

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13E-3

RULE 13e-3 TRANSACTION STATEMENT
(Pursuant to Section 13(e) of the Securities Exchange Act of 1934)

[Amendment No. _____]

GREAT AMERICAN FINANCIAL RESOURCES, INC.

(Name of the Issuer)

GREAT AMERICAN FINANCIAL RESOURCES, INC.
AMERICAN FINANCIAL GROUP, INC.
GAFRI ACQUISITION CORP.

(Name of Person(s) Filing Statement)

Common Stock, \$1.00 par value ("GAFRI Common Stock")
(Title of Class of Securities)

389915019

(CUSIP Number of Class of Securities)

GREAT AMERICAN FINANCIAL RESOURCES, INC.
250 East Fifth Street, 10th Floor
Cincinnati, Ohio 45202
Attention: Mark F. Muething, Esq.
(513) 333-5300

AMERICAN FINANCIAL GROUP, INC.
GAFRI ACQUISITION CORP.
One East Fourth Street
Suite 900
Cincinnati, Ohio 45202
Attention: James C. Kennedy, Esq.
(513) 579-2538

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications on Behalf of the Person(s) Filing Statement)

with copies to:

Keating Muething & Klekamp PLL
One East Fourth Street
Suite 1400
Cincinnati, Ohio 45202
Attention: Edward E. Steiner, Esq.
Mark A. Weiss, Esq.
513-579-6400

Squire, Sanders & Dempsey L.L.P.
312 Walnut Street
Suite 3500
Cincinnati, Ohio 45202
Attention: Stephen C. Mahon, Esq.
513-361-1200

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications on Behalf of the Person(s) Filing Statement)

This statement is filed in connection with (check appropriate box):

- a. The filing of solicitation materials or an information statement subject to Regulation 14A [17 CFR 240.14a-1 to 240.14b-2], Regulation 14C [17 CFR 240.14c-1 to 240.14c-101] or Rule 13e-3(c) [§240.13e-3(c)] under the Securities Exchange Act of 1934.
- b. The filing of a registration statement under the Securities Act of 1933.
- c. A tender offer.
- d. None of the above.

Check the following box if the soliciting materials or information statement referred to in checking box (a) are preliminary copies:

Check the following box if the filing is a final amendment reporting the results of the transaction:

Calculation of Filing Fee

Transaction
valuation* \$235,617,707

Amount of filing fee
\$7,233.46

* Set forth the amount on which the filing fee is calculated and state how it was determined.

* Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11: the filing fee of \$7,233.46 was determined based upon the sum of (A) product of 9,208,886 outstanding shares of Common Stock and the merger consideration of \$24.50 per share, plus (B) up to \$10,000,000 payable in connection with the extinguishing of outstanding options to purchase GAFRI Common Stock (equal to \$235,617,707). In accordance with Exchange Act Rule 0-11(c), the filing fee was determined by multiplying 0.00003070 by the sum of (A) and (B) in the preceding sentence.

Check box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount previously Paid: _____

Form or Registration No.: _____

Filing Party: _____

Date Filed: _____

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Introductory Statement

This Rule 13e-3 Transaction Statement (the “Transaction Statement”) is being filed with the Securities and Exchange Commission (the “SEC”) pursuant to Section 13(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) by Great American Financial Resources, Inc., a Delaware corporation (“GAFRI” or the “Company”), American Financial Group, Inc., an Ohio corporation (“AFG”) and GAFRI Acquisition Corp., a Delaware corporation and wholly-owned subsidiary of AFG (“GAC”) (collectively, the “Filing Persons”).

This Transaction Statement relates to the Agreement and Plan of Merger, dated as of May 17, 2007 (the “Merger Agreement”), by and among GAFRI, AFG and GAC. If the Merger Agreement is approved by the Company’s stockholders and certain other conditions to the closing of the merger are either satisfied or waived, GAC will be merged with and into GAFRI, the separate corporate existence of GAC will cease and GAFRI will continue its corporate existence under Delaware law as the surviving corporation in the merger, and the separate corporate existence of GAFRI with all of its rights, privileges, immunities, powers and franchises, shall continue unaffected by the merger. Upon consummation of the merger, each share of GAFRI common stock issued and outstanding immediately prior to the effective time of the merger, other than shares owned by GAFRI, AFG, GAC or any of their direct or indirect wholly owned subsidiaries, will be converted into the right to receive \$24.50 in cash, without interest and less any applicable withholding taxes, and GAFRI will become a wholly-owned subsidiary of AFG. GAFRI stockholders shall also have appraisal rights under Delaware law.

Concurrently with the filing of this Transaction Statement, GAFRI is filing with the SEC a proxy statement (the “Proxy Statement”) under Regulation 14A of the Exchange Act, pursuant to which GAFRI’s board of directors (the “Board of Directors”) is soliciting proxies from stockholders of GAFRI in connection with the merger. The Proxy Statement is attached hereto as Exhibit (a)(1). A copy of the Merger Agreement is attached to the Proxy Statement as Appendix A and is incorporated in this Transaction Statement by reference. The attached Proxy Statement is in preliminary form and is subject to completion by amendment.

Pursuant to General Instruction F to Schedule 13E-3, the information in the Proxy Statement, including all exhibits and appendices thereto, is expressly incorporated by reference in this Transaction Statement in its entirety, and responses to each item herein are qualified in their entirety by the information contained in the Proxy Statement. The cross references below are being supplied pursuant to General Instruction G to Schedule 13E-3 and show the location in the Proxy Statement of the information required to be included in response to the items of Schedule 13E-3. Capitalized terms used but not defined herein have the meanings assigned to them in the Proxy Statement.

All information contained in, or incorporated by reference into, this Transaction Statement concerning each Filing Person was supplied by such Filing Person, and no other Filing Person, including GAFRI, takes responsibility for the accuracy of such information as it relates to any other Filing Person.

Item 1. Summary Term Sheet.

The Summary Term Sheet is incorporated by reference to the section captioned “Summary Term Sheet” in the Proxy Statement.

Item 2. Subject Company Information.

(a) *Name and address.* Great American Financial Resources, Inc., 250 East Fifth Street, 10th Floor, Cincinnati, Ohio 45202, telephone number (513) 333-5300.

(b) *Securities.* The information set forth under “The Special Meeting – General; Required Vote” and “Important Information Regarding GAFRI—Markets and Market Price” in the Proxy Statement is incorporated by reference.

(c) *Trading Market and Price.* The information set forth under “Important Information Regarding GAFRI—Markets and Market Price” in the Proxy Statement is incorporated by reference.

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(d) *Dividends*. The information set forth under “Important Information Regarding GAFRI—Markets and Market Price” in the Proxy Statement is incorporated by reference.

(e) *Prior public offerings*. Not Applicable.

(f) *Prior stock purchases*. Not Applicable.

Item 3. Identify and Background of Filing Persons.

(a) *Name and address*.

GREAT AMERICAN FINANCIAL RESOURCES, INC.
250 East Fifth Street, 10th Floor
Cincinnati, Ohio 45202
(513) 333-5300

AMERICAN FINANCIAL GROUP, INC.
GAFRI ACQUISITION CORP.
One East Fourth Street
Suite 900
Cincinnati, Ohio 45202
(513) 579-2538

AFG beneficially owns approximately 81% of the outstanding GAFRI Common Stock. AFG owns 100% of the outstanding common stock of GAC.

Information regarding GAFRI required by Instruction C to Schedule 13E-3 is set forth under “Important Information Regarding GAFRI—Executive Officers and Directors of GAFRI” in the Proxy Statement and incorporated by reference. Information regarding AFG and GAC required by Instruction C to Schedule 13E-3 is provided in Annex A to this Transaction Statement.

The information set forth under “Parties Involved in the Proposed Transaction” in the Proxy Statement is incorporated by reference.

(b) *Business and background of entities*. See paragraph (a) above.

(c) *Business and background of natural person*. See paragraph (a) above.

Item 4. Terms of the Transaction.

(a) *Material terms*. The information set forth under the following sections of the Proxy Statement is incorporated by reference: “Summary Term Sheet”; “Questions and Answers About the Special Meeting and the Merger”; “The Special Meeting—Required Vote”; “Special Factors—Background of the Merger”; “Special Factors—The Special Committee”; “Special Factors—Recommendation of the Special Committee and the Board of Directors; Fairness of the Merger”; “Special Factors—Opinion of the Special Committee’s Financial Advisor”; “Special Factors—Certain Effects of the Merger”; “Special Factors—Considerations Relating to the Proposed Merger”; “Special Factors—Interests of Certain Persons in the Merger”; “Special Factors—Material U.S. Federal Income Tax Consequences”; and “Terms of the Merger Agreement—Conditions to the Merger.”

(b) *Not applicable*.

(c) *Different terms*. The information set forth under the following sections of the Proxy Statement are incorporated by reference: “Summary Term Sheet”; “Special Factors—Certain Effects of the Merger”; and “Special Factors—Interests of Certain Persons in the Merger.”

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(d) *Appraisal rights.* The information set forth under the following sections of the Proxy Statement is incorporated by reference: “Summary Term Sheet”; “Questions and Answers About the Special Meeting and the Merger” and “Special Factors—Appraisal Rights.”

(e) *Provisions for unaffiliated security holders.* None.

(f) *Eligibility for listing or trading.* Not applicable.

Item 5. Past Contacts, Transactions, Negotiations and Agreements.

(a) *Transactions.* GAFRI and American Money Management Corporation (“AMM”), a wholly-owned subsidiary of AFG, are parties to an Investment Services Agreement under which AMM provides investment services to GAFRI’s insurance subsidiaries in accordance with guidelines. GAFRI and its subsidiaries pay AMM a fee based on AMM’s cost of providing these services. Investment charges paid by us to AMM were \$4.1 million in 2006.

Under a tax allocation agreement with AFG that became effective in 2006, GAFRI and its subsidiaries in the consolidated tax return group generally pay or recover taxes based on each subsidiary’s contribution to amounts due under AFG’s consolidated return. The tax allocation agreement with AFG has not impacted the recognition of income tax expense and income tax payable in GAFRI’s financial statements. If the AFG tax group utilizes any of GAFRI’s net operating losses or deductions that originated prior to GAFRI’s entering AFG’s consolidated tax group, AFG will pay to GAFRI an amount equal to the benefit received. During 2006, GAFRI and its subsidiaries which are included in the AFG consolidated tax group incurred income tax expense of \$47.6 million.

GAFRI paid \$2.1 million to AFG for various information technology services (primarily outsourcing) in 2006. GAFRI paid approximately \$202,000 to AFG for services related to purchases from third party vendors. All of these transactions were based on fair market value.

During 2006, GAFRI paid The Cincinnati Hotel approximately \$140,000 for lodging and meeting accommodations. The hotel is owned by a subsidiary of AFG.

(b) *Significant Corporate Events and (c) Negotiations or Contacts.* The information set forth under the following sections of the Proxy Statement is incorporated by reference: “Summary Term Sheet”; “Questions and Answers About the Special Meeting and the Merger”; “Special Factors—The Special Committee”; “Special Factors—Recommendation of the Special Committee and the Board of Directors; Fairness of the Merger”; “Special Factors—Opinion of the Special Committee’s Financial Advisor”; “Special Factors—Interests of Certain Persons in the Merger”; and “Terms of the Merger Agreement.”

(d) *Conflicts of Interest.* AFG and its securityholders stand to benefit from the transactions described to the extent that AFG’s purchase price for the outstanding shares of GAFRI Common Stock is less than that which a third party may have to pay.

(e) *Agreements Involving the Subject Company’s Securities.* None.

Item 6. Purposes of the Transaction and Plans or Proposals.

(b) *Use of Securities Acquired.* The information set forth under the following sections of the Proxy Statement is incorporated by reference: “Summary Term Sheet”; “Questions and Answers About the Special Meeting and the Merger”; “Special Factors—Recommendation of the Special Committee and the Board of Directors; Fairness of the Merger”; “Special Factors—Certain Effects of the Merger”; and “Terms of the Merger Agreement—Consideration to be Received Pursuant to the Merger; Treatment of Stock Options.”

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(c)(1) to (c)(8) *Plans*. The information set forth under the following sections of the Proxy Statement is incorporated by reference: “Summary Term Sheet”; “Questions and Answers About the Special Meeting and the Merger”; “Special Factors-Background of the Merger”; “Special Factors-AFG’s Reasons for the Merger”; “Special Factors—Background of the Merger”; “Special Factors—Recommendation of the Special Committee and the Board of Directors; Fairness of the Merger”; “Special Factors—Opinion of the Special Committee’s Financial Advisor”; “Special Factors—Certain Effects of the Merger”; “Special Factors—Considerations Relating to the Proposed Merger”; “Special Factors—Interests of Certain Persons in the Merger”; “Terms of the Merger Agreement—General; The Merger”; and “Terms of the Merger Agreement—When the Merger Becomes Effective.”

Item 7. Purposes, Alternatives, Reasons and Effects.

(a) *Purposes*. The information set forth under the following sections of the Proxy Statement is incorporated by reference: “Special Factors—Background of the Merger”; “Special Factors-AFG’s Reasons for the Merger”; “Special Factors—Recommendation of the Special Committee and the Board of Directors; Fairness of the Merger”; and “Special Factors—Considerations Relating to the Proposed Merger.”

(b) *Alternatives*. The information set forth under the following sections of the Proxy Statement is incorporated by reference: “Special Factors—Background of the Merger”; and “Special Factors—Recommendation of the Special Committee and the Board of Directors; Fairness of the Merger.”

(c) *Reasons*. The information set forth under the following sections of the Proxy Statement is incorporated by reference: “Summary Term Sheet”; “Special Factors—Background of the Merger”; “Special Factors—Recommendation of the Special Committee and the Board of Directors; Fairness of the Merger”; “Special Factors—Opinion of the Special Committee’s Financial Advisor”; “Special Factors—Certain Effects of the Merger”; “Special Factors—Considerations Relating to the Proposed Merger”; and “Special Factors—Interests of Certain Persons in the Merger.”

(d) *Effects*. The information set forth under the following sections of the Proxy Statement is incorporated by reference: “Summary Term Sheet”; “Questions and Answers About the Special Meeting and the Merger”; “Special Factors—Background of the Merger”; and “Special Factors—Recommendation of the Special Committee and the Board of Directors; Fairness of the Merger”; “Special Factors—Certain Effects of the Merger”; “Special Factors—Considerations Relating to the Proposed Merger”; “Special Factors—Interests of Certain Persons in the Merger”; and “Special Factors—Material U.S. Federal Income Tax Consequences.”

Item 8. Fairness of the Transaction.

(a) *Fairness*. The information set forth under the following sections of the Proxy Statement is incorporated by reference: “Special Factors—Background of the Merger”; “Special Factors—Recommendation of the Special Committee and the Board of Directors; Fairness of the Merger”; “Special Factors—Opinion of the Special Committee’s Financial Advisor”; and Appendix B—Opinion of Cochran Caronia Waller LLC dated May 17, 2007.

