an escrow with The Provident Bank as escrow agent to meet collateral requirements for certain reinsurance obligations.

## EXHIBIT 4

WHEREAS, on February 18, 1997, AFC Holding Company (formerly American Financial Group, Inc.) filed a Registration Statement Number 333-21995 on Form S-3 (the "Registration Statement") with the Securities and Exchange Commission ("SEC") for the purpose of registering \$500,000,000 in aggregate offering prices of debt and equity securities to be issued by AFC Holding Company; and

WHEREAS, on December 3, 1997, the Corporation and AFC Holding Company filed a post-effective amendment to the Registration Statement to the effect that the Corporation is the issuer of securities offered thereunder; and

WHEREAS, on or about December 3, 1997, the Corporation, AFC Holding Company and Star Bank, N.A., as parties to an Indenture dated November 12, 1997 with respect to unsecured debt securities (the "Debt Securities"), executed and delivered a Supplemental Indenture pursuant to which the Corporation has been substituted as obligor for all purposes under the Debt Securities; and

WHEREAS, the prospectus relating to the Registration Statement stated that Debt Securities offered thereunder would not exceed an initial offering price of \$300,000,000; and

WHEREAS, on or about December 10, 1997, the Corporation issued \$100,000,000 in aggregate principal amount of a series of Debt Securities known as the "7-1/8% Senior Debentures due 2007";

WHEREAS, this Board of Directors has, after due deliberation, determined that in light of prevailing market conditions and to afford the Corporation the greatest degree of financial flexibility, it is in the best interests of the Corporation that the aggregate offering price of Debt Securities not be limited to \$300,000,000; and that the Corporation issue a new series of Debt Securities to be know as the "7-1/8% Senior Debentures due 2009" (the "7-1/8% Debentures"); and

NOW, THEREFORE, BE IT

RESOLVED, that the Corporation be, and it hereby is, authorized to issue and sell Three Hundred Fifty Million Dollars (\$350,000,000) in aggregate amount of the 7-1/8% Senior Debentures, which Debentures shall bear interest from the date of issuance at the rate of 7-1/8% per annum and with interest payable semiannually on April 15 and October 15 of each year, commencing October 15, 1999; and, BE IT

RESOLVED FURTHER, that in light of prevailing market conditions and to afford the Corporation the greatest degree of financial flexibility, it is in the best interest of the Corporation that the aggregate offering price of the Debt Securities not be limited to \$300,000,000; and

RESOLVED FURTHER, that the Corporation will evidence the increase in the maximum amount of Debt Securities issuable pursuant to the Registration Statement on its Form 8-K to be filed in connection with the offering of 7-1/8% Debentures; and

RESOLVED FURTHER, that the 7-1/8% Senior Debentures will initially be issued in the form of one global note (the "Global Note") held in book entry form and deposited on the date of the closing of the sale of the 7-1/8% Senior Debentures with, on or

behalf of, The Depository Trust Company ("DTC") and registered in the name of Cede & Co., as nominee of DTC (such nominee being referred to as the "Global Debenture Holder"); and, BE IT

RESOLVED FURTHER, that the 7-1/8% Senior Debentures shall have such other terms and conditions, consistent with the foregoing, as are set forth in the Prospectus Supplement dated April 12, 1999, as the same may be amended, modified or supplemented from time to time by or under the direction of the officers of the Corporation (as so amended, modified or supplemented, the "Prospectus Supplement"); and, BE IT

RESOLVED FURTHER, that any one (1) or more of the officers of the Corporation be, and they hereby are, authorized and directed, on behalf of the Corporation, to execute and to deliver any and all documents, including (without limitation) certificates evidencing the 7-1/8% Senior Debentures, agreements with underwriters or others for the marketing and sale of the 7-1/8% Senior Debentures and other certificates, ancillary agreements or other documents that such officer or officers may deem necessary or appropriate in connection with the issuance and sale of the 7-1/8% Senior Debentures or to give full force and effect to the purposes of the foregoing resolutions; and, BE IT

RESOLVED FURTHER, that any one (1) or more of the officers of the Corporation be, and they hereby are, authorized to take (or to cause to be taken), on behalf of the Corporation, any and all actions, including (without limitation) completing and filing with the SEC the Prospectus Supplement, that such officer or officers may deem necessary or appropriate in connection with the issuance and sale of the Senior Debentures or to give full force and effect to the purposes of the foregoing resolutions.

[Keating, Muething & Klekamp, P.L.L. Letterhead]

Exhibit 5

PAUL V. MUETHING  
DIRECT DIAL: (513) 579-6517  
FACSIMILE: (513) 579-6578  
E-MAIL: PMUETHING@KMKLAW.COM

April 13, 1999

American Financial Group, Inc.  
One East Fourth Street  
Cincinnati, Ohio 45202

Ladies and Gentlemen:

We have acted as counsel to American Financial Group, Inc. (the "Company") in connection with the Registration Statement on Form S-3 (Registration No. 333-21995) filed with the Securities and Exchange Commission on February 18, 1997 and Post-Effective Amendment No. 1 to such Registration Statement filed on December 5, 1997, as supplemented by the Prospectus Supplement dated April 12, 1999 (Post-Effective Amendment No. 1 to such registration statement as so supplemented is hereafter referred to as the "Registration Statement") relating to the public offering of an aggregate principal amount of \$350,000,000 of its 7-1/8% Senior Debentures due 2009 (the "Securities").

In reaching the conclusions expressed herein, we have examined and relied upon the original or copies, certified to our satisfaction, of (i) the Amended and Restated Articles of Incorporation and the Code of Regulations of the Company; (ii) copies of resolutions of the Board of Directors of the Company, or committees thereof, authorizing the issuance of the Securities and related matters; (iii) the Registration Statement and all exhibits thereto; and (iv) such other documents and instruments as we have deemed necessary for the expression of opinion herein contained. In making the foregoing examinations, we have assumed the genuineness of all signatures and the authenticity of all documents submitted to us as originals, and the conformity to original documents of all documents submitted to us as certified or photostatic copies. As to various questions of fact material to this opinion, we have relied, to the extent we deem reasonably appropriate, upon representations or certificates of officers or directors of the Company and upon documents, records and instruments furnished to us by the Company, without independent check or verification of their accuracy.

Based on the foregoing, we are of the opinion that when, and if, issued, delivered and paid

American Financial Group, Inc.  
Page 2  
April 13, 1999

for, the Securities will be duly authorized, validly issued and binding obligations of the Company.

We hereby consent to the reference to our firm under the caption "Legal Matters" in the Registration Statement. In providing this consent, we do not thereby admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act of 1933 or the rules and regulations of the Commission promulgated thereunder.

Yours truly,

KEATING, MUETHING & KLEKAMP, P.L.L.

By: /s/ Paul V. Muething

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Paul V. Muething