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

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**FORM 8-K**

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**CURRENT REPORT  
Pursuant to Section 13 OR 15(d)  
of The Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): July 29, 2013**

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**AMERICAN FINANCIAL GROUP, INC.**

(Exact name of registrant as specified in its charter)

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**Ohio**  
(State or other jurisdiction  
of incorporation)

**1-13653**  
(Commission  
File Number)

**31-1544320**  
(IRS Employer  
Identification No.)

**301 East Fourth Street, Cincinnati, OH**  
(Address of principal executive offices)

**45202**  
(Zip Code)

**Registrant's telephone number, including area code 513-579-2121**

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Section 2—Financial Information**

**Item 2.02 Results of Operations and Financial Condition.**

Reference is made to the press release of American Financial Group, Inc. (the “Company”) relating to the announcement of the Company’s results of operations for the second quarter of 2013 and the availability of the related Investor Supplement on the Company’s website. The press release was issued on July 29, 2013. A copy of the press release is attached to this Form 8-K as Exhibit 99.1 and a copy of the Investor Supplement is attached as Exhibit 99.2 and are incorporated herein by reference.

The information contained herein shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 as amended (the “Exchange Act), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act.

**Section 9—Financial Statements and Exhibits**

**Item 9.01 Financial Statements and Exhibits.**

- (a) Financial statements of business acquired. Not applicable.
- (b) Pro forma financial information. Not applicable.
- (c) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	News Release, dated July 29, 2013, reporting American Financial Group Inc. second quarter review for the period ended June 30, 2013.
99.2	Investor Supplement – Second Quarter 2013

**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 hereunto duly authorized.

**AMERICAN FINANCIAL GROUP, INC.**

Date: July 30, 2013

By: Karl J. Grafe  
Karl J. Grafe  
Vice President

**American Financial Group, Inc. Announces  
Second Quarter Results**

- *Adjusted book value per share \$44.78; up 2% during the quarter*
- *Second quarter core net operating earnings \$0.96 per share, up 5.5% from the prior year period*
- *Repurchased 1.4 million shares for \$67 million during the second quarter*
- *2013 core earnings per share guidance increased to \$3.70—\$4.10, from \$3.60—\$4.00*

Cincinnati, Ohio – July 29, 2013 – American Financial Group, Inc. (NYSE/NASDAQ: AFG) today reported 2013 second quarter net earnings attributable to shareholders of \$110 million (\$1.20 per share) compared to \$99 million (\$1.01 per share) for the 2012 second quarter. After-tax net realized gains were \$26 million in the second quarter compared to \$9 million in the comparable prior year period. The 2013 second quarter results also include an after-tax charge of \$3 million (\$0.04 per share) related to guaranty fund assessments expected from various state funds for the insolvency and liquidation of Executive Life Insurance Company of New York, (“ELNY”) an unaffiliated life insurance company. Book value per share, excluding appropriated retained earnings and unrealized gains on fixed maturities, increased by \$0.84 to \$44.78 per share during the second quarter of 2013. Annualized return on equity was 11.1% and 10.2% for the second quarters of 2013 and 2012, respectively.

Core net operating earnings were \$87 million (\$0.96 per share) for the 2013 second quarter, compared to \$90 million (\$0.91 per share) in the 2012 second quarter. Significantly higher profit in our annuity segment was partially offset by the absence of earnings from our Medicare supplement and critical illness businesses that were sold in August 2012, lower underwriting profits in our Specialty Property and Casualty Insurance (“P&C”) operations and lower P&C investment income. Per share amounts reflect the impact of share repurchases. Core net operating earnings for the second quarters of 2013 and 2012 generated annualized returns on equity of 8.9% and 9.2%, respectively.

During the second quarter of 2013, AFG repurchased approximately 1.4 million shares of common stock for \$67 million (average price per share of \$48.37).

AFG’s net earnings attributable to shareholders, determined in accordance with U.S. generally accepted accounting principles (“GAAP”), include certain items that may not be indicative of its ongoing core operations. The following table identifies such items and reconciles net earnings attributable to shareholders to core net operating earnings, a non-GAAP financial measure that AFG believes is a useful tool for investors and analysts in analyzing ongoing operating trends.

In millions, except per share amounts	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
<b>Components of net earnings attributable to shareholders:</b>				
<b>Core net operating earnings<sup>(a)</sup></b>	<b>\$ 87</b>	<b>\$ 90</b>	<b>\$ 171</b>	<b>\$ 175</b>
Realized gains	26	9	62	37
ELNY guaranty fund assessments	(3)	—	(3)	—
<b>Net earnings attributable to shareholders</b>	<b>\$ 110</b>	<b>\$ 99</b>	<b>\$ 230</b>	<b>\$ 212</b>
<b>Components of Earnings Per Share:</b>				
<b>Core net operating earnings</b>	<b>\$ 0.96</b>	<b>\$ 0.91</b>	<b>\$ 1.88</b>	<b>\$ 1.77</b>
Realized gains	0.28	0.10	0.68	0.38
ELNY guaranty fund assessments	(0.04)	—	(0.04)	—
<b>Diluted Earnings Per Share</b>	<b>\$ 1.20</b>	<b>\$ 1.01</b>	<b>\$ 2.52</b>	<b>\$ 2.15</b>

Footnote (a) is contained in the accompanying Notes To Financial Schedules at the end of this release.

Carl H. Lindner III and S. Craig Lindner, AFG's Co-Chief Executive Officers, issued this statement: "We are especially pleased with the strong earnings in our annuity segment for the second quarter and first six months of 2013. Although underwriting profitability in our P&C businesses was lower year over year, we remain encouraged by the market firming we are seeing in selected P&C markets, which has resulted in growth opportunities for most of our P&C businesses. Our proven investment skills and mix of specialty insurance businesses have positioned us well in the current interest rate environment and amid widespread catastrophe losses in the industry.

"At June 30, 2013, AFG had approximately \$650 million of excess capital (including parent company cash of approximately \$265 million). While we will make opportunistic share repurchases when it makes sense to do so and return capital to shareholders through dividends, we will invest excess capital when we see potential for healthy, profitable organic growth, and look for opportunities to expand our specialty niche businesses through acquisitions and start-ups that meet our target return thresholds.

"Based on results for the first six months of 2013, we expect core net operating earnings in 2013 to be between \$3.70 and \$4.10 per share, up from our previous guidance of \$3.60 to \$4.00 per share. Our core earnings per share guidance excludes non-core items such as realized gains and losses, as well as other significant items that may not be indicative of ongoing operations."

### **Specialty Property and Casualty Insurance Operations**

The P&C specialty insurance operations generated an underwriting profit of \$21 million in the 2013 second quarter, compared to \$52 million in the second quarter of 2012. The combined ratio was 97.0%, 5.2 points higher than the comparable prior year period. The lower profit in 2013 is primarily the result of lower underwriting profits in our property and transportation group, particularly in our transportation businesses, and higher catastrophe losses. Catastrophe losses were \$19 million (2.6 points on the combined ratio), compared to \$6 million (0.8 points) in the 2012 second quarter.

Gross and net written premiums were up 2% for the second quarter of 2013, when compared to the same period in 2012. Double digit premium growth in our specialty casualty and specialty financial groups was offset somewhat by lower premiums in the property and transportation group, primarily the result of lower crop insurance premiums. Delayed planting of spring crops resulted in late acreage reporting and reduced overall second quarter specialty P&C premiums. Excluding crop insurance premiums, gross and net written premiums grew by 15% and 10%, respectively when compared to the prior year second quarter. Further details about AFG's specialty P&C operations may be found in the accompanying schedules.

The **Property and Transportation Group** reported an underwriting loss of \$31 million in the second quarter of 2013, compared to an underwriting profit of \$6 million in the second quarter of 2012. This decrease is attributable to lower profitability in our transportation businesses and higher catastrophe losses impacting our property and inland marine operations. Catastrophe losses were \$18 million for this group during the second quarter of 2013, primarily the result of losses from spring storms in the southeastern United States. By comparison, catastrophe losses for the second quarter of 2012 were \$4 million.

Gross and net written premiums for the second quarter of 2013 were 16% and 11% lower, respectively, than the comparable 2012 period primarily due to delayed acreage reporting from insureds as a result of excess moisture and late planting of corn and soybean crops. It is expected that these delayed premiums will be included in third quarter results. Excluding crop insurance, 2013 gross and net written premium grew by 6% and 3%, respectively, when compared to the 2012 second quarter. Net written premiums were also impacted by the increased cost of reinsurance in our property and inland marine and crop insurance businesses. Renewal pricing was up approximately 6% for the quarter, following a 5% increase achieved in the first quarter of 2013.