(b) *Factors considered in determining fairness*. The information set forth under the following sections of the Proxy Statement is incorporated by reference: “Special Factors—Background of the Merger”; “Special Factors—Recommendation of the Special Committee and the Board of Directors; Fairness of the Merger”; “Special Factors—Opinion of the Special Committee’s Financial Advisor”; and Appendix B—Opinion of Cochran Caronia Waller LLC dated May 17, 2007.

(c) *Approval of security holders*. The information set forth under the following sections of the Proxy Statement is incorporated by reference: “Summary Term Sheet”; “Questions and Answers About the Special Meeting and the Merger”; “The Special Meeting—General”; “The Special Meeting—Required Vote”; “Terms of the Merger Agreement—Conditions to the Merger.”

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(d) *Unaffiliated representative.* An unaffiliated representative was not retained to act solely on behalf of the unaffiliated stockholders for purposes of negotiating the terms of the merger or preparing a report concerning the fairness of the merger. The information set forth under the following sections of the Proxy Statement is incorporated by reference: “Special Factors—The Special Committee”; “Special Factors—Recommendation of the Special Committee and the Board of Directors; Fairness of the Merger”; and “Special Factors—Opinion of the Special Committee’s Financial Advisor.”

(e) *Approval of directors.* The information set forth under the following sections of the Proxy Statement is incorporated by reference: “Summary Term Sheet”; “Special Factors—Reasons for the Merger;” “Special Factors—Recommendation of the Special Committee and the Board of Directors; Fairness of the Merger”; and “Special Factors—Opinion of the Special Committee’s Financial Advisor.”

(f) *Other offers.* Not applicable.

Item 9. Reports, Opinions, Appraisals and Certain Negotiations.

(a) *(a)-(c) Report, opinion or appraisal; Preparer and summary of the report, opinion or appraisal; and Availability of documents.* The information set forth under the following sections of the Proxy Statement is incorporated by reference: “Special Factors—Background of the Merger”; “Special Factors— The Special Committee”; “Special Factors—Recommendation of the Special Committee and the Board of Directors; Fairness of the Merger”; “Special Factors—Opinion of the Special Committee’s Financial Advisor”; and Appendix B—Opinion of Cochran Caronia Waller LLC dated May 17, 2007.

Item 10. Source and Amounts of Funds or Other Consideration.

(a)-(d) *Source of funds; Conditions; Expenses; Borrowed funds.* The information set forth under the following sections of the Proxy Statement is incorporated by reference: “Summary Term Sheet”; “Terms of the Merger Agreement—Fees and Expenses”; and Appendix A—Agreement and Plan of Merger, dated as of May 17, 2007, by and among Great American Financial Resources, Inc., American Financial Group, Inc. and GAFRI Acquisition Corp.

Item 11. Interest in Securities of the Subject Company.

(a) *Securities ownership.* The information set forth under the following sections of the Proxy Statement is incorporated by reference: “Summary Term Sheet”; “Questions and Answers About the Special Meeting and the Merger”; “Parties Involved in the Proposed Transaction”; “Important Information Regarding GAFRI— Securities Ownership of Certain Beneficial Owners and Management.” AFG beneficially owns an aggregate of 38,566,978 shares (or approximately 81%) of the outstanding shares of GAFRI Common Stock, with 9,641,500 shares held directly and 28,924,495 and 983 shares held through its wholly-owned indirect subsidiaries, Great American Insurance Company and American Premier Underwriters, Inc., respectively.

(b) *Securities transactions.* None.

Item 12. The Solicitation or Recommendation.

(d) *Intent to tender or vote in a going-private transaction* The information set forth under the following sections of the Proxy Statement is incorporated by reference: “Summary Term Sheet”; “Questions and Answers About the Special Meeting and the Merger” and “The Special Meeting—Required Vote.”

(e) *Recommendations of others.* The information set forth under the following section of the Proxy Statement is incorporated by reference: “Special Factors— Recommendation of the Special Committee and the Board of Directors; Fairness of the Merger.”

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Item 13. Financial Information.

(a) *Financial information.* The information set forth under the following section of the Proxy Statement is incorporated by reference: “Where Stockholders Can Find More Information.”

(b) *Pro forma information.* Not applicable.

Item 14. Persons/Assets, Retained, Employed, Compensated or Used.

(a) *Solicitations or recommendations.* The information set forth under the following sections of the Proxy Statement is incorporated by reference: “The Special Meeting—General” and “The Special Meeting—Proxies and Revocation of Proxies.”

(b) *Employees and corporate assets.* The information set forth under the following sections of the Proxy Statement is incorporated by reference: “The Special Meeting—General” and “The Special Meeting—Proxies and Revocation of Proxies.”

Item 15. Additional Information.

(b) *Other material information.* All information set forth in the Proxy Statement, including all appendices to the Proxy Statement, is incorporated by reference.

Item 16. Exhibits.

(a) Proxy Statement of GAFRI, including the form of proxy card, letter to stockholders and notice of special meeting of stockholders (incorporated by reference to the Proxy Statement).

(b) Not applicable.

(c)(1) Opinion of Cochran Caronia Waller LLC (“CCW”) dated May 17, 2007 (incorporated by referenced to Appendix B to the Proxy Statement).

(c)(2) Presentation of CCW to the Special Committee of Independent Directors of the Board of Directors of GAFRI dated May 17, 2007.

(d) Agreement and Plan of Merger, dated as of May 17, 2007, by and among Great American Financial Resources, Inc., American Financial Group, Inc. and GAFRI Acquisition Corp. (incorporated by reference to Appendix A to the Proxy Statement).

(f) The information set forth under the following sections of the Proxy Statement is incorporated by reference: “Special Factors—Appraisal Rights” and Appendix C—Section 262 of the Delaware General Corporation Law.

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

GREAT AMERICAN FINANCIAL RESOURCES, INC.

/s/ Mark F. Muething

(Signature)

Mark F. Muething, Executive Vice President

(Name and Title)

June 14, 2007

(Date)

AMERICAN FINANCIAL GROUP, INC.

/s/ James C. Kennedy

(Signature)

James C. Kennedy, Vice President

(Name and Title)

June 14, 2007

(Date)

GAFRI ACQUISITION CORP.

/s/ James C. Kennedy

(Signature)

James C. Kennedy, Vice President

(Name and Title)

June 14, 2007

(Date)

APPENDIX A

The directors and executive officers of AFG are set forth below. None of these persons nor AFG has been convicted in a criminal proceeding during the past five years (excluding traffic violations or similar misdemeanors), and none of these persons has been a party to any judicial or administrative proceeding during the past five years that resulted in a judgment, decree or final order enjoining the person from future violations of, or prohibiting activities subject to, federal or state securities laws or a finding of any violation of federal or state securities laws. All of the directors and executive officers of AFG are citizens of the United States and can be reached c/o American Financial Group, Inc., One East Fourth Street, Suite 900, Cincinnati, Ohio 45202.

Carl H. Lindner has, for more than five years, served as the Chairman of the Board of Directors, and until January 2005, also served as Chief Executive Officer of AFG. He is also Chairman of the Board of Directors of GAFRI.

Carl H. Lindner III has been a director AFG since 1991, has been Co-Chief Executive Officer since January 2005, and for more than five years, Mr. Lindner has served as Co-President of AFG. For over ten years, Mr. Lindner has been President of Great American Insurance Company and has been principally responsible for AFG's property and casualty insurance operations.

S. Craig Lindner has been a director of AFG since 1985. He has been Co-Chief Executive Officer since January 2005, and for more than five years, Mr. Lindner has served as Co-President of AFG. He is also President and Chief Executive Officer and a Director of GAFRI. Mr. Lindner is also President of American Money Management Corporation, a subsidiary that provides investment services for AFG and its affiliated companies. He was also a director of National City Corp. ("NCC") until April 24, 2007.

Kenneth C. Ambrecht has been a director of AFG since 2005. Mr. Ambrecht has extensive corporate finance experience having worked in the U.S. capital markets for over 30 years. In December 2005, Mr. Ambrecht organized KCA Associates LLC, through which he serves as a consultant to several companies, advising them with respect to financings and financial transactions. From July 2004 to December 2005, he served as a Managing Director with the investment banking firm First Albany Capital. For more than five years prior, Mr. Ambrecht was a Managing Director with Royal Bank Canada Capital Markets. Prior to that post, Mr. Ambrecht worked with the investment bank Lehman Brothers as Managing Director of its capital markets division. Mr. Ambrecht is also a member of the Boards of Directors of Great American Financial Resources, Inc., Fortescue Metals Group Limited, an Australian mining company and Dominion Petroleum Ltd., an oil and gas exploration company.

Theodore H. Emmerich has been a director of AFG since 1988. Prior to his retirement in 1986, Mr. Emmerich was managing partner of the Cincinnati office of the independent accounting firm of Ernst & Whinney. He is also a director of Summit Mutual Funds, Inc.

James E. Evans has been a director of AFG since 1985. For more than five years, Mr. Evans has served as Senior Vice President and General Counsel of AFG.

Terry S. Jacobs has been a director of AFG since 2003. Mr. Jacobs has served as President and Chief Executive Officer of The JFP Group, LLC, a real estate investment and development company, since September 2005. From its founding in September 1996 until September 2005, Mr. Jacobs served as Chairman of the Board of Directors and Chief Executive Officer of Regent Communications, Inc. Mr. Jacobs currently serves as Vice Chairman of the board of directors of Regent Communications, which owns and operates 75 radio stations in 15 markets. Mr. Jacobs also currently serves as a director of Capital Title Group, Inc. and Global Entertainment Corp.

William R. Martin has been a director of AFG since 1994. Prior to his retirement in 2003, Mr. Martin had been Chairman of the Board of Directors of MB Computing, Inc., a computer software and services company, for more than five years. Mr. Martin is also a director of Great American Financial Resources, Inc.

William W. Verity has been a director of AFG since 2002. Mr. Verity has been President of Verity & Verity, LLC, an investment management company, since January 1, 2002, and prior to that, he was a partner of

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Pathway Guidance L.L.C., an executive consulting firm, from October 2000. For more than five years previously, Mr. Verity was Chairman and Chief Executive Officer of ENCOR Holdings, Inc., a developer and manufacturer of plastic molded components.

Keith A. Jensen has served as Senior Vice President of AFG for over five years. Since January 2005, he has also served as AFG's chief financial officer.

Thomas E. Mischell has served as Senior Vice President — Taxes of AFG for over five years.

The directors and executive officers of GAC are set forth below. None of these persons nor GAC has been convicted in a criminal proceeding during the past five years (excluding traffic violations or similar misdemeanors), and none of these persons has been a party to any judicial or administrative proceeding during the past five years that resulted in a judgment, decree or final order enjoining the person from future violations of, or prohibiting activities subject to, federal or state securities laws or a finding of any violation of federal or state securities laws. All of the directors and executive officers of GAC are citizens of the United States and can be reached c/o American Financial Group, Inc., One East Fourth Street, Suite 900, Cincinnati, Ohio 45202.

Thomas E. Mischell has served as President and a director of GAC since May 17, 2007. A description of Mr. Mischell's other service to AFG is above.

James C. Kennedy has served as Vice President and a director of GAC since May 17, 2007. For over five years Mr. Kennedy has served AFG as Vice President, Deputy General Counsel and Secretary.

Karl J. Grafe has served as Vice President/Secretary and a director of GAC since May 17, 2007. For over five years Mr. Grafe has served AFG as Vice President, Assistant General Counsel and Assistant Secretary.

Confidential

***Presentation to the Special Committee of Independent
Directors of the Board of Directors of***



May 17, 2007



Disclaimer

THE ACCOMPANYING PRESENTATION WAS COMPILED OR PREPARED BY AND IS PROPRIETARY TO COCHRAN CARONIA WALLER LLC ("CCW"). SUCH PRESENTATION HAS BEEN PROVIDED BY CCW FOR THE BENEFIT AND INTERNAL USE OF THE SPECIAL COMMITTEE OF INDEPENDENT DIRECTORS (THE "COMMITTEE") OF THE BOARD OF DIRECTORS OF GREAT AMERICAN FINANCIAL RESOURCES, INC. ("GAFRI" OR THE "COMPANY") IN CONNECTION WITH A POTENTIAL TRANSACTION INVOLVING AMERICAN FINANCIAL GROUP ("AFG") AND NOT WITH A VIEW TOWARD PUBLIC DISCLOSURE UNDER STATE, FEDERAL AND INTERNATIONAL SECURITIES LAWS OR OTHERWISE. NEITHER THE ACCOMPANYING PRESENTATION NOR ANY OF ITS CONTENTS MAY BE REPRODUCED, DISTRIBUTED OR USED, NOR MAY REFERENCE TO CCW BE MADE, WITHOUT THE PRIOR WRITTEN CONSENT OF CCW. THE ACCOMPANYING PRESENTATION MUST BE CONSIDERED TOGETHER WITH THE ORAL PRESENTATION THAT SUPPLEMENTS IT.

THE INFORMATION CONTAINED HEREIN WAS OBTAINED FROM THE COMPANY AND FROM PUBLIC SOURCES. ANY ESTIMATES AND PROJECTIONS CONTAINED HEREIN HAVE BEEN SUPPLIED BY THE MANAGEMENT OF THE COMPANY OR ARE PUBLICLY AVAILABLE AND INVOLVE NUMEROUS AND SIGNIFICANT SUBJECTIVE DETERMINATIONS. THERE IS NO ASSURANCE THAT SUCH ESTIMATES AND PROJECTIONS WILL BE REALIZED. NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, IS MADE AS TO THE ACCURACY, COMPLETENESS OR REASONABLENESS OF SUCH INFORMATION AND NOTHING CONTAINED HEREIN IS, OR SHALL BE RELIED UPON AS, A REPRESENTATION OR WARRANTY, WHETHER AS TO THE PAST, THE PRESENT OR THE FUTURE. THE ACCOMPANYING PRESENTATION WAS NOT PREPARED FOR USE BY READERS NOT AS FAMILIAR WITH THE BUSINESS AND AFFAIRS OF THE COMPANY AS THE COMMITTEE AND, ACCORDINGLY, NONE OF GAFRI OR CCW NOR THEIR RESPECTIVE LEGAL OR FINANCIAL ADVISORS OR ACCOUNTANTS TAKES ANY RESPONSIBILITY FOR THE ACCOMPANYING PRESENTATION IF USED BY PERSONS OTHER THAN THE COMMITTEE.