The **Specialty Casualty Group** reported a second quarter underwriting profit of \$32 million, slightly lower than the 2012 second quarter. A modest improvement in accident year results was more than offset by lower favorable prior year reserve development. Most of our businesses in this group produced strong underwriting profit margins during the quarter.

Gross and net written premiums were up 23% and 16%, respectively, for the second quarter of 2013 when compared to the same prior year period. While nearly all businesses in this group reported growth, our workers' compensation and excess and surplus lines were the primary sources of the higher premiums. New business opportunities, increased exposures from higher payroll on existing accounts, strong retentions and higher renewal pricing have contributed to increases in our workers' compensation businesses. In addition, new business opportunities and general market hardening have generated increased premiums in several of our excess and surplus lines businesses. Renewal pricing in this group was up approximately 5% for the second quarter following a 6% increase achieved in the first quarter of 2013.

The **Specialty Financial Group** reported underwriting profit of \$15 million in the second quarter of 2013, compared to \$11 million in the second quarter of 2012. The increased profitability was due primarily to higher underwriting profits in our financial institutions business, primarily from lender-placed mortgage insurance. Most of the businesses in this group achieved excellent underwriting margins during the second quarter of 2013.

Gross and net written premiums were up 16% and 15% for the 2013 second quarter, respectively, from the comparable 2012 period. Gross written premiums increased primarily as a result of growth in lender-placed mortgage insurance offered by our financial institutions business. Renewal pricing in this group was down 1% for the second quarter following a 1% increase achieved in the first quarter of 2013.

Carl Lindner III stated: "I am particularly pleased with the results achieved by our specialty casualty and specialty financial groups during the quarter. We continue to see premium growth opportunities in almost all of the businesses within these groups. I am disappointed, however, by the poor results in our property and transportation businesses. We remain committed to achieving the necessary rate increases to strengthen profitability in these operations. Based on premium growth across our P&C book of business during the first six months of 2013, we continue to expect net written premium growth for the full year 2013 to be between 8%—12%. Overall renewal pricing was up about 5% during the quarter, in line with our projections, and consistent with the overall average rate increases we saw during the first quarter. Our objective remains to achieve an increase of 4%—6% in the specialty group's overall average renewal rates in 2013."

### **Annuity Segment**

AFG's annuity operations contributed \$82 million in pretax core earnings in the second quarter of 2013 compared to \$59 million in the second quarter of 2012, a 39% increase. Higher pretax core earnings were primarily a result of growth in annuity assets and the favorable impact that rising interest rates had on AFG's fixed indexed annuity reserves. Over the last year, AFG's fixed annuity investments (at amortized cost) have grown by 14%.

Net interest spread earned during the second quarter of 2013 decreased by 14 basis points from the prior year period due primarily to the run-off of higher yielding investments. However, the net spread earned during the second quarter of 2013 increased 23 basis points from the prior year period, reflecting the impact that higher interest rates had on AFG's fixed indexed annuity business, partially offset by the run-off of higher yielding investments.

Statutory premiums of \$861 million in the 2013 second quarter increased \$237 million (38%) from the first quarter of 2013. This strong growth reflects successful distribution channel expansion, as well as new product development. Year to date 2013 statutory premiums were down 13% from the comparable

2012 period, in line with our expectations for the first half of 2013, and primarily the result of actions taken in the second half of 2012 to reduce crediting rates and agent commissions in response to the exceptionally low interest rate environment that began in the second quarter of 2012.

Craig Lindner stated, "Our superior investing capabilities and pricing discipline have been instrumental in achieving another quarter of strong operating earnings. Because of our annuity segment performance during the first half of 2013, and assuming no major fluctuations in interest rates or the stock market, we are increasing our guidance for the annuity and run-off segments. We now expect that the full year 2013 pretax core operating earnings from our annuity and run-off operations will be 13% to 18% higher than the \$252 million reported for the full year of 2012, up from the range of 8% to 12% previously estimated. In addition, based on strong sales during the second quarter, we now believe that statutory premiums for the full year of 2013 could equal or slightly exceed premiums for the full year of 2012."

Second quarter 2013 annuity operating earnings exclude a non-core pretax charge of \$5 million to cover assessments from state guaranty funds related to the insolvency and liquidation of Executive Life Insurance Company of New York, an unaffiliated life insurance company. ELNY was placed into rehabilitation by the New York Insurance Department in 1991. In April 2012, the company was declared insolvent and ordered into liquidation. Our life insurance subsidiaries started receiving guaranty fund assessments from various states in the second quarter of 2013. Our life insurance subsidiaries are required under the solvency or guaranty laws of most states in which they do business to pay assessments up to certain prescribed limits to fund policyholder losses or liabilities of insolvent insurance companies such as ELNY.

More information about premiums and the results of operations for our annuity segment may be found in our Quarterly Investor Supplement which is posted on our website.

#### **Run-off Long-Term Care and Life Segment**

AFG's run-off long-term care and life segment incurred a pretax core operating loss of \$2 million in the second quarter of 2013 compared to pretax core operating earnings of \$5 million in the comparable prior year period.

#### **Medicare Supplement and Critical Illness Segment**

AFG's Medicare supplement and critical illness segment contributed pretax core operating earnings of \$12 million in the second quarter of 2012. These operations were sold in August 2012 for \$326 million.

#### **Investments**

AFG recorded second quarter 2013 net realized gains of \$26 million after tax and after deferred acquisition costs (DAC), compared to \$9 million in the prior year period. Unrealized gains on fixed maturities were \$462 million, after tax, after DAC at June 30, 2013, a decrease of \$257 million since year-end, reflecting the impact of rising interest rates. Our portfolio continues to be high quality, with 86% of our fixed maturity portfolio rated investment grade and 96% with a National Association of Insurance Commissioners' designation of NAIC 1 or 2, its highest two categories.

During the first half of 2013, P&C investment income was approximately 6% lower than the comparable 2012 period, in line with our expectations.

More information about the components of our investment portfolio may be found in our Quarterly Investor Supplement, which is posted on our website.

## **About American Financial Group, Inc.**

American Financial Group is an insurance holding company, based in Cincinnati, Ohio with assets in excess of \$35 billion. Through the operations of Great American Insurance Group, AFG is engaged primarily in property and casualty insurance, focusing on specialized commercial products for businesses, and in the sale of fixed and fixed-indexed annuities in the retail, financial institutions and education markets. Great American Insurance Group's roots go back to 1872 with the founding of its flagship company, Great American Insurance Company.

## **Forward Looking Statements**

This press release contains certain statements that may be deemed to be "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements in this press release not dealing with historical results are forward-looking and are based on estimates, assumptions and projections. Examples of such forward-looking statements include statements relating to: the Company's expectations concerning market and other conditions and their effect on future premiums, revenues, earnings and investment activities; recoverability of asset values; expected losses and the adequacy of reserves for long-term care, asbestos, environmental pollution and mass tort claims; rate changes; and improved loss experience.

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

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

## **Conference Call**

The Company will hold a conference call to discuss 2013 second quarter results at 11:30 a.m. (ET) tomorrow, Tuesday, July 30, 2013. Toll-free telephone access will be available by dialing 1-888-892-6137 (international dial-in 706-758-4386). The conference ID for the live call is 14408747. Please dial in five to ten minutes prior to the scheduled start time of the call.



A replay will be available two hours following the completion of the call and will remain available until 11:59 p.m. (ET) on August 6, 2013. To listen to the replay, dial 1-800-585-8367 (international dial-in 404-537-3406) and provide the conference ID 14408747. The conference call and accompanying webcast slides will also be broadcast live over the Internet. To listen to the call via the Internet, go to the Investor Relations page on AFG's website, [www.AFGinc.com](http://www.AFGinc.com), and follow the instructions at the Webcasts and Presentations link. The archived webcast will be available immediately after the call via the same link on the Investor Relations page until August 6, 2013 at 11:59 p.m. (ET). An archived audio MP3 file will be available within 24 hours of the call.

Contact: Diane P. Weidner  
Asst. Vice President – Investor Relations  
(513) 369-5713

Websites:  
[www.AFGinc.com](http://www.AFGinc.com)  
[www.GreatAmericanInsuranceGroup.com](http://www.GreatAmericanInsuranceGroup.com)  
[www.GAFRI.com](http://www.GAFRI.com)

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(Financial summaries follow)

This earnings release and AFG's Quarterly Investor Supplement are available in the Investor Relations section of AFG's website: [www.AFGinc.com](http://www.AFGinc.com).

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**AMERICAN FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**SUMMARY OF EARNINGS AND SELECTED BALANCE SHEET DATA**  
(In Millions, Except Per Share Data)

	Three months ended June 30,		Six months ended June 30,	
	2013	2012 <sup>(b)</sup>	2013	2012 <sup>(b)</sup>
<b>Revenues</b>				
P&C insurance net earned premiums	\$ 709	\$ 640	\$ 1,396	\$ 1,243
Life, accident & health net earned premiums	28	105	58	210
Net investment income	332	329	658	646
Realized gains	41	15	98	59
Income (loss) of managed investment entities:				
Investment income	32	32	66	61
Loss on change in fair value of assets/liabilities	(28)	(21)	(36)	(50)
Other income	25	24	47	42
Total revenues	<u>1,139</u>	<u>1,124</u>	<u>2,287</u>	<u>2,211</u>
<b>Costs and expenses</b>				
P&C insurance losses & expenses	690	595	1,334	1,150
Annuity, life, accident & health benefits & expenses	210	276	420	541
Interest charges on borrowed money	18	19	36	38
Expenses of managed investment entities	24	20	46	39
Other expenses	71	78	150	161
Total costs and expenses	<u>1,013</u>	<u>988</u>	<u>1,986</u>	<u>1,929</u>
Earnings before income taxes	126	136	301	282
Provision for income taxes <sup>(c)</sup>	49	52	111	110
Net earnings including noncontrolling interests	77	84	190	172
Less: Net earnings (loss) attributable to noncontrolling interests	(33)	(15)	(40)	(40)
Net earnings attributable to shareholders	<u>\$ 110</u>	<u>\$ 99</u>	<u>\$ 230</u>	<u>\$ 212</u>
Diluted Earnings per Common Share	<u>\$ 1.20</u>	<u>\$ 1.01</u>	<u>\$ 2.52</u>	<u>\$ 2.15</u>
Average number of diluted shares	91.5	98.0	91.3	98.7
<b>Selected Balance Sheet Data:</b>				
		June 30, 2013	December 31, 2012	
Total cash and investments		\$ 29,262	\$ 28,449	
Long-term debt		\$ 949	\$ 953	
Shareholders' equity <sup>(d)</sup>		\$ 4,473	\$ 4,578	
Shareholders' equity (excluding appropriated retained earnings and unrealized gains/losses on fixed maturities) <sup>(d)</sup>		\$ 3,978	\$ 3,784	
<b>Book Value Per Share:</b>				
Excluding appropriated retained earnings		\$ 49.98	\$ 50.61	
Excluding appropriated retained earnings and unrealized gains/losses on fixed maturities		\$ 44.78	\$ 42.52	
Common Shares Outstanding		88.8	89.0	

Footnotes (b), (c) and (d) are contained in the accompanying Notes To Financial Schedules at the end of this release.

**AMERICAN FINANCIAL GROUP, INC.**  
**SPECIALTY P&C OPERATIONS**  
(Dollars in Millions)

	Three months ended June 30,		Pct. Change	Six months ended June 30,		Pct. Change
	2013	2012		2013	2012	
<b>Gross written premiums</b>	<u>\$ 1,041</u>	<u>\$ 1,024</u>	2%	<u>\$ 1,966</u>	<u>\$ 1,847</u>	6%
<b>Net written premiums</b>	<u>\$ 749</u>	<u>\$ 732</u>	2%	<u>\$ 1,453</u>	<u>\$ 1,339</u>	9%
<b>Ratios (GAAP):</b>						
Loss & LAE ratio	60.3%	55.7%		58.4%	56.3%	
Underwriting expense ratio	36.7%	36.1%		36.6%	35.6%	
Combined Ratio	<u>97.0%</u>	<u>91.8%</u>		<u>95.0%</u>	<u>91.9%</u>	
<b>Supplemental Information:(e)</b>						
<b>Gross Written Premiums:</b>						
Property & Transportation	\$ 446	\$ 531	(16%)	\$ 798	\$ 859	(7%)
Specialty Casualty	440	358	23%	870	724	20%
Specialty Financial	155	134	16%	298	263	13%
Other	—	1	—	—	1	—
	<u>\$ 1,041</u>	<u>\$ 1,024</u>	2%	<u>\$ 1,966</u>	<u>\$ 1,847</u>	6%
<b>Net Written Premiums:</b>						
Property & Transportation	\$ 328	\$ 369	(11%)	\$ 604	\$ 619	(2%)
Specialty Casualty	283	244	16%	578	491	18%
Specialty Financial	117	102	15%	230	195	18%
Other	21	17	24%	41	34	21%
	<u>\$ 749</u>	<u>\$ 732</u>	2%	<u>\$ 1,453</u>	<u>\$ 1,339</u>	9%
<b>Combined Ratio (GAAP):</b>						
Property & Transportation	110.3%	98.1%		103.5%	94.0%	
Specialty Casualty	88.4%	86.1%		90.5%	91.8%	
Specialty Financial	86.6%	88.5%		87.6%	86.6%	
Aggregate Specialty Group	97.0%	91.8%		95.0%	91.9%	
<b>Reserve Development (Favorable)/Unfavorable:</b>						
				Three months ended June 30,	Six months ended June 30,	
				2013	2012	
Property & Transportation				\$ 3	\$ (2)	\$ (3) \$ (12)
Specialty Casualty				(22)	(27)	(38) (28)
Specialty Financial				—	(4)	(6) (11)
Other				(5)	(1)	(10) (2)
				<u>\$ (24)</u>	<u>\$ (34)</u>	<u>\$ (57)</u> <u>\$ (53)</u>
<b>Points on Combined Ratio:</b>						
Property & Transportation				1.2	(0.5)	(0.4) (2.1)
Specialty Casualty				(8.0)	(11.3)	(7.1) (6.2)
Specialty Financial				(0.7)	(3.6)	(2.8) (5.4)
Aggregate Specialty Group				(3.4)	(5.3)	(4.1) (4.3)

Footnote (e) is contained in the accompanying Notes To Financial Schedules at the end of this release

**AMERICAN FINANCIAL GROUP, INC.**  
**ANNUITY SEGMENT**  
(Dollars in Millions)

**Components of Statutory Premiums**

	Three months ended		Pct. Change	Six months ended		Pct. Change
	June 30,			June 30,		
	2013	2012		2013	2012	
<b><u>Annuity Premiums:</u></b>						
Retail Single Premium	\$ 509	\$ 565	(10%)	\$ 869	\$ 1,016	(14%)
Financial Institutions Single Premium	287	259	11%	481	534	(10%)
Education Market—403(b)	52	64	(19%)	107	126	(15%)
Variable Annuities	13	17	(24%)	28	32	(13%)
Total Annuity Premiums	<u>\$ 861</u>	<u>\$ 905</u>	(5%)	<u>\$ 1,485</u>	<u>\$ 1,708</u>	(13%)

**Components of Core Operating Earnings Before Income Taxes**

	Three months ended		Pct. Change	Six months ended		Pct. Change
	June 30,			June 30,		
	2013	2012		2013	2012	
<b>Revenues:</b>						
Net investment income	\$ 257	\$ 245	5%	\$ 505	\$ 473	7%
Other income	15	12	25%	29	25	16%
Total revenues	<u>272</u>	<u>257</u>	6%	<u>534</u>	<u>498</u>	7%
<b>Costs and Expenses:</b>						
Annuity benefits	120	147	(18%)	254	277	(8%)
Acquisition expenses	48	31	55%	79	60	32%
Other expenses	22	20	10%	43	42	2%
Total costs and expenses	<u>190</u>	<u>198</u>	(4%)	<u>376</u>	<u>379</u>	(1%)
Core operating earnings before income taxes	<u>\$ 82</u>	<u>\$ 59</u>	39%	<u>\$ 158</u>	<u>\$ 119</u>	33%

**Supplemental Fixed Annuity Information\***

	Three months ended		Six months ended	
	June 30,		June 30,	
	2013	2012	2013	2012
Average Fixed Annuity Reserves	\$18,151	\$16,173	\$17,829	\$15,841
Net Interest Spread	3.02%	3.16%	3.00%	3.02%
Net Spread Earned	1.65%	1.42%	1.61%	1.42%

\* Excludes fixed annuity portion of variable annuity business.