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I. Executive Summary

Executive Summary

- ◆ **Cochran Caronia Waller (“CCW”) has been requested by the Special Committee of the Board of Directors of Great American Financial Resources, Inc. (“GAFRI” or the “Company”) to prepare a financial analysis (the “Financial Analysis”) of the Company in connection with a potential buyout proposal by American Financial Group (“AFG”) or one of its affiliates or subsidiaries, for the publicly held shares not owned by AFG or its subsidiaries (the “AFG Proposal”).**

- ◆ **In preparing the Financial Analysis, CCW reviewed, among other things, the following information:**
 - Publicly available information concerning the business, financial condition and operations of GAFRI
 - Internal information prepared by Company management concerning the business, financial condition and operations of GAFRI
 - Financial projections for GAFRI prepared by Company management
 - Audited financial statements of GAFRI for the five years ended December 31, 2002 through December 31, 2006 and unaudited financial statements for GAFRI for the quarter ended March 31, 2007
 - Discussions with GAFRI management concerning the Company, its operating environment, financial condition, prospects and strategic objectives
 - Historical stock price performance and other valuation metrics for GAFRI
 - Certain relevant market and financial data of GAFRI, companies deemed comparable to GAFRI and transactions deemed comparable to the AFG Proposal

Overview of Selected Methodologies

- ◆ The table below summarizes the types of financial analyses performed and other factors considered by CCW:

	Description
Historical Stock Price Performance	◆ Historical stock trading performance of GAFRI common shares compared with the stock trading performances of certain comparable company indices as well as broader market indices
Historical Trading Multiples	◆ Historical price / book value trading multiples over time and average trading multiples over various periods
Price / Book Value vs. ROE Analysis	◆ Correlation between return on equity (ROE) and price / book value for comparable companies and resulting implied price / book value multiple for GAFRI
Public Market Trading Analysis	◆ Comparison of selected financial, operating and trading information and ratios (e.g., price / earnings and price / book value) using publicly available information of a peer group of companies
Dividend Discount Analysis	◆ Calculation of the sum of the Company's projected cash flows to common shareholders and a terminal value discounted at GAFRI's cost of equity
Premiums Paid Analysis	◆ Premiums paid in comparable minority stake buy-out transactions

II. Corporate Overview

GAFRI Public Market Data

Public Market Summary

Share Price (as of 5/15/07)	\$24.46
52 Week:	
High (4/16/07)	\$25.45
Low (7/14/06)	\$18.52
% of 52 Week High	96.1%
Market Capitalization (\$MM)	\$1,167.4
Price / 3/31/07 BVPS (Incl. FAS 115)	1.05x
Price / 3/31/07 BVPS (Excl. FAS 115)	1.07x
Price / LTM Diluted Earnings	11.8x
Price / LTM Operating Earnings	15.2x
Price / 2007E Earnings	15.8x
Price / 2008E Earnings	13.1x

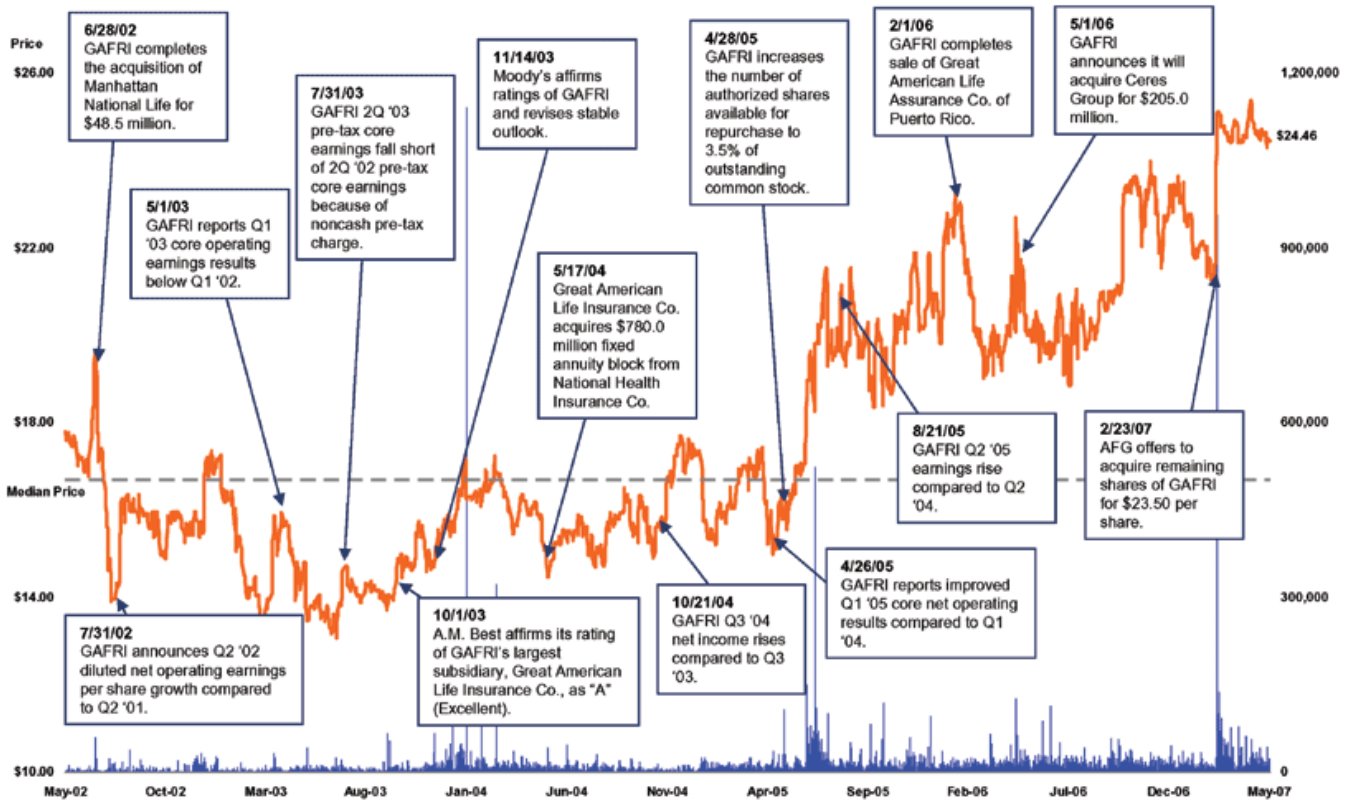
Source: SNL Financial and GAFRI management.

Average Weekly Trading Volume



Note: Calculated for full business weeks, Monday through Friday. Data is through Tuesday, May 15, 2007.
Source: Bloomberg.

Historical Price / Volume Chart and Major Events

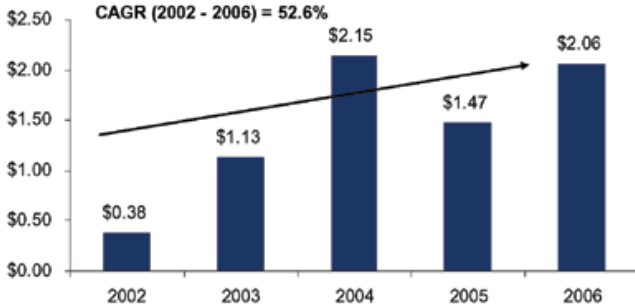


Source: Bloomberg.

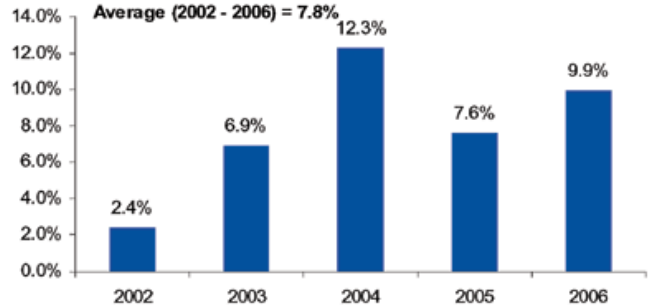


GAFRI Historical Earnings

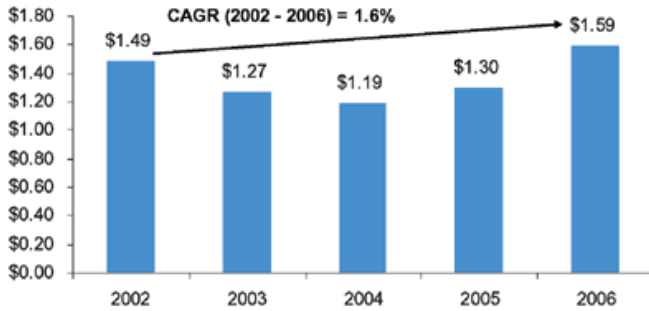
Diluted Earnings Per Share



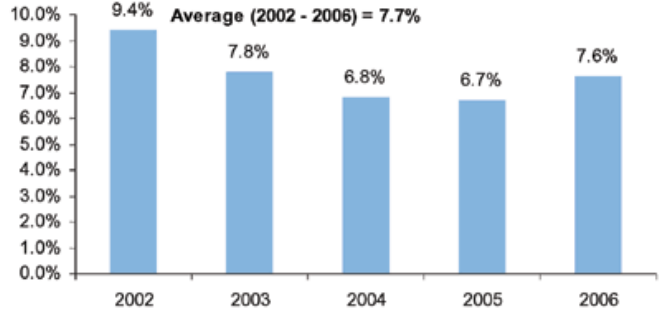
Return on Average Equity (Excl. FAS 115)



Operating Earnings Per Share



Operating Return on Average Equity (Excl. FAS 115)

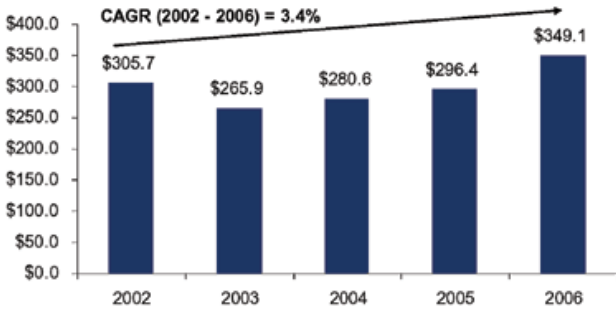


Source: SNL DataSource and public SEC filings. Operating income equals net income after income taxes, before extraordinary items, realized gains and certain non-recurring items as reported by the Company. The amortization of deferred acquisition costs related to realized gains is also excluded.

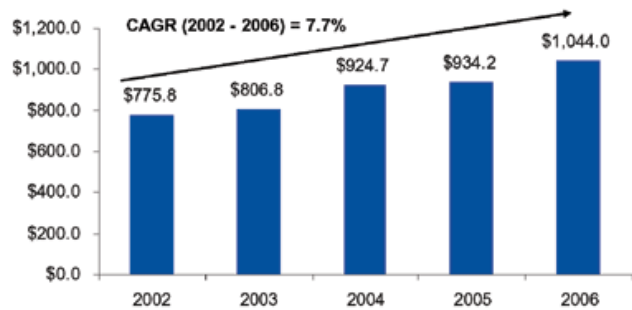
GAFRI Selected Historical Financial Results

(Dollars in millions, except for per share data)

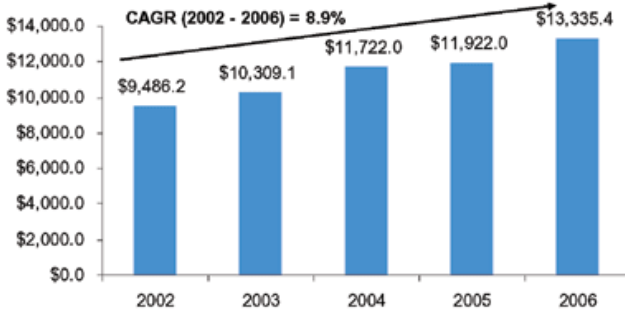
Net Policy Revenue



Total Revenue



Total Assets

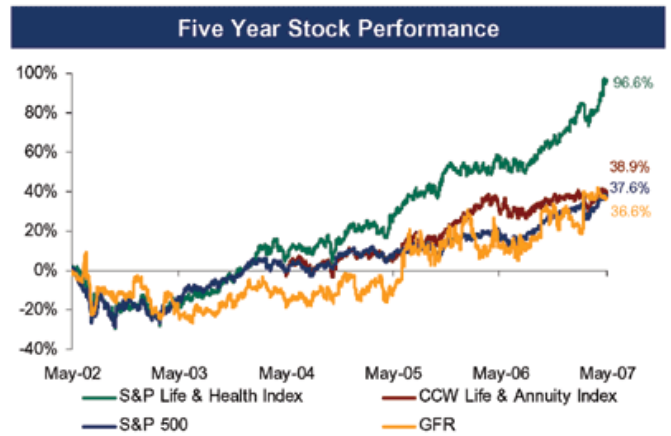
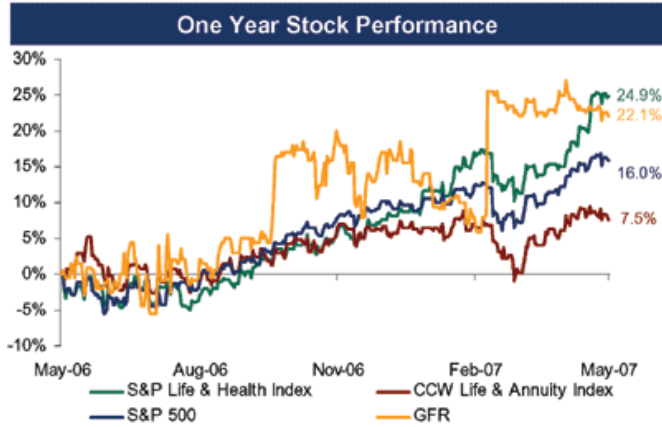


Book Value Per Share (Excl. FAS 115)



Source: SNL DataSource, public SEC filings and GAFRI internal financial documents.

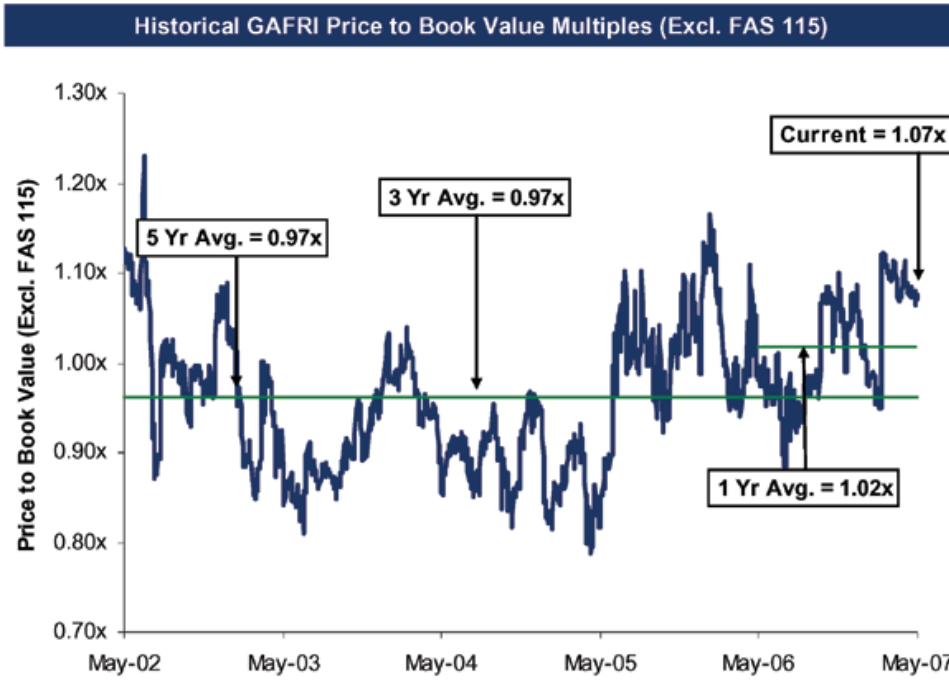
Historical Sector Stock Performance vs. General Market



Source: Capital IQ.
 Note: CCW Life & Annuity Index includes AEL, CNO, FFG, NWLIA, NFS, PLFE, PL and TMK.