**AMERICAN FINANCIAL GROUP, INC.**  
**Notes To Financial Schedules**

a) Components of core net operating earnings (in millions):

	Three months ended		Six months ended	
	June 30,	2012	June 30,	2012
	2013		2013	2012
<u>Core Operating Earnings before Income Taxes:</u>				
P&C insurance segment	\$ 82	\$ 103	\$ 178	\$ 203
Annuity segment	82	59	158	119
Run-off long-term care and life segment	(2)	5	(3)	6
Medicare supp and critical illness segment*	—	12	—	18
Interest & other corporate expense	(39)	(42)	(84)	(82)
Core operating earnings before income taxes	123	137	249	264
Related income taxes	36	47	78	89
Core net operating earnings	<u>\$ 87</u>	<u>\$ 90</u>	<u>\$ 171</u>	<u>\$ 175</u>

\* Medicare supplement and critical illness businesses were sold in August 2012.

b) Certain reclassifications have been made to conform to the current year's presentation.

c) Earnings before income taxes includes \$31 million and \$42 million in non-deductible losses attributable to noncontrolling interests related to managed investment entities in the second quarter and first six months of 2013, respectively, and \$18 million and \$46 million in the second quarter and first six months of 2012, respectively.

d) Shareholders' Equity at June 30, 2013 includes \$462 million (\$5.20 per share) in unrealized after-tax gains on fixed maturities and \$33 million (\$0.38 per share) of retained earnings appropriated to managed investment entities. Shareholder's Equity at December 31, 2012 includes \$719 million (\$8.09 per share) in unrealized after-tax gains on fixed maturities and \$75 million (\$0.84 per share) of retained earnings appropriated to managed investment entities. The appropriated retained earnings will ultimately inure to the benefit of the debt holders of the investment entities managed by AFG.

e) Supplemental Notes:

- **Property & Transportation** includes primarily physical damage and liability coverage for buses, trucks and recreational vehicles, inland and ocean marine, agricultural-related products and other property coverages.
- **Specialty Casualty** includes primarily excess and surplus, general liability, executive liability, umbrella and excess liability, customized programs for small to mid-sized businesses and workers' compensation insurance.
- **Specialty Financial** includes risk management insurance programs for leasing and financing institutions (including collateral and lender-placed insurance), surety and fidelity products and trade credit insurance.
- **Other** includes an internal reinsurance facility.



**American Financial Group, Inc.**  
**Investor Supplement—Second Quarter 2013**  
**July 29, 2013**

American Financial Group, Inc.  
**Corporate Headquarters**  
Great American Insurance Group Tower  
301 E Fourth Street  
Cincinnati, OH 45202  
513 579 6739

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	Three Months Ended					Six Months Ended	
	06/30/13	03/31/13	12/31/12	09/30/12	06/30/12	06/30/13	06/30/12
<b>Highlights</b>							
Core net operating earnings	\$ 87	\$ 84	\$ 61	\$ 78	\$ 90	\$ 171	\$ 175
Net earnings	110	120	50	226	99	230	212
Total assets	39,414	39,139	39,171	39,633	37,052	39,414	37,052
Adjusted shareholders' equity (a)	3,978	3,950	3,784	3,881	3,869	3,978	3,869
Property and Casualty net written premiums	749	704	702	908	732	1,453	1,339
Annuity statutory premiums	861	624	560	723	905	1,485	1,708
<b>Per share data</b>							
Core net operating earnings per share	\$ 0.96	\$ 0.92	\$ 0.67	\$ 0.82	\$ 0.91	\$ 1.88	\$ 1.77
Diluted earnings per share	1.20	1.32	0.54	2.39	1.01	2.52	2.15
Adjusted book value per share (a)	44.78	43.94	42.52	42.72	40.74	44.78	40.74
Cash dividends per common share	0.1950	0.1950	0.4450	0.1750	0.1750	0.3900	0.3500
<b>Financial ratios</b>							
Annualized core operating return on equity (a)	8.9%	8.6%	6.4%	8.0%	9.2%	8.8%	9.1%
Annualized return on equity (a)	11.1%	12.4%	5.2%	23.4%	10.2%	11.8%	11.1%
Property and Casualty combined ratio—Specialty:							
Loss & LAE ratio	60.3%	56.5%	72.9%	68.2%	55.7%	58.4%	56.3%
Underwriting expense ratio	36.7%	36.6%	25.1%	30.0%	36.1%	36.6%	35.6%
Combined ratio—Specialty	<u>97.0%</u>	<u>93.1%</u>	<u>98.0%</u>	<u>98.2%</u>	<u>91.8%</u>	<u>95.0%</u>	<u>91.9%</u>
Net spread on fixed annuities:							
Net interest spread	3.02%	2.99%	3.18%	3.25%	3.16%	3.00%	3.02%
Net spread earned	1.65%	1.58%	1.49%	1.57%	1.42%	1.61%	1.42%

(a) Excludes appropriated retained earnings and unrealized gains related to fixed maturity investments.



**American Financial Group, Inc.**  
**Summary of Earnings**  
(\$ in millions)



	Three Months Ended				Six Months Ended		
	06/30/13	03/31/13	12/31/12	09/30/12	06/30/12	06/30/12	
<b>Property and Casualty Insurance</b>							
Underwriting profit	\$ 19	\$ 43	\$ 10	\$ 15	\$ 45	\$ 62	\$ 93
Net investment income	65	66	69	67	69	131	139
Other expense	(2)	(13)	(10)	(11)	(11)	(15)	(29)
<b>Property and Casualty Insurance operating earnings</b>	<b>82</b>	<b>96</b>	<b>69</b>	<b>71</b>	<b>103</b>	<b>178</b>	<b>203</b>
Annuity earnings	82	76	68	69	59	158	119
Run-off Long-Term Care and Life earnings / (loss)	(2)	(1)	(12)	2	5	(3)	6
Medicare Supplement and Critical Illness earnings (a)	—	—	—	10	12	—	18
Interest expense of parent holding companies	(17)	(17)	(17)	(19)	(18)	(34)	(35)
Other expense	(22)	(28)	(25)	(18)	(24)	(50)	(47)
<b>Pre-tax core operating earnings</b>	<b>123</b>	<b>126</b>	<b>83</b>	<b>115</b>	<b>137</b>	<b>249</b>	<b>264</b>
Income tax expense	36	42	22	37	47	78	89
<b>Core net operating earnings</b>	<b>87</b>	<b>84</b>	<b>61</b>	<b>78</b>	<b>90</b>	<b>171</b>	<b>175</b>
Non-core items, net of tax:							
Gain on sale of Medicare Supplement and Critical Illness	—	—	13	101	—	—	—
Other realized gains	26	36	36	55	9	62	37
Long-Term Care reserve charge	—	—	(99)	—	—	—	—
Significant A&E charges:							
Property and Casualty Insurance run-off operations	—	—	—	(20)	—	—	—
Former Railroad and Manufacturing operations	—	—	—	(1)	—	—	—
AFG tax case and settlement of open years	—	—	39	28	—	—	—
ELNY guaranty fund assessments (b)	(3)	—	—	—	—	(3)	—
Other	—	—	—	(15)	—	—	—
<b>Net earnings</b>	<b>\$ 110</b>	<b>\$ 120</b>	<b>\$ 50</b>	<b>\$ 226</b>	<b>\$ 99</b>	<b>\$ 230</b>	<b>\$ 212</b>

(a) Medicare Supplement and Critical Illness operations were sold August 2012.

(b) The ELNY guaranty fund assessments represent guaranty fund assessments in connection with the insolvency and liquidation of Executive Life Insurance Company of New York, an unaffiliated life insurance company.

**American Financial Group, Inc.**  
**Earnings Per Share Summary**  
(in millions, except per share information)



	Three Months Ended					Six Months Ended	
	06/30/13	03/31/13	12/31/12	09/30/12	06/30/12	06/30/13	06/30/12
<b>Core net operating earnings</b>	<u>\$ 87</u>	<u>\$ 84</u>	<u>\$ 61</u>	<u>\$ 78</u>	<u>\$ 90</u>	<u>\$ 171</u>	<u>\$ 175</u>
<b>Net earnings</b>	<u>\$ 110</u>	<u>\$ 120</u>	<u>\$ 50</u>	<u>\$ 226</u>	<u>\$ 99</u>	<u>\$ 230</u>	<u>\$ 212</u>
Average number of diluted shares	91.472	91.048	91.413	94.625	98.004	91.260	98.690
<u>Diluted earnings per share:</u>							
<b>Core net operating earnings per share</b>	<u>\$ 0.96</u>	<u>\$ 0.92</u>	<u>\$ 0.67</u>	<u>\$ 0.82</u>	<u>\$ 0.91</u>	<u>\$ 1.88</u>	<u>\$ 1.77</u>
Gain on sale of Medicare Supplement and Critical Illness	—	—	0.15	1.07	—	—	—
Other realized gains	0.28	0.40	0.37	0.59	0.10	0.68	0.38
Long-Term Care reserve charge	—	—	(1.08)	—	—	—	—
Significant A&E charges:							
Property and Casualty Insurance run-off operations	—	—	—	(0.22)	—	—	—
Former Railroad and Manufacturing operations	—	—	—	(0.01)	—	—	—
AFG tax case and settlement of open years	—	—	0.43	0.30	—	—	—
ELNY guaranty fund assessments (a)	(0.04)	—	—	—	—	(0.04)	—
Other	—	—	—	(0.16)	—	—	—
<b>Diluted earnings per share</b>	<u>\$ 1.20</u>	<u>\$ 1.32</u>	<u>\$ 0.54</u>	<u>\$ 2.39</u>	<u>\$ 1.01</u>	<u>\$ 2.52</u>	<u>\$ 2.15</u>