Historical GAFRI Price to Book Value Multiples (Excl. FAS 115)

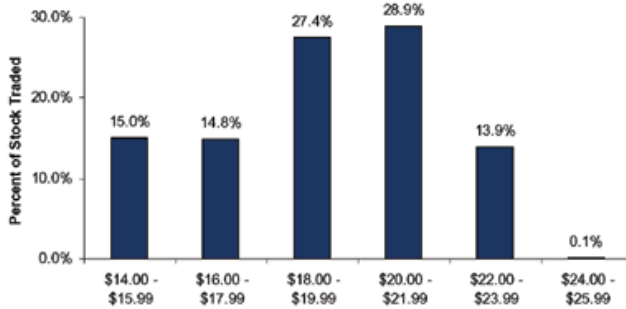


Source: SNL Financial, GFR 10-Ks and 10-Qs.

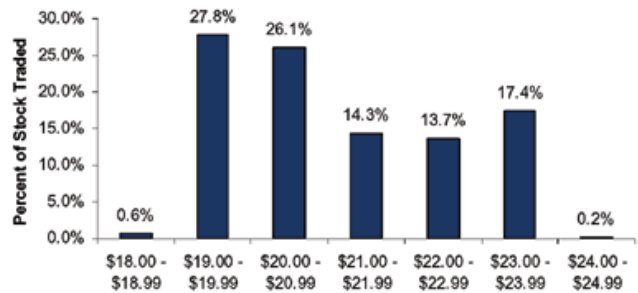
Historical GAFRI Price / Volume Trading Summary

- ◆ GAFRI announced after close of business on February 22, 2007 that AFG proposed to acquire the shares of GAFRI that AFG and its subsidiaries do not already own for \$23.50 per share in cash.

GAFRI Trading Volume by Price Range
Last 3 Years (2/22/04 to 2/22/07)



GAFRI Trading Volume by Price Range
1 Year (2/22/06 to 2/22/07)



GAFRI Trading Range
Last 3 Years (2/22/04 to 2/22/07)

Price Range	Days Closing Price Within Range	% of Total	Volume of Shares Traded Within Range ⁽¹⁾	% of Total
\$14.00 - \$15.99	178	22.7%	2,094,303	15.0%
\$16.00 - \$17.99	162	20.7%	2,074,142	14.8%
\$18.00 - \$19.99	129	16.5%	3,839,490	27.4%
\$20.00 - \$21.99	208	26.5%	4,039,903	28.9%
\$22.00 - \$23.99	107	13.6%	1,943,291	13.9%
\$24.00 - \$25.99	0	0.0%	9,822	0.1%
	784	100.0%	14,000,950	100.0%

(1) Based on closing stock prices.

Source: Bloomberg.



GAFRI Trading Range
1 Year (2/22/06 to 2/22/07)

Price Range	Days Closing Price Within Range	% of Total	Volume of Shares Traded Within Range ⁽¹⁾	% of Total
\$18.00 - \$18.99	2	0.8%	33,052	0.6%
\$19.00 - \$19.99	59	22.5%	1,464,428	27.8%
\$20.00 - \$20.99	77	29.4%	1,374,974	26.1%
\$21.00 - \$21.99	38	14.5%	753,472	14.3%
\$22.00 - \$22.99	39	14.9%	722,238	13.7%
\$23.00 - \$23.99	47	17.9%	917,915	17.4%
\$24.00 - \$24.99	0	0.0%	9,822	0.2%
	262	100.0%	5,275,900	100.0%

(1) Based on closing stock prices.



2007 – 2009 Management Plan

(Dollars in millions, except per share data)

	Actual 2005	Actual 2006	Plan 2007	Plan 2008	Plan 2009
Net Premiums	\$1,147	\$1,727	\$2,160	\$2,965	\$3,775
Assets ⁽¹⁾	11,800	13,300	14,300	15,800	18,000
GAAP Equity ⁽¹⁾	949	1,064	1,150	1,250	1,375
Net Operating Earnings ⁽²⁾	\$62.0	\$76.7	\$74.8 ⁽⁵⁾	\$91.4	\$111.0
Operating Earnings Per Share ⁽²⁾	1.30	1.59	1.55 ⁽⁵⁾	1.87	2.26
Net Earnings Per Share	1.47	2.06	1.60	1.87	2.26
Book Value Per Share ⁽¹⁾	\$20.09	\$22.37	\$24.19	\$26.33	\$28.93
ROE - Operating ⁽³⁾	6.7%	7.6%	6.8% ⁽⁵⁾	7.8%	8.7%
ROE - Net Income ⁽⁴⁾	6.3%	11.1%	8.1%	8.8%	9.8%

Source: GAFRI Management.

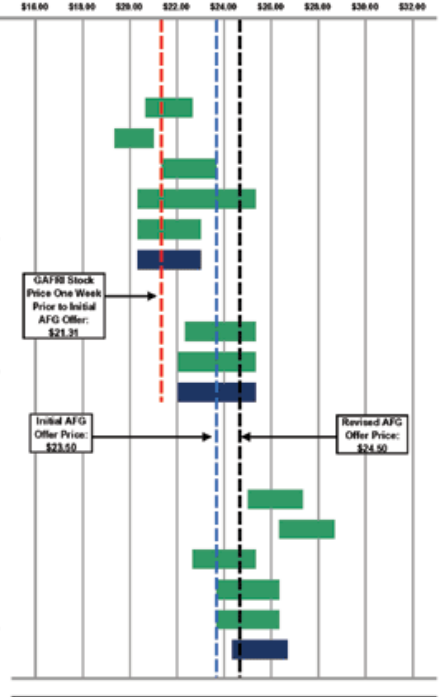
Note: Assumes earnings on excess capital earns portfolio rate.

- (1) Excludes unrealized gains (losses) on fixed maturities.
- (2) From continuing operations (excludes GA Life of Puerto Rico, hotel gains and 2005 unlockings).
- (3) Includes GA Life of Puerto Rico, excludes realized gains, hotel gains and 2005 unlockings.
- (4) Includes operating, non-operating, discontinued lines and change in unrealized gains in stocks.
- (5) Excludes non-recurring earnings items of \$3.5 million in the first quarter of 2007.

III. Financial Analysis

Financial Analysis Summary

	Financial Statistic ⁽¹⁾	Selected Multiple Range/ Premium Range		Implied Per Share Range												
						\$16.00	\$18.00	\$20.00	\$22.00	\$24.00	\$26.00	\$28.00	\$30.00	\$32.00		
I. Stand Alone Analysis																
Public Market Trading Analysis: ⁽²⁾																
Price / LTM Operating EPS (see pg. 18)	\$1.61	13.0x	--- 14.0x	\$20.93	--- \$22.54											
Price / 2007E Operating EPS (see pg. 18)	\$1.55	12.5x	--- 13.5x	\$19.38	--- \$20.93											
Price / 2008E Operating EPS (see pg. 18)	\$1.87	11.5x	--- 12.5x	\$21.51	--- \$23.38											
Price / 3/31/07 BVPS (Excl. FAS 115) ⁽³⁾ (see pg. 18 & pg. 19)	\$22.83	0.90x	--- 1.10x	\$20.55	--- \$25.11											
Price / Book Value vs. 2007E ROE ⁽⁷⁾ (see pg. 19)	6.8%	0.90x	--- 1.00x	\$20.55	--- \$22.83											
Indicative Reference Range				\$20.58	\$22.96											
Dividend Discount Analysis: ⁽⁴⁾																
		Exit Multiple														
Price / Estimated Earnings (see pg. 20)		12.5x	--- 13.5x	\$22.41	--- \$25.28											
Price / Book Value ⁽⁵⁾ (see pg. 20)		1.12x	--- 1.22x	\$22.13	--- \$25.17											
Indicative Reference Range				\$22.27	\$25.22											
II. Transaction Analysis																
Premiums Paid Analysis: ⁽⁵⁾																
All Transactions (see pg. 22)	\$21.31	17.8%	--- 27.8%	\$25.10	--- \$27.23											
100% Cash Transactions (see pg. 22)	\$21.31	23.6%	--- 33.6%	\$26.34	--- \$28.47											
Financial Institution Transactions (see pg. 22)	\$21.31	7.9%	--- 17.9%	\$22.99	--- \$25.12											
Insurance Transactions (see pg. 22)	\$21.31	12.2%	--- 22.2%	\$23.91	--- \$26.04											
100% Cash Insurance Transactions (see pg. 22)	\$21.31	12.4%	--- 22.4%	\$23.95	--- \$26.08											
Indicative Reference Range				\$24.46	\$26.59											



(1) GAFRI historical data per GAFRI public filings, except as otherwise noted. GAFRI projected data per GAFRI management.
 (2) Peer group includes AEL, CNO, FFG, NWLJA, NFS, PLFE, PL and TMK.
 (3) Excludes unrealized gains and losses.
 (4) Based on a discount rate range of 11.0% - 12.0%.
 (5) Selected premium range is based on the median premiums paid over target closing stock prices one trading week prior to announcement for selected companies with majority ownerships. Includes transactions announced or effected since 1996 with transaction values of greater than \$50MM.

Financial Analysis

Illustrative Stock Price Matrix

(Dollars in millions, except per share data)

	GAFRI Matrix Stock Price Range											
	\$22.00	\$22.50	\$23.00	\$23.50	\$24.00	\$24.50	\$25.00	\$25.50	\$26.00	\$26.50	\$27.00	\$27.50
Market Capitalization	\$1,047.4	\$1,071.2	\$1,095.0	\$1,118.8	\$1,142.6	\$1,166.4	\$1,190.2	\$1,214.0	\$1,237.8	\$1,261.6	\$1,285.4	\$1,309.2
Aggregate Transaction Value	\$198.0	\$202.5	\$207.0	\$211.5	\$216.0	\$220.5	\$224.9	\$229.4	\$233.9	\$238.4	\$242.9	\$247.4
Implied Premium / (Discount) to:												
Close (5/15/07)	\$24.46	-10.1%	-8.0%	-6.0%	-3.9%	-1.9%	0.2%	2.2%	4.3%	6.3%	8.3%	10.4%
1 Day Prior to Announcement	\$21.69	1.4%	3.7%	6.0%	8.3%	10.7%	13.0%	15.3%	17.6%	19.9%	22.2%	24.5%
1 Week Prior to Announcement	\$21.31	3.2%	5.6%	7.9%	10.3%	12.6%	15.0%	17.3%	19.7%	22.0%	24.4%	26.8%
1 Month Prior to Announcement	\$21.78	1.0%	3.3%	5.6%	7.9%	10.2%	12.5%	14.8%	17.1%	19.4%	21.7%	24.0%
2 Months Prior to Announcement	\$23.35	-5.8%	-3.6%	-1.5%	0.6%	2.8%	4.9%	7.1%	9.2%	11.3%	13.5%	15.6%
1 Year Prior to Announcement	\$20.09	9.5%	12.0%	14.5%	17.0%	19.5%	22.0%	24.4%	26.9%	29.4%	31.9%	34.4%
Implied Price to:												
	Financial Statistic ⁽¹⁾											
LTM Operating EPS	\$1.61	13.7x	14.0x	14.3x	14.6x	14.9x	15.2x	15.5x	15.8x	16.1x	16.5x	16.8x
2007E Operating EPS	\$1.55	14.2x	14.5x	14.8x	15.2x	15.5x	15.8x	16.1x	16.5x	16.8x	17.1x	17.4x
2008E Operating EPS	\$1.67	11.8x	12.0x	12.3x	12.6x	12.8x	13.1x	13.4x	13.6x	13.9x	14.2x	14.4x
3/31/07 BVPS (Incl. FAS 115)	\$23.30	0.94x	0.97x	0.99x	1.01x	1.03x	1.05x	1.07x	1.09x	1.12x	1.14x	1.16x
3/31/07 BVPS (Excl. FAS 115)	\$22.83	0.96x	0.99x	1.01x	1.03x	1.05x	1.07x	1.10x	1.12x	1.14x	1.16x	1.18x
12/31/06 Capital & Surplus	\$643.8	1.63x	1.66x	1.70x	1.74x	1.77x	1.81x	1.85x	1.89x	1.92x	1.96x	2.00x
Premium / (Discount) to:												
Median Peer Group Trading Multiple ⁽²⁾												
Price / 2007E Earnings	13.0x	9.2%	11.7%	14.1%	16.6%	19.1%	21.6%	24.1%	26.6%	29.0%	31.5%	34.0%
Price / 2008E Earnings	12.0x	-2.0%	0.3%	2.5%	4.7%	7.0%	9.2%	11.4%	13.6%	15.9%	18.1%	20.3%
Price / Book Value (Incl. FAS 115)	1.18x	-20.0%	-18.2%	-16.3%	-14.5%	-12.7%	-10.9%	-9.1%	-7.3%	-5.4%	-3.6%	-1.8%
Price / Book Value (Excl. FAS 115)	1.18x	-18.3%	-16.5%	-14.6%	-12.8%	-10.9%	-9.1%	-7.2%	-5.3%	-3.5%	-1.6%	0.2%

Note: Selected per share reference range reflected on prior page is shaded.

(1) GAFRI historical data per GAFRI public filings, except as otherwise noted. GAFRI projected data per GAFRI management.

(2) Peer group includes AEL, CNO, FFG, NWLIA, NFS, PLFE, PL and TMK.



Financial Analysis

Market Trading Statistics for GAFRI and Selected Comparables

(Dollars in millions, except per share data)

Company Name	American Equity Investment Life Holding Co.	Conseco, Inc.	FBL Financial Group, Inc.	National Western Life Insurance Company	Nationwide Financial Services, Inc.	Presidential Life Corporation	Protective Life Corporation	Torchmark Corporation	Pre-AFG Offer (2/22/07)	Current (5/15/07)	
	Tickers	AEI	CNO	FFG	NWLIA	NFS	PLFE	PL	TMK	Great American Financial Resources, Inc.	
Stock Price (5/15/07)	\$11.72	\$18.89	\$38.65	\$249.05	\$60.51	\$18.48	\$50.83	\$69.55		\$21.69	\$24.46
52 Week High - Low	\$14.07-\$10.07	\$24.47-\$16.56	\$41.53-\$30.48	\$274.49-\$208.50	\$61.15-\$42.46	\$26.09-\$18.40	\$51.30-\$42.46	\$69.94-\$56.04		\$23.96-\$18.85	\$25.45-\$18.52
1 Yr Avg. Wk Volume / Shares Out.	4.13%	4.98%	0.82%	0.38%	2.30%	1.06%	2.29%	1.95%		0.21%	0.28%
Market Cap. (\$MM)	\$666.2	\$2,849.5	\$1,202.1	\$902.1	\$3,631.6	\$545.3	\$3,561.8	\$6,642.2	Total Median	\$1,030.3	\$1,167.4
LTM Stock Performance	-10.1%	-18.7%	26.1%	19.2%	38.5%	-20.7%	11.1%	14.7%	12.9%	8.0%	22.1%
Current Price / Book:											
Excl. FAS 115	1.02x	0.70x	1.31x	0.95x	1.57x	1.06x	1.51x	1.98x	1.18x	0.98x	1.07x
Incl. FAS 115	1.09x	0.70x	1.27x	0.97x	1.54x	0.84x	1.47x	1.99x	1.18x	0.96x	1.05x
Return on Equity:											
LTM Operating Income	7.6%	1.1%	10.2%	4.9%	13.0%	10.1%	11.3%	15.5%	10.1%	7.6%	7.2%
2007E	10.6%	4.4%	9.2%	NA	10.6%	NA	10.9%	14.3%	10.6%	6.8% ⁽¹⁾	6.8% ⁽¹⁾
2008E	11.3%	5.8%	9.1%	NA	10.5%	NA	10.1%	13.5%	10.3%	7.8% ⁽¹⁾	7.8% ⁽¹⁾
Dividend Yield	0.41%	0.00%	1.24%	0.00%	1.72%	2.65%	1.80%	0.75%	1.00%	0.41%	0.41%
Price / Earnings:											
LTM Diluted EPS	8.6x	NM	13.4x	11.9x	11.7x	10.9x	12.1x	13.0x	11.9x	10.4x	11.8x
LTM Operating EPS	13.8x	NM	13.2x	19.6x	12.3x	10.6x	13.7x	13.5x	13.6x	13.5x	16.2x
2007E	9.7x	15.6x	13.1x	NA	13.7x	NA	12.8x	12.9x	13.0x	14.0x ⁽¹⁾	16.8x ⁽¹⁾
2008E	8.1x	11.2x	12.2x	NA	12.5x	NA	12.4x	11.9x	12.0x	11.6x ⁽¹⁾	13.1x ⁽¹⁾
Debt / Total Cap.	55.8%	23.4%	25.8%	0.0%	21.4%	18.7%	38.6%	20.5%	22.4%	20.3%	20.2%
Beta	0.91	0.74	1.03	0.95	0.88	1.34	0.88	0.72	0.90	1.12	1.11

2005 Statutory - Basis Premiums by Line⁽²⁾



Source: S&P, DataSources, Bloomberg and First Call, unless otherwise noted.

Note: All financial data is as of March 31, 2007, unless otherwise noted.

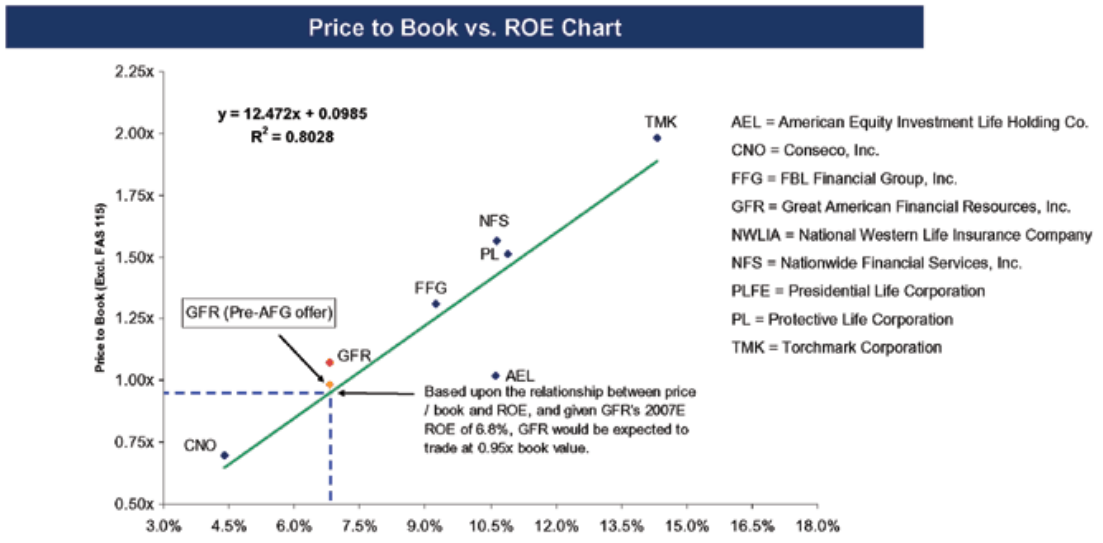
(1) GAFRI projected data per GAFRI management.

(2) Source: A.M. Best.



Price to Book vs. ROE Analysis

- ◆ As a capital intensive business, life insurance valuations in the public markets have been strongly correlated to return on equity:
 - Companies with a higher expected return on equity generally have been rewarded with a higher valuation
- ◆ The price to book vs. ROE analysis examines the correlation between the expected ROEs and price / book value multiples of comparable companies. The resulting regression line provides the implied book value multiple for a company at a given expected ROE.
 - A company positioned below the line implies that the company is currently undervalued based on its expected ROE, while a position above the line suggests that a company is overvalued by the market



Source: SNL DataSource.

Note: NWLIA and PLFE not on graph because no public earnings estimates are available.

Summary of Dividend Discount Analysis

(Dollars in millions, except per share data)

Discounted Cash Flow Summary

	2007	2008	2009	2010	2011
Free Cash (Mgmt Estimated Dividend) ⁽¹⁾	\$4.8	\$4.8	\$4.8	\$4.8	\$4.8
Assumed Discount Rate / Cost of Equity	11.5%	11.5%	11.5%	11.5%	11.5%
Discount Factor	0.90	0.80	0.72	0.65	0.58
Discounted Cash Flows	\$4.3	\$3.8	\$3.4	\$3.1	\$2.8

Sum of Discounted Cash Flows \$17.4

DCF with Net Income Exit Multiple

Sum of Discounted Cash Flows	\$17.4
Terminal Value - Net Income Multiple	
Projected 2012 Net Income ⁽²⁾	\$147.7
Forward P/E Multiple	13.0x
Discount Factor	0.58
	<u>1,116.5</u>

Indicative Total Equity Value	\$1,133.9
Per Share	\$23.82

Sensitivity:

Discount Rate	Net Income Exit Multiple		
	12.5x	13.0x	13.5x
10.5%	\$23.96	\$24.91	\$25.85
11.0%	23.43	24.35	25.28
11.5%	22.91	23.82	24.72
12.0%	22.41	23.29	24.18
12.5%	21.92	22.78	23.65

DCF with Book Value Exit Multiple

Sum of Discounted Cash Flows	\$17.4
Terminal Value - Book Value Multiple	
Projected 2011 Book Value ^{(2) (3)}	\$1,621.9
2011E ROAE ^{(2) (3)}	8.6%
Implied Price / Book Multiple	1.17x
Discount Factor	0.58
	<u>1,107.1</u>

Indicative Total Equity Value	\$1,124.5
Per Share	\$23.62

Sensitivity:

Discount Rate	Book Value Exit Multiple		
	1.12x	1.17x	1.22x
10.5%	\$23.67	\$24.70	\$25.74
11.0%	23.14	24.15	25.17
11.5%	22.63	23.62	24.61
12.0%	22.13	23.10	24.07
12.5%	21.65	22.60	23.54

(1) Estimates provided by GAFRI management through 2009. Assumed to be held constant thereafter.

(2) Estimates provided by GAFRI management through 2009. Net income then grown at 10% and added back to book value.

(3) Excludes unrealized gains and losses.

Cost of Equity Calculation

Cost of Capital Assumptions		
Risk Free Rate	4.71%	Yield on 10-year Treasury
Equity Risk Premium	7.5%	Long-term average ERP Source: Ibbotson Associates
Beta	<u>0.90</u>	Median of observed comparables
Cost of Equity	11.5%	Calculated using the CAPM Approach
Pre-Tax Cost of Debt	7.4%	Based on the current weighted average market rate GAFRI is paying on its debt

- ◆ **Dividends represent the cash available to common shareholders after funding capital requirements, working capital needs and debt financing requirements. These cash flows were therefore discounted at GAFRI's required return on equity (cost of equity) as opposed to its weighted average cost of capital ("WACC").**
- ◆ **GAFRI's estimated cost of equity, using a capital asset pricing model (CAPM) approach, is approximately 11.5%.**
 - GAFRI's estimated WACC is approximately 10.2% ⁽¹⁾

(1) GAFRI's WACC was calculated as the market weighted average of its estimated cost of equity and estimated after-tax cost of debt.

Summary of Premiums Paid Analysis

	Number of Transactions		% Held Prior to Announcement	Target Stock Premium		
				1 Day Prior to Announcement	1 Week Prior to Announcement	4 Weeks Prior to Announcement
All Transactions⁽¹⁾	116	Median:	69.7%	18.8%	22.8%	27.1%
		75th Percentile:	80.2%	36.1%	43.3%	48.5%
		25th Percentile:	59.9%	10.2%	11.7%	14.4%
100% Cash⁽²⁾	74	Median:	69.7%	23.5%	28.6%	33.3%
		75th Percentile:	80.1%	46.3%	48.6%	53.2%
		25th Percentile:	60.6%	11.7%	13.6%	17.6%
Financial Institutions⁽³⁾	30	Median:	75.1%	14.4%	12.9%	20.7%
		75th Percentile:	82.8%	18.5%	24.9%	32.9%
		25th Percentile:	61.4%	7.8%	9.1%	8.8%
Insurance Companies⁽⁴⁾	11	Median:	75.1%	14.9%	17.2%	20.9%
		75th Percentile:	81.1%	17.9%	21.2%	31.0%
		25th Percentile:	63.2%	8.7%	11.0%	13.0%
100% Cash Insurance Transactions⁽²⁾⁽⁴⁾	7	Median:	75.1%	17.1%	17.4%	20.9%
		75th Percentile:	81.1%	19.6%	29.0%	30.5%
		25th Percentile:	65.8%	9.7%	14.3%	16.2%

Source: SDC Platinum.

Note: Pending transactions not included in any calculations on this page.

(1) Based on all minority buy-out transactions of more than \$50MM since 1996.

(2) Based on all minority buy-out transactions of more than \$50MM since 1996 in which the target was acquired for 100% cash.

(3) Based on all minority buy-out transactions of more than \$50MM since 1996 in which the target was a financial institution.

(4) Based on all minority buy-out transactions of more than \$50MM since 1996 in which the target was an insurance company.

Appendix A. Selected Acquisitions of Minority Interests

Selected Acquisitions of Minority Interests

Precedent Minority Buy-Out Transactions – All

(Dollars in millions)

Announce Date	Target Name	Acquirer Name	Transaction Value	% Held Prior	Target Stock Premium			Target Industry	Consideration
					1 Day Prior	1 Week Prior	4 Weeks Prior		
04/02/07 ⁽¹⁾	Tribune Co	Sam Zell	\$3,969.0	52.5%	5.9%	9.3%	13.3%	Printing, Publishing, and Allied Services	Cash
01/24/07 ⁽¹⁾	21st Century Insurance Co	AIG	686.1	56.8%	34.6%	31.2%	22.6%	Insurance	Cash
10/09/06 ⁽¹⁾	NetRatings Inc	VNU NV	377.5	55.8%	44.1%	45.0%	45.1%	Business Services	Cash
11/20/06	TD Banknorth Inc,Portland,ME	Toronto-Dominion Bank	3,232.1	54.8%	6.5%	8.4%	7.1%	Commercial Banks, Bank Holding Companies	Cash
08/23/06	Case Pomeroy & Co Inc	CP Newco Inc	73.5	86.0%	8.8%	8.8%	8.8%	Real Estate; Mortgage Bankers and Brokers	Cash
03/21/06	Erie Family Life Insurance Co	Erie Indemnity Company	75.2	75.1%	6.7%	17.4%	20.8%	Insurance	Cash
10/10/05	Micro Therapeutics Inc	ev3 Inc	100.8	66.2%	8.3%	14.7%	7.3%	Measuring, Medical, Photo Equipment; Clocks	Stock
09/27/05	New Valley Corp	Vector Group Ltd	106.4	57.7%	44.7%	43.7%	46.7%	Holding Companies, Except Banks	Stock
09/12/05	WFS Financial Inc	Wachovia Corp,Charlotte,NC	503.8	83.4%	13.8%	11.5%	28.2%	Credit Institutions	Stock
09/01/05	7-Eleven Inc	IYG Holding Co	1,301.5	69.7%	32.3%	31.0%	14.1%	Retail Trade-Food Stores	Cash
07/01/05	Tipperary Corp	Santos Ltd	139.8	54.5%	18.9%	16.1%	36.3%	Oil and Gas; Petroleum Refining	Cash
04/14/05	Rubicon Medical Corp	Boston Scientific Corp	99.3	53.6%	-0.7%	0.7%	26.1%	Measuring, Medical, Photo Equipment; Clocks	Cash
03/03/05	Siliconix Inc	Vishay Intertechnology Inc	231.0	80.4%	36.5%	39.0%	28.9%	Electronic and Electrical Equipment	Stock
02/21/05	Eon Labs Inc	Novartis AG	932.9	66.4%	11.0%	7.8%	23.5%	Drugs	Cash
01/27/05	Genencor International Inc	Danisco A/S	183.8	84.0%	23.9%	22.4%	15.8%	Drugs	Cash
01/18/05	UnitedGlobalCom Inc	Liberty Media Intl Inc	3,575.9	52.2%	-0.6%	3.5%	0.2%	Business Services	Cash / Stock
01/10/05	Fox Entertainment Group Inc	News Corp Inc	7,183.9	76.5%	13.1%	12.7%	17.5%	Radio and Television Broadcasting Stations	Stock
08/02/04	Cox Communications Inc	Cox Enterprises Inc	8,389.6	61.4%	26.0%	24.6%	25.2%	Radio and Television Broadcasting Stations	Cash
05/24/04	WFS Financial Inc	Westcorp,Irvine,CA	310.5	84.0%	3.5%	6.2%	5.1%	Credit Institutions	Cash
01/15/04	Phosphate Resource Partners LP	IMC Global Inc	110.7	51.6%	2.7%	12.1%	16.8%	Mining	Stock
11/07/03	barnesandnoble.com Inc	Barnes & Noble Inc	122.4	74.8%	35.6%	32.6%	27.1%	Miscellaneous Retail Trade	Cash
06/02/03	Ribapharm Inc	ICN Pharmaceuticals Inc	187.3	79.6%	23.0%	23.8%	50.2%	Drugs	Cash
05/23/03	Fidelity Natl Info Solutions	Fidelity Natl Finl Inc	391.9	57.2%	24.1%	24.8%	37.3%	Business Services	Stock
04/10/03	Hotels.com	USA Interactive	1,237.2	62.3%	13.0%	9.8%	28.0%	Transportation and Shipping (except air)	Stock
12/13/02	Seminis Inc	Savia SA de CV(Pulsar)	63.9	73.4%	48.2%	45.4%	45.4%	Agriculture, Forestry, and Fishing	Cash
08/20/02	Pure Resources Inc	Union Oil Co of California	433.6	57.9%	20.7%	27.0%	22.4%	Oil and Gas; Petroleum Refining	Stock
07/26/02	International Specialty Prods	Samuel J Heyman	138.0	77.9%	4.3%	1.7%	33.8%	Chemicals and Allied Products	Cash
07/26/02	Tremont Corp	Vulci Inc	127.0	64.6%	96.4%	114.6%	118.8%	Metal and Metal Products	Stock
06/17/02	Fortress Group Inc	Lennar Corp	112.2	73.1%	16.8%	18.7%	20.7%	Construction Firms	Cash / Liab.
03/18/02	McAfee.com Corp	Network Associates Inc	229.5	68.6%	-0.7%	-11.3%	-5.1%	Prepackaged Software	Cash / Stock
02/19/02	Travelocity.com Inc	Sabm Holdings Corp	447.2	65.5%	45.8%	40.3%	22.5%	Transportation and Shipping (except air)	Cash
02/15/02	NRO Energy Inc	Xcel Energy Inc	672.6	73.0%	28.6%	34.0%	-3.1%	Electric, Gas, and Water Distribution	Stock
02/04/02	Intimate Brands Inc(Limited)	Limited Inc	1,644.7	81.8%	10.2%	18.0%	24.5%	Retail Trade-General Merchandise and Apparel	Stock
11/07/01	Aquila Inc(Ullincorp Limited)	Ullincorp Limited Inc	414.2	80.0%	15.0%	12.7%	-16.1%	Electric, Gas, and Water Distribution	Stock
10/12/01	Liberty Digital Inc	Liberty Media Corp	69.1	89.6%	10.1%	3.0%	-28.2%	Radio and Television Broadcasting Stations	Stock
10/10/01	TD Waterhouse Group Inc	Toronto-Dominion Bank	402.6	88.8%	83.2%	49.1%	32.9%	Investment & Commodity Firms, Dealers, Exchanges	Cash
10/01/01	NCH Corp	Investor Group	121.5	54.3%	34.0%	33.6%	18.8%	Soaps, Cosmetics, and Personal-Care Products	Cash
08/21/01	Spectra Physics Inc	Thermo Electron Corp	70.9	73.4%	27.8%	-0.6%	-7.9%	Electronic and Electrical Equipment	Cash
06/06/01	Liberty Financial Cos Inc	Liberty Mutual Insurance Co	536.0	65.6%	0.7%	1.7%	-6.8%	Insurance and Investment & Commodity Firms	Cash
05/30/01	Bacou USA Inc	Bacou SA	160.3	67.4%	21.8%	17.3%	11.3%	Measuring, Medical, Photo Equipment; Clocks	Cash
05/23/01	Unigraphics Solutions Inc	Electronic Data Systems Corp	206.5	78.5%	52.9%	68.8%	80.8%	Prepackaged Software	Cash
05/14/01	Agency.com Ltd	Seneca Investments LLC	53.8	59.6%	63.4%	45.0%	161.7%	Business Services	Cash
03/26/01	CSFBdirect	CSFB	110.4	82.0%	140.0%	102.0%	73.9%	Investment & Commodity Firms, Dealers, Exchanges	Cash
02/15/01	Westfield America Inc	Westfield America Trust	1,050.8	55.9%	12.5%	11.7%	14.5%	Investment & Commodity Firms, Dealers, Exchanges	Cash / Liab.
12/29/00	Bertiz Intl Inc(Benesse Corp)	Benesse Corp	110.2	54.4%	106.3%	103.1%	112.9%	Educational Services	Cash
12/14/00	NPC International Inc	O Gene Bicknell	93.6	60.5%	11.3%	6.8%	32.0%	Retail Trade-Eating and Drinking Places	Cash