(a) The ELNY guaranty fund assessments represent guaranty fund assessments in connection with the insolvency and liquidation of Executive Life Insurance Company of New York, an unaffiliated life insurance company

**American Financial Group, Inc.**  
**Property and Casualty Insurance—Summary Underwriting Results (GAAP)**  
(\$ in millions)



	Three Months Ended				Six Months Ended		
	06/30/13	03/31/13	12/31/12	09/30/12	06/30/12	06/30/12	
Property and Transportation	\$ (31)	\$ 10	\$ (14)	\$ —	\$ 6	\$ (21)	\$ 33
Specialty Casualty	32	19	8	8	33	51	37
Specialty Financial	15	13	16	1	11	28	27
Other Specialty	5	6	5	7	2	11	3
<b>Underwriting profit—Specialty</b>	<b>21</b>	<b>48</b>	<b>15</b>	<b>16</b>	<b>52</b>	<b>69</b>	<b>100</b>
Other charges, included in loss and LAE	2	5	5	1	7	7	7
<b>Underwriting profit—Core</b>	<b>19</b>	<b>43</b>	<b>10</b>	<b>15</b>	<b>45</b>	<b>62</b>	<b>93</b>
Special A&E charges, included in loss and LAE	—	—	—	(31)	—	—	—
<b>Underwriting profit (loss)—Property and Casualty Insurance</b>	<b>\$ 19</b>	<b>\$ 43</b>	<b>\$ 10</b>	<b>\$ (16)</b>	<b>\$ 45</b>	<b>\$ 62</b>	<b>\$ 93</b>
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ 1	\$ —	\$ 9	\$ —	\$ —	\$ 1	\$ —
Catastrophe loss	18	10	24	4	6	28	9
Total current accident year catastrophe losses	\$ 19	\$ 10	\$ 33	\$ 4	\$ 6	\$ 29	\$ 9
Loss reserve development (favorable) / adverse	\$ (22)	\$ (28)	\$ (7)	\$ 23	\$ (27)	\$ (50)	\$ (46)
Combined ratio:							
Property and Transportation	110.3%	96.5%	103.7%	99.8%	98.1%	103.5%	94.0%
Specialty Casualty	88.4%	92.7%	96.8%	96.7%	86.1%	90.5%	91.8%
Specialty Financial	86.6%	88.5%	84.9%	98.8%	88.5%	87.6%	86.6%
Other Specialty	74.0%	71.1%	70.0%	68.4%	86.0%	72.6%	89.2%
<b>Combined ratio—Specialty</b>	<b>97.0%</b>	<b>93.1%</b>	<b>98.0%</b>	<b>98.2%</b>	<b>91.8%</b>	<b>95.0%</b>	<b>91.9%</b>
Other core charges	0.2%	0.7%	0.7%	0.0%	1.1%	0.5%	0.6%
Special A&E charges	0.0%	0.0%	0.0%	3.7%	0.0%	0.0%	0.0%
<b>Combined ratio</b>	<b>97.2%</b>	<b>93.8%</b>	<b>98.7%</b>	<b>101.9%</b>	<b>92.9%</b>	<b>95.5%</b>	<b>92.5%</b>
Loss and LAE components—property and casualty insurance							
Current accident year, excluding catastrophe loss	61.1%	59.8%	71.2%	68.7%	60.2%	60.4%	59.9%
Prior accident year development	(3.2%)	(4.1%)	(0.8%)	2.6%	(4.2%)	(3.6%)	(3.7%)
Current accident year catastrophe loss	2.6%	1.5%	3.2%	0.6%	0.8%	2.1%	0.7%
<b>Loss and LAE ratio</b>	<b>60.5%</b>	<b>57.2%</b>	<b>73.6%</b>	<b>71.9%</b>	<b>56.8%</b>	<b>58.9%</b>	<b>56.9%</b>

**American Financial Group, Inc.**  
**Specialty—Underwriting Results (GAAP)**  
(\$ in millions)



	Three Months Ended				Six Months Ended		
	06/30/13	03/31/13	12/31/12	09/30/12	06/30/13	06/30/12	
Gross written premiums	\$ 1,041	\$ 925	\$ 965	\$ 1,509	\$ 1,024	\$ 1,966	\$ 1,847
Ceded reinsurance premiums	(292)	(221)	(263)	(601)	(292)	(513)	(508)
Net written premiums	749	704	702	908	732	1,453	1,339
Change in unearned premiums	(40)	(17)	54	(60)	(92)	(57)	(96)
Net earned premiums	709	687	756	848	640	1,396	1,243
Loss and LAE	428	388	551	578	356	816	700
Underwriting expense	260	251	190	254	232	511	443
<b>Underwriting profit</b>	<b>\$ 21</b>	<b>\$ 48</b>	<b>\$ 15</b>	<b>\$ 16</b>	<b>\$ 52</b>	<b>\$ 69</b>	<b>\$ 100</b>
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ 1	\$ —	\$ 9	\$ —	\$ —	\$ 1	\$ —
Catastrophe loss	18	10	24	4	6	28	9
Total current accident year catastrophe losses	\$ 19	\$ 10	\$ 33	\$ 4	\$ 6	\$ 29	\$ 9
Loss reserve development (favorable) / adverse	\$ (24)	\$ (33)	\$ (12)	\$ (9)	\$ (34)	\$ (57)	\$ (53)
Combined ratio:							
Loss and LAE ratio	60.3%	56.5%	72.9%	68.2%	55.7%	58.4%	56.3%
Underwriting expense ratio	36.7%	36.6%	25.1%	30.0%	36.1%	36.6%	35.6%
<b>Combined ratio</b>	<b>97.0%</b>	<b>93.1%</b>	<b>98.0%</b>	<b>98.2%</b>	<b>91.8%</b>	<b>95.0%</b>	<b>91.9%</b>
Loss and LAE components:							
Current accident year, excluding catastrophe loss	61.1%	59.8%	71.2%	68.7%	60.2%	60.4%	59.9%
Prior accident year development	(3.4%)	(4.8%)	(1.5%)	(1.1%)	(5.3%)	(4.1%)	(4.3%)
Current accident year catastrophe loss	2.6%	1.5%	3.2%	0.6%	0.8%	2.1%	0.7%
<b>Loss and LAE ratio</b>	<b>60.3%</b>	<b>56.5%</b>	<b>72.9%</b>	<b>68.2%</b>	<b>55.7%</b>	<b>58.4%</b>	<b>56.3%</b>

**American Financial Group, Inc.**  
**Property and Transportation—Underwriting Results (GAAP)**  
(\$ in millions)



	Three Months Ended					Six Months Ended	
	06/30/13	03/31/13	12/31/12	09/30/12	06/30/12	06/30/13	06/30/12
Gross written premiums	\$ 446	\$ 352	\$ 431	\$ 981	\$ 531	\$ 798	\$ 859
Ceded reinsurance premiums	(118)	(76)	(116)	(442)	(162)	(194)	(240)
Net written premiums	328	276	315	539	369	604	619
Change in unearned premiums	(27)	17	68	(52)	(79)	(10)	(66)
Net earned premiums	301	293	383	487	290	594	553
Loss and LAE	236	192	340	371	196	428	351
Underwriting expense	96	91	57	116	88	187	169
<b>Underwriting profit (loss)</b>	<b>\$ (31)</b>	<b>\$ 10</b>	<b>\$ (14)</b>	<b>\$ —</b>	<b>\$ 6</b>	<b>\$ (21)</b>	<b>\$ 33</b>
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ 1	\$ —	\$ 8	\$ —	\$ —	\$ 1	\$ —
Catastrophe loss	17	10	20	2	4	27	5
<b>Total current accident year catastrophe losses</b>	<b>\$ 18</b>	<b>\$ 10</b>	<b>\$ 28</b>	<b>\$ 2</b>	<b>\$ 4</b>	<b>\$ 28</b>	<b>\$ 5</b>
Loss reserve development (favorable) / adverse	\$ 3	\$ (6)	\$ (2)	\$ (2)	\$ (2)	\$ (3)	\$ (12)
Combined ratio:							
Loss and LAE ratio	78.5%	65.4%	88.9%	76.1%	67.6%	72.1%	63.4%
Underwriting expense ratio	31.8%	31.1%	14.8%	23.7%	30.5%	31.4%	30.6%
<b>Combined ratio</b>	<b>110.3%</b>	<b>96.5%</b>	<b>103.7%</b>	<b>99.8%</b>	<b>98.1%</b>	<b>103.5%</b>	<b>94.0%</b>
Loss and LAE components:							
Current accident year, excluding catastrophe loss	71.6%	64.0%	84.3%	76.0%	66.7%	67.9%	64.7%
Prior accident year development	1.2%	(2.0%)	(0.5%)	(0.5%)	(0.5%)	(0.4%)	(2.1%)
Current accident year catastrophe loss	5.7%	3.4%	5.1%	0.6%	1.4%	4.6%	0.8%
<b>Loss and LAE ratio</b>	<b>78.5%</b>	<b>65.4%</b>	<b>88.9%</b>	<b>76.1%</b>	<b>67.6%</b>	<b>72.1%</b>	<b>63.4%</b>

**American Financial Group, Inc.**  
**Specialty Casualty—Underwriting Results (GAAP)**  
(\$ in millions)



	Three Months Ended					Six Months Ended	
	06/30/13	03/31/13	12/31/12	09/30/12	06/30/12	06/30/13	06/30/12
Gross written premiums	\$ 440	\$ 430	\$ 384	\$ 376	\$ 358	\$ 870	\$ 724
Ceded reinsurance premiums	(157)	(135)	(126)	(133)	(114)	(292)	(233)
Net written premiums	283	295	258	243	244	578	491
Change in unearned premiums	(6)	(36)	(9)	—	(8)	(42)	(35)
Net earned premiums	277	259	249	243	236	536	456
Loss and LAE	148	148	165	155	117	296	261
Underwriting expense	97	92	76	80	86	189	158
<b>Underwriting profit</b>	<b>\$ 32</b>	<b>\$ 19</b>	<b>\$ 8</b>	<b>\$ 8</b>	<b>\$ 33</b>	<b>\$ 51</b>	<b>\$ 37</b>
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Catastrophe loss	—	—	1	1	1	—	1
Total current accident year catastrophe losses	\$ —	\$ —	\$ 1	\$ 1	\$ 1	\$ —	\$ 1
Loss reserve development (favorable) / adverse	\$ (22)	\$ (16)	\$ 7	\$ 3	\$ (27)	\$ (38)	\$ (28)
Combined ratio:							
Loss and LAE ratio	53.4%	57.3%	65.9%	63.8%	49.9%	55.3%	57.3%
Underwriting expense ratio	35.0%	35.4%	30.9%	32.9%	36.2%	35.2%	34.5%
<b>Combined ratio</b>	<b>88.4%</b>	<b>92.7%</b>	<b>96.8%</b>	<b>96.7%</b>	<b>86.1%</b>	<b>90.5%</b>	<b>91.8%</b>
Loss and LAE components:							
Current accident year, excluding catastrophe loss	61.2%	63.5%	62.5%	62.3%	61.0%	62.3%	63.3%
Prior accident year development	(8.0%)	(6.2%)	3.0%	1.2%	(11.3%)	(7.1%)	(6.2%)
Current accident year catastrophe loss	0.2%	0.0%	0.4%	0.3%	0.2%	0.1%	0.2%
<b>Loss and LAE ratio</b>	<b>53.4%</b>	<b>57.3%</b>	<b>65.9%</b>	<b>63.8%</b>	<b>49.9%</b>	<b>55.3%</b>	<b>57.3%</b>

**American Financial Group, Inc.**  
**Specialty Financial—Underwriting Results (GAAP)**  
(\$ in millions)



	Three Months Ended					Six Months Ended	
	06/30/13	03/31/13	12/31/12	09/30/12	06/30/12	06/30/13	06/30/12
Gross written premiums	\$ 155	\$ 143	\$ 151	\$ 152	\$ 134	\$ 298	\$ 263
Ceded reinsurance premiums	(38)	(30)	(43)	(44)	(32)	(68)	(68)
Net written premiums	117	113	108	108	102	230	195
Change in unearned premiums	(4)	3	(4)	(8)	(4)	(1)	6
Net earned premiums	113	116	104	100	98	229	201
Loss and LAE	37	42	40	46	36	79	71
Underwriting expense	61	61	48	53	51	122	103
<b>Underwriting profit</b>	<b>\$ 15</b>	<b>\$ 13</b>	<b>\$ 16</b>	<b>\$ 1</b>	<b>\$ 11</b>	<b>\$ 28</b>	<b>\$ 27</b>
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ 1	\$ —	\$ —	\$ —	\$ —
Catastrophe loss	1	—	2	1	—	1	2
Total current accident year catastrophe losses	\$ 1	\$ —	\$ 3	\$ 1	\$ —	\$ 1	\$ 2
Loss reserve development (favorable) / adverse	\$ —	\$ (6)	\$ (13)	\$ (5)	\$ (4)	\$ (6)	\$ (11)
Combined ratio:							
Loss and LAE ratio	32.9%	35.8%	38.2%	46.7%	35.8%	34.4%	35.1%
Underwriting expense ratio	53.7%	52.7%	46.7%	52.1%	52.7%	53.2%	51.5%
<b>Combined ratio</b>	<b>86.6%</b>	<b>88.5%</b>	<b>84.9%</b>	<b>98.8%</b>	<b>88.5%</b>	<b>87.6%</b>	<b>86.6%</b>
Loss and LAE components:							
Current accident year, excluding catastrophe loss	32.9%	40.3%	48.2%	51.5%	39.4%	36.7%	39.2%
Prior accident year development	(0.7%)	(4.8%)	(12.1%)	(5.5%)	(3.6%)	(2.8%)	(5.4%)
Current accident year catastrophe loss	0.7%	0.3%	2.1%	0.7%	0.0%	0.5%	1.3%
<b>Loss and LAE ratio</b>	<b>32.9%</b>	<b>35.8%</b>	<b>38.2%</b>	<b>46.7%</b>	<b>35.8%</b>	<b>34.4%</b>	<b>35.1%</b>

**American Financial Group, Inc.**  
**Other Specialty—Underwriting Results (GAAP)**  
(\$ in millions)



	Three Months Ended					Six Months Ended	
	06/30/13	03/31/13	12/31/12	09/30/12	06/30/12	06/30/13	06/30/12
Gross written premiums	\$ —	\$ —	\$ (1)	\$ —	\$ 1	\$ —	\$ 1
Ceded reinsurance premiums	21	20	22	18	16	41	33
Net written premiums	21	20	21	18	17	41	34
Change in unearned premiums	(3)	(1)	(1)	—	(1)	(4)	(1)
Net earned premiums	18	19	20	18	16	37	33
Loss and LAE	7	6	6	6	7	13	17
Underwriting expense	6	7	9	5	7	13	13
<b>Underwriting profit</b>	<b>\$ 5</b>	<b>\$ 6</b>	<b>\$ 5</b>	<b>\$ 7</b>	<b>\$ 2</b>	<b>\$ 11</b>	<b>\$ 3</b>
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Catastrophe loss	—	—	1	—	1	—	1
Total current accident year catastrophe losses	\$ —	\$ —	\$ 1	\$ —	\$ 1	\$ —	\$ 1
Loss reserve development (favorable) / adverse	\$ (5)	\$ (5)	\$ (4)	\$ (5)	\$ (1)	\$ (10)	\$ (2)
Combined ratio:							
Loss and LAE ratio	35.1%	33.7%	32.7%	31.6%	48.5%	34.4%	51.8%
Underwriting expense ratio	38.9%	37.4%	37.3%	36.8%	37.5%	38.2%	37.4%
<b>Combined ratio</b>	<b>74.0%</b>	<b>71.1%</b>	<b>70.0%</b>	<b>68.4%</b>	<b>86.0%</b>	<b>72.6%</b>	<b>89.2%</b>