Source: SDC Financial.
(1) Indicates pending transaction.



Selected Acquisitions of Minority Interests

Precedent Minority Buy-Out Transactions – All (cont'd)

(Dollars in millions)

Announce Date	Target Name	Acquiror Name	Transaction Value	% Held Prior	Target Stock Premium			Target Industry	Consideration
					1 Day Prior	1 Week Prior	4 Weeks Prior		
10/27/00	Azurix Corp(Enron Corp)	Enron Corp	\$330.1	64.9%	135.1%	135.1%	134.1%	Electric, Gas, and Water Distribution	Cash
09/21/00	Hertz Corp	Ford Motor Co	734.0	81.0%	46.4%	42.7%	12.0%	Repair Services	Cash / Stock
08/30/00	AXA Financial Inc	AXA Group	11,189.3	54.7%	4.6%	9.8%	34.3%	Insurance	Cash / Stock
08/15/00	Infinity Broadcasting Corp	Viacom Inc	13,649.0	62.4%	-6.7%	-12.1%	-7.0%	Radio and Television Broadcasting Stations	Stock
08/14/00	BHC Communications Inc	News Corp Ltd	887.7	76.1%	16.4%	13.4%	10.0%	Radio and Television Broadcasting Stations	Cash
07/09/00	Life Technologies Inc(Dexter)	Invitrogen Corp	401.7	72.1%	22.5%	22.5%	20.0%	Drugs	Cash / Stock
04/24/00	Cherry Corp	Investor Group	130.5	51.0%	103.1%	109.1%	70.3%	Electronic and Electrical Equipment	Cash
03/27/00	Hartford Life(TT Hartford)	Hartford Fin Svcs Group Inc	1,324.6	80.4%	18.7%	40.3%	43.3%	Insurance	Cash
03/23/00	Homestead Village Inc	Security Capital Group Inc	156.8	72.3%	49.1%	56.2%	98.8%	Hotels and Casinos	Cash
03/21/00	Travelers Property Casualty	Citigroup Inc	2,449.3	85.0%	24.5%	39.5%	35.0%	Insurance	Cash
03/17/00	Vastar Resources Inc	BP Amoco PLC	1,575.7	80.1%	16.2%	35.0%	69.4%	Oil and Gas; Petroleum Refining	Cash
03/14/00	Howmet International Inc	Alcoa Inc	349.3	81.1%	13.5%	12.8%	14.3%	Aerospace and Aircraft	Cash
02/22/00	IXnet Inc(IPC Information)	Global Crossing Ltd	876.9	72.4%	18.1%	22.8%	25.9%	Other Financial	Stock
02/14/00	Carelnsite Inc(Medical Mgr)	Healthcon/WebMD Inc	1,883.6	64.9%	5.3%	-0.7%	-3.4%	Business Services	Stock
02/02/00	Thermo Instrument Systems Inc	Thermo Electron Corp	831.7	69.8%	27.0%	33.2%	94.3%	Measuring, Medical, Photo Equipment; Clocks	Stock
01/31/00	ThermoQuest Corp	Thermo Electron Corp	169.2	88.2%	76.3%	85.8%	103.3%	Measuring, Medical, Photo Equipment; Clocks	Stock
01/31/00	Thermo BioAnalysis(Thermo)	Thermo Instrument Systems Inc	167.9	70.1%	51.4%	55.6%	53.4%	Measuring, Medical, Photo Equipment; Clocks	Cash
01/31/00	ThermoQuest Corp	Thermo Instrument Systems Inc	96.9	85.4%	36.0%	47.0%	61.9%	Measuring, Medical, Photo Equipment; Clocks	Cash
01/31/00	Thermo Optek Corp	Thermo Instrument Systems Inc	51.8	90.0%	6.7%	-5.1%	41.2%	Measuring, Medical, Photo Equipment; Clocks	Cash
01/19/00	Trigen Energy Corp	Elyo	159.2	53.0%	38.2%	42.4%	31.9%	Electric, Gas, and Water Distribution	Cash
01/19/00	Conning Corp	Metropolitan Life Insurance Co	74.3	56.6%	15.6%	38.9%	52.1%	Investment & Commodity Firms, Dealers, Exchanges	Cash
12/08/99	Robertson-Casco Corp	Helico Companies LLC	57.0	69.2%	46.0%	43.8%	41.5%	Metal and Metal Products	Cash
12/01/99	Boise Cascade Office Products	Boise Cascade Corp	205.3	80.5%	43.5%	55.3%	60.0%	Wholesale Trade-Nondurable Goods	Cash
11/16/99	Thermo TerraTech Inc(Thermo)	Thermo Electron Corp	80.7	53.7%	-15.8%	-9.4%	11.6%	Machinery	Stock
11/05/99	PEC Israel Economic Corp	Discount Investment Corp Ltd	320.0	56.3%	0.2%	1.0%	2.8%	Investment & Commodity Firms, Dealers, Exchanges	Cash
10/21/99	Student Loan Corporation	Citigroup Inc	180.0	80.0%	11.5%	11.6%	0.8%	Credit Institutions	Cash
10/20/99	Thermoflec Corp	Thermo Electron Corp	56.9	55.4%	27.3%	33.3%	34.9%	Machinery	Cash
05/03/99	Generflec Inc	Roche Hldg AG	4,313.5	56.9%	279.3%	281.5%	279.3%	Drugs	Cash
05/07/99	J Ray McDermott SA	McDermott International Inc	514.5	63.0%	16.8%	13.1%	19.3%	Construction Firms	Cash
04/12/99	Meadowcroft Inc	Investor Group	53.2	73.0%	64.9%	63.3%	77.8%	Wood Products, Furniture, and Fixtures	Cash
04/01/99	Aqua Alliance Inc	Vivendi SA	117.1	77.8%	28.9%	19.0%	101.7%	Business Services	Cash
03/24/99	Knoll Inc(Warburg, Pincus)	Warburg Pincus Ventures Inc	490.8	58.2%	83.6%	51.9%	46.4%	Wood Products, Furniture, and Fixtures	Cash
03/21/99	Spelling Entertainment Group	Viacom Inc	191.6	80.9%	8.3%	43.2%	54.5%	Motion Picture Production and Distribution	Cash
12/03/98	Banner Aerospace Inc	Fairchild Corp	82.4	69.2%	25.7%	41.9%	40.8%	Wholesale Trade-Durable Goods	Stock
10/27/98	Citizens Corp(Hanover Ins Co)	Allmerica Financial Corp	212.4	81.8%	20.6%	17.2%	20.9%	Insurance	Cash
10/22/98	BA Merchant Svcs(BankAmerica)	Bank of America National Trust	339.4	67.2%	47.2%	56.3%	42.1%	Business Services	Cash
10/16/98	BRC Holdings Inc	Affiliated Computer Services	131.9	51.0%	17.2%	16.9%	15.2%	Prepackaged Software	Cash
10/05/98	Insignia Properties Trust	Apartment Invest & Mgmt Co	63.6	75.0%	7.5%	7.5%		Investment & Commodity Firms,Dealers,Exchanges	Stock
09/29/98	Newmont Gold Co	Newmont Mining Corp	264.8	93.8%	-5.2%	20.8%	62.4%	Mining	Stock
09/23/98	J&L Specialty Steel Inc	Usinor SA	115.0	53.5%	100.0%	112.5%	37.8%	Metal and Metal Products	Cash
09/23/98	Ryerson Tull Inc	Inland Steel Industries Inc	61.2	86.4%	-41.0%	-38.6%	-51.8%	Metal and Metal Products	Stock
09/08/98	PEC Israel Economic Corp	Investor Group	125.0	81.4%	60.0%	55.7%	50.5%	Investment & Commodity Firms, Dealers, Exchanges	Cash
08/24/98	Tele-Communications Intl	Liberty Media Corp	379.1	81.1%	-1.1%	-4.5%	-9.9%	Radio and Television Broadcasting Stations	Stock
04/30/98	Mycogen Corp(Dow AgroSciences)	Dow AgroSciences LLC	379.3	62.2%	41.8%	40.0%	52.4%	Agriculture, Forestry, and Fishing	Cash
03/27/98	International Specialty Prods	ISP Holdings Inc	324.5	79.9%	4.3%	1.7%	14.5%	Chemicals and Allied Products	Stock
03/17/98	BET Holdings Inc	Investor Group	462.3	57.9%	4.0%	14.3%	17.9%	Radio and Television Broadcasting Stations	Cash
03/05/98	XLConnect Solutions Inc	Xerox Corp	93.0	69.7%	-11.1%	15.1%	22.1%	Business Services	Cash
01/22/98	BT Office Products Intl Inc	Koninklijke KNP BT NV	138.1	70.0%	32.5%	78.9%	78.9%	Wholesale Trade-Nondurable Goods	Cash
01/20/98	NACT Telecommunications(GST)	World Access Inc	53.1	61.0%	12.0%	12.5%	16.7%	Wholesale Trade-Durable Goods	Stock

Source: SDC Financial.