**American Financial Group, Inc.**  
**Annuity Results of Operations (GAAP)**  
(\$ in millions)



	Three Months Ended				Six Months Ended		
	06/30/13	03/31/13	12/31/12	09/30/12	06/30/12	06/30/12	
Net investment income	\$ 257	\$ 248	\$ 254	\$ 249	\$ 245	\$ 505	\$ 473
Guaranteed withdrawal benefit fees	6	5	5	4	3	11	5
Policy charges and other miscellaneous income	9	9	8	10	9	18	20
Total revenues	272	262	267	263	257	534	498
Annuity benefits	120	134	124	140	147	254	277
Acquisition expenses	48	31	58	32	31	79	60
Other expenses	22	21	17	22	20	43	42
Total costs and expenses	190	186	199	194	198	376	379
<b>Earnings before income taxes—core</b>	<b>82</b>	<b>76</b>	<b>68</b>	<b>69</b>	<b>59</b>	<b>158</b>	<b>119</b>
ELNY guaranty fund assessments (a)	(5)	—	—	—	—	(5)	—
<b>Earnings before income taxes</b>	<b>\$ 77</b>	<b>\$ 76</b>	<b>\$ 68</b>	<b>\$ 69</b>	<b>\$ 59</b>	<b>\$ 153</b>	<b>\$ 119</b>
<b>Detail of annuity benefits above:</b>							
Interest credited—fixed	\$ 111	\$ 109	\$ 109	\$ 107	\$ 112	\$ 220	\$ 222
Interest credited—fixed component of variable annuities	1	2	2	2	1	3	3
Change in expected death and annuitization reserve	6	4	5	5	5	10	9
Amortization of sales inducements	8	7	9	8	7	15	15
Guaranteed withdrawal benefit reserve	10	8	5	4	3	18	5
Change in other benefit reserves	3	1	(1)	4	1	4	2
Embedded derivative mark-to-market	(3)	80	1	40	(3)	77	57
Equity option mark-to-market	(16)	(77)	—	(30)	21	(93)	(36)
Unlockings	—	—	(6)	—	—	—	—
<b>Total annuity benefits</b>	<b>\$ 120</b>	<b>\$ 134</b>	<b>\$ 124</b>	<b>\$ 140</b>	<b>\$ 147</b>	<b>\$ 254</b>	<b>\$ 277</b>

(a) The ELNY guaranty fund assessments represent guaranty fund assessments in connection with the insolvency and liquidation of Executive Life Insurance Company of New York, an unaffiliated life insurance company.

**American Financial Group, Inc.**  
**Net Spread on Fixed Annuities (GAAP)**  
(\$ in millions)



	Three Months Ended					Six Months Ended	
	06/30/13	03/31/13	12/31/12	09/30/12	06/30/12	06/30/13	06/30/12
Average fixed annuity investments (at amortized cost)	\$ 18,615	\$ 17,945	\$ 17,485	\$ 16,994	\$ 16,373	\$ 18,280	\$ 16,060
Average annuity benefits accumulated	18,151	17,506	17,137	16,759	16,173	17,829	15,841
Investments in excess of annuity benefits accumulated	\$ 464	\$ 439	\$ 348	\$ 235	\$ 200	\$ 451	\$ 219
<b>As % of average annuity benefits accumulated (except as noted).</b>							
Net investment income (as % of investments)	5.45%	5.48%	5.74%	5.80%	5.93%	5.46%	5.83%
Interest credited	(2.43%)	(2.49%)	(2.56%)	(2.55%)	(2.77%)	(2.46%)	(2.81%)
<b>Net interest spread on fixed annuities</b>	<b>3.02%</b>	<b>2.99%</b>	<b>3.18%</b>	<b>3.25%</b>	<b>3.16%</b>	<b>3.00%</b>	<b>3.02%</b>
Policy charges and other miscellaneous income	0.13%	0.14%	0.14%	0.16%	0.17%	0.14%	0.18%
Other annuity benefit expenses, net	(0.46%)	(0.35%)	(0.40%)	(0.27%)	(0.34%)	(0.41%)	(0.34%)
Acquisition expenses	(1.00%)	(0.69%)	(0.85%)	(0.72%)	(0.69%)	(0.85%)	(0.71%)
Other expenses	(0.43%)	(0.45%)	(0.39%)	(0.48%)	(0.46%)	(0.44%)	(0.49%)
Change in fair value of derivatives	0.39%	(0.06%)	0.10%	(0.37%)	(0.42%)	0.17%	(0.24%)
Unlockings	0.00%	0.00%	(0.29%)	0.00%	0.00%	0.00%	0.00%
<b>Net spread earned on fixed annuities—core</b>	<b>1.65%</b>	<b>1.58%</b>	<b>1.49%</b>	<b>1.57%</b>	<b>1.42%</b>	<b>1.61%</b>	<b>1.42%</b>
Average annuity benefits accumulated	\$ 18,151	\$ 17,506	\$ 17,137	\$ 16,759	\$ 16,173	\$ 17,829	\$ 15,841
Net spread earned on fixed annuities	1.65%	1.58%	1.49%	1.57%	1.42%	1.61%	1.42%
<b>Earnings on fixed annuity benefits accumulated</b>	<b>\$ 75</b>	<b>\$ 69</b>	<b>\$ 64</b>	<b>\$ 66</b>	<b>\$ 57</b>	<b>\$ 144</b>	<b>\$ 113</b>
Investments in excess of annuity benefits accumulated	\$ 464	\$ 439	\$ 348	\$ 235	\$ 200	\$ 451	\$ 219
Net investment income (as % of investments)	5.45%	5.48%	5.74%	5.80%	5.93%	5.46%	5.83%
<b>Earnings on investments in excess of annuity benefits accumulated</b>	<b>\$ 6</b>	<b>\$ 6</b>	<b>\$ 5</b>	<b>\$ 3</b>	<b>\$ 3</b>	<b>\$ 12</b>	<b>\$ 6</b>
<b>Variable annuity earnings</b>	<b>1</b>	<b>1</b>	<b>(1)</b>	<b>—</b>	<b>(1)</b>	<b>2</b>	<b>—</b>
<b>Earnings before income taxes—core</b>	<b>82</b>	<b>76</b>	<b>68</b>	<b>69</b>	<b>59</b>	<b>158</b>	<b>119</b>
ELNY guaranty fund assessments (a)	(5)	—	—	—	—	(5)	—
<b>Earnings before income taxes</b>	<b>\$ 77</b>	<b>\$ 76</b>	<b>\$ 68</b>	<b>\$ 69</b>	<b>\$ 59</b>	<b>\$ 153</b>	<b>\$ 119</b>

(a) The ELNY guaranty fund assessments represent guaranty fund assessments in connection with the insolvency and liquidation of Executive Life Insurance Company of New York, an unaffiliated life insurance company.

**American Financial Group**  
**Annuity Premiums (Statutory)**  
(\$ in millions)



	Three Months Ended				Six months ended		
	06/30/13	03/31/13	12/31/12	09/30/12	06/30/12	06/30/12	
Retail single premium annuities—indexed	\$ 472	\$ 333	\$ 305	\$ 417	\$ 531	\$ 805	\$ 940
Retail single premium annuities—fixed	37	27	35	42	34	64	76
Financial institutions single premium annuities—indexed	169	83	59	72	80	252	160
Financial institutions single premium annuities—fixed	118	111	86	127	179	229	374
Education market—403(b) fixed and indexed annuities	52	55	60	51	64	107	126
<b>Subtotal fixed annuity premiums</b>	<b>848</b>	<b>609</b>	<b>545</b>	<b>709</b>	<b>888</b>	<b>1,457</b>	<b>1,676</b>
Variable annuities	13	15	15	14	17	28	32
<b>Total annuity premiums</b>	<b>\$ 861</b>	<b>\$ 624</b>	<b>\$ 560</b>	<b>\$ 723</b>	<b>\$ 905</b>	<b>\$1,485</b>	<b>\$1,708</b>

**American Financial Group, Inc.**  
**Fixed Annuity Benefits Accumulated (GAAP)**  
(\$ in millions)



	Three Months Ended				Six Months Ended		
	06/30/13	03/31/13	12/31/12	09/30/12	06/30/12	06/30/12	
Beginning fixed annuity reserves	\$17,737	\$17,274	\$16,999	\$16,518	\$15,828	\$17,274	\$15,188
Premiums	848	609	545	709	888	1,457	1,676
Federal Home Loan Bank advances	200	—	—	—	—	200	—
Surrenders, benefits and other withdrawals	(352)	(352)	(355)	(390)	(328)	(704)	(652)
Interest and other annuity benefit expenses:							
Interest credited	111	109	109	107	112	220	222
Embedded derivative mark-to-market	(3)	80	1	40	(3)	77	57
Change in other benefit reserves	23	17	(15)	15	21	40	27
Unlockings	—	—	(10)	—	—	—	—
<b>Ending fixed annuity reserves</b>	<b>\$18,564</b>	<b>\$17,737</b>	<b>\$17,274</b>	<b>\$16,999</b>	<b>\$16,518</b>	<b>\$18,564</b>	<b>\$16,518</b>
Reconciliation to annuity benefits accumulated:							
Ending fixed annuity reserves	\$18,564	\$17,737	\$17,274	\$16,999	\$16,518	\$18,564	\$16,518
Impact of unrealized investment gains on reserves	87	140	136	46	38	87	38
Fixed component of variable annuities	197	198	199	200	202	197	202
<b>Annuity benefits accumulated per balance sheet</b>	<b>\$18,848</b>	<b>\$18,075</b>	<b>\$17,609</b>	<b>\$17,245</b>	<b>\$16,758</b>	<b>\$18,848</b>	<b>\$16,758</b>
Annualized surrenders and other withdrawals as a % of beginning reserves	7.9%	8.2%	8.4%	9.4%	8.3%	8.2%	8.6%