Selected Acquisitions of Minority Interests

Precedent Minority Buy-Out Transactions – All (cont'd)

(Dollars in millions)

Announce Date	Target Name	Acquiror Name	Transaction Value	% Held Prior	Target Stock Premium			Target Industry	Consideration
					1 Day Prior	1 Week Prior	4 Weeks Prior		
01/08/98	Rayonier Timberlands LP	Rayonier Inc	\$65.8	74.7%	11.2%	25.3%	17.5%	Agriculture, Forestry, and Fishing	Cash
09/18/97	Guaranty National Corp	Orion Capital Corp	117.2	77.3%	10.8%	23.9%	27.7%	Insurance	Cash / Stock
06/26/97	Rhone-Poulenc Rorer Inc	Rhone-Poulenc SA	4,831.6	63.1%	22.1%	22.8%	29.3%	Drugs	Cash
06/20/97	Wheelabrator Technologies Inc	Waste Management Inc	869.7	65.4%	26.9%	28.2%	30.7%	Measuring, Medical, Photo Equipment; Clocks	Cash
06/03/97	Faulding Inc(FH Faulding & Co)	FH Faulding & Co Ltd	77.3	62.0%	26.6%	22.7%	45.9%	Drugs	Cash
06/02/97	Acordia Inc	Associated Insurance Cos	193.2	60.8%	12.7%	11.5%	26.0%	Insurance	Cash
05/22/97	Chaparral Steel Co	Texas Industries Inc	72.8	81.3%	20.4%	25.3%	34.1%	Metal and Metal Products	Cash
05/14/97	Enron Global Power & Pipelines	Enron Corp	428.0	50.6%	11.6%	13.7%	19.7%	Electric, Gas, and Water Distribution	Stock
03/03/97	American Finl Entps Inc	American Financial Group Inc	83.6	83.0%	34.6%	48.0%	41.0%	Investment & Commodity Firms, Dealers, Exchanges	Cash / Stock
02/25/97	Fina Inc	Petrolina SA	257.0	85.3%	19.7%	18.5%	21.5%	Oil and Gas; Petroleum Refining	Cash / Warrants
02/20/97	NHP Inc	Apartment Invest & Mgmt Co	114.5	53.3%	28.3%	25.2%	19.1%	Real Estate; Mortgage Bankers and Brokers	Stock
02/18/97	Contour Medical(Retirement)	Sun Healthcare Group Inc	55.2	65.3%	21.4%	46.6%	57.4%	Measuring, Medical, Photo Equipment; Clocks	Cash / Stock / Liab.
01/28/97	Calgene Inc(Monsanto Co)	Monsanto Co	242.6	56.3%	62.0%	60.0%	60.0%	Agriculture, Forestry, and Fishing	Cash
01/13/97	Zurich Reinsurance Centre	Zurich Versicherungs GmbH	319.0	66.0%	17.1%	18.5%	11.6%	Insurance	Cash
12/17/96	Genetics Institute Inc	American Home Products Corp	1,006.0	60.0%	123.7%	123.7%	134.5%	Drugs	Cash / Stock
12/17/96	Allmerica Property & Casualty	Allmerica Financial Corp	816.9	59.3%	15.8%	12.6%	14.2%	Insurance	Cash / Stock
11/27/96	Central Tractor Farm & Country	JW Childs Equity Partners LP	56.7	61.3%	17.5%	17.5%	18.8%	Miscellaneous Retail Trade	Cash
10/10/96	WCI Steel Inc(Renco Group Inc)	Renco Group Inc	56.5	84.5%	17.7%	29.0%	77.8%	Metal and Metal Products	Cash
09/09/96	Crocker Realty Trust Inc	Highwoods Properties Inc	76.1	73.5%	9.2%	8.0%	3.3%	Investment & Commodity Firms, Dealers, Exchanges	Cash
08/26/96	Bankers Life Holding(Conseco)	Conseco Inc	120.8	88.4%	14.9%	10.5%	11.7%	Insurance	Stock
08/08/96	Roto-Rooter Inc	Chemed Corp	93.6	84.9%	12.3%	12.3%	11.2%	Repair Services	Cash
07/03/96	Golden Poultry Co Inc	Gold Kist Inc	52.1	75.0%	52.0%	50.0%	39.0%	Food and Kindred Products	Cash
05/27/96	SyStemix Inc(Sandoz AG)	Sandoz AG	107.6	67.8%	4.7%	69.6%	59.2%	Drugs	Cash
03/29/96	Great American Mgmt & Inv't Inc	Equity Holdings Ltd	63.3	84.3%	2.6%	4.2%	3.6%	Investment & Commodity Firms, Dealers, Exchanges	Cash
Mean:				69.7%	29.2%	32.1%	36.4%		
Median:				69.7%	18.8%	22.8%	27.1%		
75th Percentile:				80.2%	36.1%	43.3%	48.9%		
25th Percentile:				59.9%	16.2%	11.7%	14.4%		

Source: SDC Financial.

Note: Pending transactions not included in mean, median and percentile calculations.

Selected Acquisitions of Minority Interests

Precedent Minority Buy-Out Transactions – 100% Cash

(Dollars in millions)

Announce Date	Target Name	Acquirer Name	Transaction Value	% Held Prior	Target Stock Premium			Target Industry	Consideration
					1 Day Prior	1 Week Prior	4 Weeks Prior		
04/02/07 ⁽¹⁾	Tribune Co	Sam Zell	\$3,969.0	52.5%	5.9%	9.3%	13.3%	Printing, Publishing, and Allied Services	Cash
01/24/07 ⁽¹⁾	21st Century Insurance Co	AIG	686.1	56.8%	34.6%	31.2%	22.6%	Insurance	Cash
10/09/06 ⁽¹⁾	NetRatings Inc	VNU NV	377.5	55.8%	44.1%	45.0%	46.1%	Business Services	Cash
11/20/06	TD Banknorth Inc, Portland, ME	Toronto-Dominion Bank	3,232.1	54.6%	6.5%	8.4%	7.1%	Commercial Banks, Bank Holding Companies	Cash
08/23/06	Case Pomeroy & Co Inc	CP Newco Inc	73.5	86.0%	8.8%	8.8%	8.8%	Real Estate; Mortgage Bankers and Brokers	Cash
03/21/06	Erie Family Life Insurance Co	Erie Indemnity Company	75.2	75.1%	6.7%	17.4%	20.8%	Insurance	Cash
09/01/05	7-Eleven Inc	IYG Holding Co	1,301.5	69.7%	32.3%	31.0%	14.1%	Retail Trade-Food Stores	Cash
07/01/05	Tipperary Corp	Santos Ltd	139.8	54.5%	18.9%	16.1%	36.3%	Oil and Gas; Petroleum Refining	Cash
04/14/05	Rubicon Medical Corp	Boston Scientific Corp	99.3	53.6%	-0.7%	0.7%	26.1%	Measuring, Medical, Photo Equipment; Clocks	Cash
02/21/05	Eon Labs Inc	Novartis AG	932.9	66.4%	11.0%	7.8%	23.5%	Drugs	Cash
01/27/05	Genenor International Inc	Danisco A/S	183.8	84.0%	23.9%	22.4%	15.8%	Drugs	Cash
08/02/04	Cox Communications Inc	Cox Enterprises Inc	8,389.6	61.4%	26.0%	24.6%	25.2%	Radio and Television Broadcasting Stations	Cash
05/24/04	WFS Financial Inc	Westcorp, Irvine, CA	310.5	84.0%	3.5%	6.2%	5.1%	Credit Institutions	Cash
11/07/03	barnesandnoble.com Inc	Barnes & Noble Inc	122.4	74.8%	35.6%	32.6%	27.1%	Miscellaneous Retail Trade	Cash
06/02/03	Ribapharm Inc	ICN Pharmaceuticals Inc	187.3	79.6%	23.0%	23.8%	50.2%	Drugs	Cash
12/13/02	Semine Inc	Savia SA de CV(Pulsar)	63.9	73.4%	48.2%	45.4%	45.4%	Agriculture, Forestry, and Fishing	Cash
07/26/02	International Specialty Prods	Samuel J Heyman	138.0	77.9%	4.3%	1.7%	33.8%	Chemicals and Allied Products	Cash
02/19/02	Travelocity.com Inc	Sabre Holdings Corp	447.2	65.5%	45.8%	40.3%	22.5%	Transportation and Shipping (except air)	Cash
10/10/01	TD Waterhouse Group Inc	Toronto-Dominion Bank	402.6	88.8%	53.2%	49.1%	32.9%	Investment & Commodity Firms, Dealers, Exchanges	Cash
10/01/01	NCH Corp	Investor Group	121.5	54.3%	34.0%	33.6%	18.8%	Soaps, Cosmetics, and Personal-Care Products	Cash
08/21/01	Spectra Physics Inc	Thermo Electron Corp	70.9	73.4%	27.8%	-0.6%	-7.9%	Electronic and Electrical Equipment	Cash
06/06/01	Liberty Financial Cos Inc	Liberty Mutual Insurance Co	536.0	65.6%	0.7%	1.7%	-6.8%	Insurance and Investment & Commodity Firms	Cash
05/30/01	Bacou USA Inc	Bacou SA	160.3	67.4%	21.8%	17.3%	11.3%	Measuring, Medical, Photo Equipment; Clocks	Cash
05/23/01	Unigraphics Solutions Inc	Electronic Data Systems Corp	208.5	78.5%	52.9%	68.8%	80.8%	Prepackaged Software	Cash
05/14/01	Agency.com Ltd	Seneca Investments LLC	53.8	59.6%	63.4%	45.0%	161.7%	Business Services	Cash
03/26/01	CSFBdirect	CSFB	110.4	82.0%	140.0%	102.0%	73.9%	Investment & Commodity Firms, Dealers, Exchanges	Cash
12/29/00	Bertitz Intl Inc(Benesse Corp)	Benesse Corp	110.2	54.4%	106.3%	103.1%	112.9%	Educational Services	Cash
12/14/00	NPC International Inc	O Gene Bicknell	93.6	60.5%	11.3%	6.8%	32.0%	Retail Trade-Eating and Drinking Places	Cash
10/27/00	Azurix Corp(Enron Corp)	Enron Corp	330.1	64.9%	135.1%	135.1%	134.1%	Electric, Gas, and Water Distribution	Cash
09/21/00	Hertz Corp	Ford Motor Co	734.0	81.0%	46.4%	42.7%	12.0%	Repair Services	Cash
08/14/00	BHC Communications Inc	News Corp Ltd	887.7	76.1%	16.4%	13.4%	10.0%	Radio and Television Broadcasting Stations	Cash
04/24/00	Cherry Corp	Investor Group	130.5	51.0%	103.1%	109.1%	70.3%	Electronic and Electrical Equipment	Cash
03/27/00	Hartford Life(ITT Hartford)	Hartford Fin Svcs Group Inc	1,324.6	80.4%	18.7%	40.3%	43.3%	Insurance	Cash
03/23/00	Homestead Village Inc	Security Capital Group Inc	156.8	72.3%	49.1%	56.2%	98.6%	Hotels and Casinos	Cash
03/21/00	Travelers Property Casualty	Citigroup Inc	2,449.3	85.0%	24.5%	39.5%	35.0%	Insurance	Cash
03/17/00	Vastar Resources Inc	BP Amoco PLC	1,575.7	80.1%	16.2%	35.0%	69.4%	Oil and Gas; Petroleum Refining	Cash
03/14/00	Howmet International Inc	Alcoa Inc	349.3	81.1%	13.5%	12.8%	14.3%	Aerospace and Aircraft	Cash
01/31/00	Thermo BioAnalysis(Thermo)	Thermo Instrument Systems Inc	167.9	70.1%	51.4%	55.6%	53.4%	Measuring, Medical, Photo Equipment; Clocks	Cash
01/31/00	ThermoQuest Corp	Thermo Instrument Systems Inc	96.9	85.4%	36.0%	47.0%	61.9%	Measuring, Medical, Photo Equipment; Clocks	Cash
01/31/00	Thermo Optek Corp	Thermo Instrument Systems Inc	51.8	90.0%	6.7%	-5.1%	41.2%	Measuring, Medical, Photo Equipment; Clocks	Cash
01/19/00	Trigen Energy Corp	Elyo	159.2	53.0%	38.2%	42.4%	31.9%	Electric, Gas, and Water Distribution	Cash
01/19/00	Corning Corp	Metropolitan Life Insurance Co	74.3	56.6%	15.6%	38.9%	52.1%	Investment & Commodity Firms, Dealers, Exchanges	Cash
12/08/99	Robertson-Cecco Corp	Helco Companies LLC	57.0	69.2%	46.0%	43.8%	41.5%	Metal and Metal Products	Cash
12/01/99	Boise Cascade Office Products	Boise Cascade Corp	205.3	80.5%	43.5%	55.3%	60.0%	Wholesale Trade-Nondurable Goods	Cash
11/05/99	PEC Israel Economic Corp	Discount Investment Corp Ltd	320.0	56.3%	0.2%	1.0%	2.8%	Investment & Commodity Firms, Dealers, Exchanges	Cash
10/21/99	Student Loan Corporation	Citigroup Inc	180.0	60.0%	11.5%	11.6%	0.8%	Credit Institutions	Cash
10/20/99	Thermotec Corp	Thermo Electron Corp	56.9	55.4%	27.3%	33.3%	34.9%	Machinery	Cash

Source: SDC Financial.
(1) Indicates pending transaction.



Selected Acquisitions of Minority Interests

Precedent Minority Buy-Out Transactions – 100% Cash (cont'd)

(Dollars in millions)

Announce Date	Target Name	Acquirer Name	Transaction Value	% Held Prior	Target Stock Premium			Target Industry	Consideration
					1 Day Prior	1 Week Prior	4 Weeks Prior		
06/03/99	Genentech Inc	Roche Hldg AG	\$4,313.5	56.9%	279.3%	281.5%	279.3%	Drugs	Cash
05/07/99	J Ray McDermott SA	McDermott International Inc	514.5	83.0%	16.8%	13.1%	19.3%	Construction Firms	Cash
04/12/99	Meadowcroft Inc	Investor Group	53.2	73.0%	64.9%	63.3%	77.8%	Wood Products, Furniture, and Fixtures	Cash
04/01/99	Aqua Alliance Inc	Vivendi SA	117.1	77.8%	28.9%	19.0%	101.7%	Business Services	Cash
03/24/99	Knoll Inc(Warburg, Pincus)	Warburg Pincus Ventures Inc	490.8	58.2%	83.6%	51.9%	46.4%	Wood Products, Furniture, and Fixtures	Cash
03/21/99	Spelling Entertainment Group	Viacom Inc	191.6	80.9%	8.3%	43.2%	54.5%	Motion Picture Production and Distribution	Cash
10/27/98	Citizens Corp(Hanover Ins Co)	Allmerica Financial Corp	212.4	81.8%	20.6%	17.2%	20.9%	Insurance	Cash
10/22/98	BA Merchant Svcs(BankAmerica)	Bank of America National Trust	339.4	65.4%	67.2%	56.3%	42.1%	Business Services	Cash
10/16/98	BRC Holdings Inc	Affiliated Computer Services	131.9	51.0%	17.2%	16.9%	15.2%	Prepackaged Software	Cash
09/23/98	J&L Specialty Steel Inc	Usinor SA	115.0	53.5%	100.0%	112.5%	37.8%	Metal and Metal Products	Cash
09/08/98	PEC Israel Economic Corp	Investor Group	125.0	81.4%	60.0%	55.7%	50.5%	Investment & Commodity Firms, Dealers, Exchanges	Cash
04/30/98	Myogen Corp(Dow AgroSciences)	Dow AgroSciences LLC	379.3	62.2%	41.8%	40.0%	52.4%	Agriculture, Forestry, and Fishing	Cash
03/17/98	BET Holdings Inc	Investor Group	462.3	57.9%	4.0%	14.3%	17.9%	Radio and Television Broadcasting Stations	Cash
03/06/98	XLConnect Solutions Inc	Xerox Corp	93.0	69.7%	-11.1%	15.1%	22.1%	Business Services	Cash
01/22/98	BT Office Products Intl Inc	Koninklijke KNP BT NV	138.1	70.0%	32.5%	78.9%	78.9%	Wholesale Trade-Nondurable Goods	Cash
01/08/98	Rayonier Timberlands LP	Rayonier Inc	65.8	74.7%	11.2%	25.3%	17.5%	Agriculture, Forestry, and Fishing	Cash
06/26/97	Rhone-Poulenc Rorer Inc	Rhone-Poulenc SA	4,831.6	63.1%	22.1%	22.8%	29.3%	Drugs	Cash
06/20/97	Wheelabrator Technologies Inc	Waste Management Inc	869.7	65.4%	26.9%	28.2%	30.7%	Measuring, Medical, Photo Equipment; Clocks	Cash
06/03/97	Faulding Inc(FH Faulding & Co)	FH Faulding & Co Ltd	77.3	62.0%	25.6%	22.7%	45.9%	Drugs	Cash
06/02/97	Acordia Inc	Associated Insurance Cos	193.2	60.8%	12.7%	11.5%	26.0%	Insurance	Cash
05/22/97	Chaparral Steel Co	Texas Industries Inc	72.8	81.3%	20.4%	25.3%	34.1%	Metal and Metal Products	Cash
01/28/97	Calgene Inc(Monsanto Co)	Monsanto Co	242.6	56.3%	62.0%	60.0%	60.0%	Agriculture, Forestry, and Fishing	Cash
01/13/97	Zurich Reinsurance Centre	Zurich Versicherungs GmbH	319.0	66.0%	17.1%	18.5%	11.6%	Insurance	Cash
11/27/96	Central Tractor Farm & Country	JW Childs Equity Partners LP	56.7	61.3%	17.5%	17.5%	18.8%	Miscellaneous Retail Trade	Cash
10/10/96	WCI Steel Inc(Renco Group Inc)	Renco Group Inc	56.5	84.5%	17.7%	20.0%	77.8%	Metal and Metal Products	Cash
09/09/96	Crocker Realty Trust Inc	Highwoods Properties Inc	76.1	73.6%	9.2%	8.0%	3.3%	Investment & Commodity Firms, Dealers, Exchanges	Cash
08/08/96	Roto-Rooter Inc	Chemed Corp	93.6	54.9%	12.3%	12.3%	11.2%	Repair Services	Cash
07/03/96	Golden Poultry Co Inc	Gold Kist Inc	52.1	75.0%	52.0%	50.0%	39.0%	Food and Kindred Products	Cash
05/27/96	SyStemix Inc(Sandoz AG)	Sandoz AG	107.6	67.8%	4.7%	69.6%	59.2%	Drugs	Cash
03/28/96	Great American Mgmt & Inv Inc	Equity Holdings Ltd	63.3	84.3%	2.6%	4.2%	3.6%	Investment & Commodity Firms, Dealers, Exchanges	Cash
Mean:				69.6%	35.6%	37.9%	42.2%		
Median:				69.7%	23.5%	28.6%	33.3%		
75th Percentile:				80.1%	46.3%	48.6%	53.2%		
25th Percentile:				60.6%	11.7%	13.6%	17.6%		

Source: SDC Financial.

Note: Pending transactions not included in mean, median and percentile calculations.

Selected Acquisitions of Minority Interests

Precedent Minority Buy-Out Transactions – Financial Institutions

(Dollars in millions)

Announce Date	Target Name	Acquiror Name	Transaction Value	% Held Prior	Target Stock Premium			Target Industry	Consideration
					1 Day Prior	1 Week Prior	4 Weeks Prior		
01/24/07 ⁽¹⁾	21st Century Insurance Co	AIG	\$686.1	56.8%	34.6%	31.2%	22.6%	Insurance	Cash
10/09/06 ⁽¹⁾	NetRatings Inc	VNU NV	377.5	55.8%	44.1%	45.0%	46.1%	Business Services	Cash
11/20/06	TD Banknorth Inc,Portland,ME	Toronto-Dominion Bank	3,232.1	54.6%	6.5%	8.4%	7.1%	Commercial Banks, Bank Holding Companies	Cash
08/23/06	Case Pomeroy & Co Inc	CP Newco Inc	73.5	86.0%	8.8%	8.8%	8.8%	Real Estate; Mortgage Bankers and Brokers	Cash
03/21/06	Erie Family Life Insurance Co	Erie Indemnity Company	75.2	75.1%	6.7%	17.4%	20.8%	Insurance	Cash
09/12/05	WFS Financial Inc	Wachovia Corp,Charlotte,NC	503.8	83.4%	13.8%	11.5%	28.2%	Credit Institutions	Stock
05/24/04	WFS Financial Inc	Westcorp,Irvine,CA	310.5	84.0%	3.5%	6.2%	5.1%	Credit Institutions	Cash
06/17/02	Fortress Group Inc	Lennar Corp	112.2	73.1%	16.8%	18.7%	20.7%	Construction Firms	Cash / Liab.
10/10/01	TD Waterhouse Group Inc	Toronto-Dominion Bank	402.6	88.8%	53.2%	49.1%	32.9%	Investment & Commodity Firms, Dealers, Exchanges	Cash
06/06/01	Liberty Financial Cos Inc	Liberty Mutual Insurance Co	536.0	65.6%	0.7%	1.7%	-6.8%	Insurance and Investment & Commodity Firms	Cash
03/28/01	CSFBdirect	CSFB	110.4	82.0%	140.0%	102.0%	73.9%	Investment & Commodity Firms, Dealers, Exchanges	Cash
02/15/01	Westfield America Inc	Westfield America Trust	1,050.8	55.9%	12.5%	11.7%	14.5%	Investment & Commodity Firms, Dealers, Exchanges	Cash / Liab.
08/30/00	AXA Financial Inc	AXA Group	11,189.3	54.7%	4.6%	9.8%	34.3%	Insurance	Cash / Stock
03/27/00	Hartford Life(ITT Hartford)	Hartford Fin Svcs Group Inc	1,324.6	80.4%	18.7%	40.3%	43.3%	Insurance	Cash
03/21/00	Travelers Property Casualty	Chilgroup Inc	2,449.3	85.0%	24.5%	39.5%	35.0%	Insurance	Cash
02/22/00	IXnet Inc(IPC Information)	Global Crossing Ltd	876.9	72.4%	18.1%	22.6%	25.9%	Other Financial	Stock
01/19/00	Conning Corp	Metropolitan Life Insurance Co	74.3	56.6%	15.6%	38.9%	52.1%	Investment & Commodity Firms, Dealers, Exchanges	Cash
11/05/99	PEC Israel Economic Corp	Discount Investment Corp Ltd	320.0	56.3%	0.2%	1.0%	2.8%	Investment & Commodity Firms, Dealers, Exchanges	Cash
10/21/99	Student Loan Corporation	Chilgroup Inc	180.0	80.0%	11.5%	11.6%	0.8%	Credit Institutions	Cash
05/07/99	J Ray McDermott SA	McDermott International Inc	514.5	63.0%	16.8%	13.1%	19.3%	Construction Firms	Cash
10/27/98	Citizens Corp(Hanover Ins Co)	Almerica Financial Corp	212.4	81.8%	20.6%	17.2%	20.9%	Insurance	Cash
10/05/98	Insigria Properties Trust	Apartment Invest & Mgmt Co	63.8	75.0%	7.5%	7.5%		Investment & Commodity Firms,Dealers,Exchanges	Stock
09/08/98	PEC Israel Economic Corp	Investor Group	125.0	81.4%	60.0%	55.7%	50.5%	Investment & Commodity Firms, Dealers, Exchanges	Cash
09/18/97	Guaranty National Corp	Orion Capital Corp	117.2	77.3%	10.8%	23.9%	27.7%	Insurance	Cash / Stock
06/02/97	Acordia Inc	Associated Insurance Cos	193.2	60.8%	12.7%	11.5%	26.0%	Insurance	Cash
03/03/97	American Finl Entps Inc	American Financial Group Inc	83.5	83.0%	34.6%	48.0%	41.0%	Investment & Commodity Firms, Dealers, Exchanges	Cash / Stock
02/20/97	NHP Inc	Apartment Invest & Mgmt Co	114.5	83.3%	28.3%	25.2%	19.1%	Real Estate; Mortgage Bankers and Brokers	Stock
01/13/97	Zurich Reinsurance Centre	Zurich Versicherungs GmbH	319.0	66.0%	17.1%	18.5%	11.6%	Insurance	Cash
12/17/96	Almerica Property & Casualty	Almerica Financial Corp	815.9	59.3%	15.8%	12.8%	14.2%	Insurance	Cash / Stock
09/09/96	Crocker Realty Trust Inc	Highwoods Properties Inc	76.1	73.6%	9.2%	8.0%	3.3%	Investment & Commodity Firms, Dealers, Exchanges	Cash
08/25/96	Bankers Life Holding(Conseco)	Conseco Inc	120.8	88.4%	14.9%	10.5%	11.7%	Insurance	Stock
03/29/96	Great American Mgmt & Invl Inc	Equity Holdings Ltd	63.3	84.3%	2.6%	4.2%	3.6%	Investment & Commodity Firms, Dealers, Exchanges	Cash
Mean:				72.7%	20.2%	21.8%	22.3%		
Median:				75.1%	14.4%	12.9%	20.7%		
75th Percentile:				82.8%	18.5%	24.9%	32.9%		
25th Percentile:				61.4%	7.8%	9.1%	8.8%		

Source: SDC Financial.

Note: Pending transactions not included in mean, median and percentile calculations.

(1) Indicates pending transaction.

Selected Acquisitions of Minority Interests

Precedent Minority Buy-Out Transactions – Insurance Companies

(Dollars in millions)

Announce Date	Target Name	Acquiror Name	Transaction Value	% Held Prior	Target Stock Premium			Target Industry	Consideration
					1 Day Prior	1 Week Prior	4 Weeks Prior		
01/24/07 ⁽¹⁾	21st Century Insurance Co	AIG	\$686.1	56.8%	34.6%	31.2%	22.6%	Insurance	Cash
03/21/06	Erie Family Life Insurance Co	Erie Indemnity Company	75.2	75.1%	6.7%	17.4%	20.8%	Insurance	Cash
06/06/01	Liberty Financial Cos Inc	Liberty Mutual Insurance Co	536.0	65.6%	0.7%	1.7%	-6.8%	Insurance	Cash
08/30/00	AXA Financial Inc	AXA Group	11,189.3	54.7%	4.6%	9.8%	34.3%	Insurance	Cash / Stock
03/27/00	Hartford Life(ITT Hartford)	Hartford Fin Svcs Group Inc	1,324.6	80.4%	18.7%	40.3%	43.3%	Insurance	Cash
03/21/00	Travelers Property Casualty	Citigroup Inc	2,449.3	85.0%	24.5%	39.5%	35.0%	Insurance	Cash
10/27/98	Citizens Corp(Hanover Ins Co)	Allmerica Financial Corp	212.4	81.8%	20.6%	17.2%	20.9%	Insurance	Cash
09/18/97	Guaranty National Corp	Orion Capital Corp	117.2	77.3%	10.8%	23.9%	27.7%	Insurance	Cash / Stock
06/02/97	Acordia Inc	Associated Insurance Cos	193.2	60.8%	12.7%	11.5%	26.0%	Insurance	Cash
01/13/97	Zurich Reinsurance Centre	Zurich Versicherungs GmbH	319.0	66.0%	17.1%	18.5%	11.6%	Insurance	Cash
12/17/96	Allmerica Property & Casualty	Allmerica Financial Corp	816.9	59.3%	15.8%	12.6%	14.2%	Insurance	Cash / Stock
08/26/96	Bankers Life Holding(Conseco)	Conseco Inc	120.8	88.4%	14.9%	10.5%	11.7%	Insurance	Stock
Mean:				72.2%	13.4%	18.4%	21.7%		
Median:				75.1%	14.9%	17.2%	20.9%		
75th Percentile:				81.1%	17.9%	21.2%	31.0%		
25th Percentile:				63.2%	8.7%	11.0%	13.0%		

Source: SDC Financial.

Note: Pending transactions not included in mean, median and percentile calculations.

(1) Indicates pending transaction.

Selected Acquisitions of Minority Interests

Precedent Minority Buy-Out Transactions – 100% Cash Ins. Transactions

(Dollars in millions)

Announce Date	Target Name	Acquiror Name	Transaction Value	% Held Prior	Target Stock Premium			Target Industry	Consideration
					1 Day Prior	1 Week Prior	4 Weeks Prior		
01/24/07 ⁽¹⁾	21st Century Insurance Co	AIG	\$686.1	56.8%	34.6%	31.2%	22.6%	Insurance	Cash
03/21/06	Erie Family Life Insurance Co	Erie Indemnity Company	75.2	75.1%	6.7%	17.4%	20.8%	Insurance	Cash
06/06/01	Liberty Financial Cos Inc	Liberty Mutual Insurance Co	536.0	65.6%	0.7%	1.7%	-6.8%	Insurance	Cash
03/27/00	Hartford Life(ITT Hartford)	Hartford Fin Svcs Group Inc	1,324.6	80.4%	18.7%	40.3%	43.3%	Insurance	Cash
03/21/00	Travelers Property Casualty	Citigroup Inc	2,449.3	85.0%	24.5%	39.5%	35.0%	Insurance	Cash
10/27/98	Citizens Corp(Hanover Ins Co)	Allmerica Financial Corp	212.4	81.8%	20.6%	17.2%	20.9%	Insurance	Cash
06/02/97	Acordia Inc	Associated Insurance Cos	193.2	60.8%	12.7%	11.5%	26.0%	Insurance	Cash
01/13/97	Zurich Reinsurance Centre	Zurich Versicherungs GmbH	319.0	66.0%	17.1%	18.5%	11.6%	Insurance	Cash
Mean:				73.5%	14.4%	20.9%	21.5%		
Median:				75.1%	17.1%	17.4%	20.9%		
75th Percentile:				81.1%	19.6%	29.0%	30.5%		
25th Percentile:				65.8%	9.7%	14.3%	16.2%		

Source: SDC Financial.

Note: Pending transactions not included in mean, median and percentile calculations.

(1) Indicates pending transaction.

Appendix B. Real Estate

Overview of Real Estate Portfolio

(Dollars in thousands)

Property	Description	GAAP Book Value	Date of Last Appraisal	Appraisal Value ⁽¹⁾	Ownership Percentage
Sailfish Marina - Palm Beach Shores, FL	Marina, Hotel and Restaurant	\$30,815	7/1/2005	\$66,800 ⁽²⁾	100%
Mountain View Grand - Whitefield, NH	Resort Hotel	12,204	9/1/2005	12,171	65%
Bay Bridge Marina - Stevensville, MD	Marina	17,242	7/31/2005	18,980	65%
Skipjak Marina - Georgetown, MD	18 Plus Acre Yachting Resort	6,474	2/28/2006	13,900	100%
Undeveloped Land - Mount Dora, FL	4.3 Acres of Vacant Waterfront Land Near Orlando, FL	1,425	1/30/2006	3,350	100%
Kings Island - Mason, OH	6.1 Acres	0	10/19/2004	2,500	100%
Chatham Dormitories - Cape Cod, MA	Vacant Space in Chatham, MA	468	NA	NA	100%
Charleston Harbor Resort - Charleston, SC	131 Rooms, 6 Cottages and Vacant Land Parcels	6,291	6/28/2005	10,312	50%
Charleston Marina - Charleston, SC	Marina	2,511	6/28/2005	6,250	50%
Chatham Enterprises - Cape Cod, MA	Vacant Building on 0.75 Acres	541	NA	NA	100%
Total		\$77,971		\$134,263	

Source: GAFRI Management.

(1) Appraisal value before any gain sharing payments.

(2) Appraised value was prior to receipt of \$15 million payment from Palm Beach County in exchange for restrictions on development rights and guaranty of public access.

Appendix C. Fairness Opinion Letter