**American Financial Group, Inc.**  
**Consolidated Balance Sheet**  
(\$ in millions)



	06/30/13	03/31/13	12/31/12	09/30/12	06/30/12	03/31/12
<b>Assets:</b>						
Total cash and investments	\$29,262	\$29,084	\$28,449	\$28,037	\$27,301	\$26,478
Recoverables from reinsurers	3,044	3,083	3,750	3,865	2,740	2,678
Prepaid reinsurance premiums	520	466	471	587	488	415
Agents' balances and premiums receivable	754	649	636	750	702	550
Deferred policy acquisition costs	818	565	550	621	846	916
Assets of managed investment entities	2,973	3,285	3,225	3,102	2,825	2,952
Other receivables	422	384	539	1,168	673	625
Variable annuity assets (separate accounts)	608	614	580	577	574	601
Other assets	828	824	786	741	717	810
Goodwill	185	185	185	185	186	186
<b>Total assets</b>	<b>\$39,414</b>	<b>\$39,139</b>	<b>\$39,171</b>	<b>\$39,633</b>	<b>\$37,052</b>	<b>\$36,211</b>
<b>Liabilities and Equity:</b>						
Unpaid losses and loss adjustment expenses	\$ 6,098	\$ 6,238	\$ 6,845	\$ 7,277	\$ 6,153	\$ 6,117
Unearned premiums	1,789	1,697	1,651	1,821	1,661	1,496
Annuity benefits accumulated	18,848	18,075	17,609	17,245	16,758	16,064
Life, accident and health reserves	2,017	2,021	2,059	1,699	1,750	1,739
Payable to reinsurers	367	250	475	656	396	292
Liabilities of managed investment entities	2,603	2,880	2,892	2,753	2,502	2,672
Long-term debt	949	950	953	966	1,158	931
Variable annuity liabilities (separate accounts)	608	614	580	577	574	601
Other liabilities	1,497	1,506	1,359	1,675	1,325	1,567
<b>Total liabilities</b>	<b>\$34,776</b>	<b>\$34,231</b>	<b>\$34,423</b>	<b>\$34,669</b>	<b>\$32,277</b>	<b>\$31,479</b>
<b>Shareholders' equity:</b>						
Common stock	\$ 89	\$ 90	\$ 89	\$ 91	\$ 95	\$ 97
Capital surplus	1,088	1,090	1,063	1,071	1,112	1,126
Appropriated retained earnings	33	64	75	109	127	145
Unappropriated retained earnings	2,664	2,620	2,520	2,577	2,515	2,498
Unrealized gains—fixed maturities	462	719	719	789	626	541
Unrealized gains—equities	138	146	104	132	145	164
Other comprehensive income, net of tax	(1)	4	8	10	2	9
<b>Total shareholders' equity</b>	<b>4,473</b>	<b>4,733</b>	<b>4,578</b>	<b>4,779</b>	<b>4,622</b>	<b>4,580</b>
<b>Noncontrolling interests</b>	<b>165</b>	<b>175</b>	<b>170</b>	<b>185</b>	<b>153</b>	<b>152</b>
<b>Total liabilities and equity</b>	<b>\$39,414</b>	<b>\$39,139</b>	<b>\$39,171</b>	<b>\$39,633</b>	<b>\$37,052</b>	<b>\$36,211</b>

**American Financial Group, Inc.**  
**Book Value Per Share and Price / Book Summary**  
(in millions, except per share information)



	<u>06/30/13</u>	<u>03/31/13</u>	<u>12/31/12</u>	<u>09/30/12</u>	<u>06/30/12</u>	<u>03/31/12</u>
Shareholders' equity	\$ 4,473	\$ 4,733	\$ 4,578	\$ 4,779	\$ 4,622	\$ 4,580
Appropriated retained earnings	(33)	(64)	(75)	(109)	(127)	(145)
<b>Shareholders' equity, excluding appropriated retained earnings</b>	<b>4,440</b>	<b>4,669</b>	<b>4,503</b>	<b>4,670</b>	<b>4,495</b>	<b>4,435</b>
Unrealized (gains) on fixed maturities	(462)	(719)	(719)	(789)	(626)	(541)
<b>Adjusted shareholders' equity</b>	<b>3,978</b>	<b>3,950</b>	<b>3,784</b>	<b>3,881</b>	<b>3,869</b>	<b>3,894</b>
Goodwill	(185)	(185)	(185)	(185)	(186)	(186)
Intangibles	(29)	(33)	(36)	(39)	(43)	(46)
<b>Tangible adjusted shareholders' equity</b>	<b>\$ 3,764</b>	<b>\$ 3,732</b>	<b>\$ 3,563</b>	<b>\$ 3,657</b>	<b>\$ 3,640</b>	<b>\$ 3,662</b>
Common shares outstanding	88.821	89.883	88.979	90.847	94.959	97.178
<b>Book value per share:</b>						
<b>Excluding appropriated retained earnings (a)</b>	<b>\$ 49.98</b>	<b>\$ 51.94</b>	<b>\$ 50.61</b>	<b>\$ 51.40</b>	<b>\$ 47.34</b>	<b>\$ 45.65</b>
<b>Adjusted (b)</b>	<b>44.78</b>	<b>43.94</b>	<b>42.52</b>	<b>42.72</b>	<b>40.74</b>	<b>40.07</b>
<b>Tangible, adjusted (c)</b>	<b>42.38</b>	<b>41.52</b>	<b>40.04</b>	<b>40.26</b>	<b>38.34</b>	<b>37.69</b>
<b>Market capitalization</b>						
AFG's closing common share price	\$ 48.91	\$ 47.38	\$ 39.52	\$ 37.90	\$ 39.23	\$ 38.58
Market capitalization	\$ 4,344	\$ 4,259	\$ 3,516	\$ 3,443	\$ 3,725	\$ 3,749
Price / Adjusted book value ratio	1.09	1.08	0.93	0.89	0.96	0.96

- (a) Excludes appropriated retained earnings.  
(b) Excludes appropriated retained earnings and unrealized gains related to fixed maturity investments.  
(c) Excludes appropriated retained earnings, unrealized gains related to fixed maturity investments, goodwill and intangibles.

	<u>06/30/13</u>	<u>03/31/13</u>	<u>12/31/12</u>	<u>09/30/12</u>	<u>06/30/12</u>	<u>03/31/12</u>
Direct obligations of AFG	\$ 840	\$ 840	\$ 840	\$ 840	\$ 830	\$ 600
Direct obligations of subsidiaries	89	90	93	106	308	311
Payable to subsidiary trusts	20	20	20	20	20	20
<b>Long-term debt</b>	<b>\$ 949</b>	<b>\$ 950</b>	<b>\$ 953</b>	<b>\$ 966</b>	<b>\$1,158</b>	<b>\$ 931</b>
Obligations secured by real estate	(62)	(62)	(62)	(63)	(64)	(64)
<b>Debt excluding obligations secured by real estate</b>	<b>\$ 887</b>	<b>\$ 888</b>	<b>\$ 891</b>	<b>\$ 903</b>	<b>\$1,094</b>	<b>\$ 867</b>
Total capital (a)	\$5,554	\$5,794	\$5,626	\$5,821	\$5,806	\$5,518
Total capital excluding obligations secured by real estate (a)	5,492	5,732	5,564	5,758	5,742	5,454
Total adjusted capital (b)	\$5,092	\$5,074	\$4,907	\$5,032	\$5,180	\$4,977
Total adjusted capital excluding obligations secured by real estate (b)	5,030	5,012	4,845	4,969	5,116	4,913
<b>Ratio of debt to total capital (a):</b>						
<b>Including debt secured by real estate</b>	<b>17.1%</b>	<b>16.4%</b>	<b>16.9%</b>	<b>16.6%</b>	<b>19.9%</b>	<b>16.9%</b>
<b>Excluding debt secured by real estate</b>	<b>16.2%</b>	<b>15.5%</b>	<b>16.0%</b>	<b>15.7%</b>	<b>19.1%</b>	<b>15.9%</b>
<b>Ratio of debt to total adjusted capital (b):</b>						
<b>Including debt secured by real estate</b>	<b>18.6%</b>	<b>18.7%</b>	<b>19.4%</b>	<b>19.2%</b>	<b>22.4%</b>	<b>18.7%</b>
<b>Excluding debt secured by real estate</b>	<b>17.6%</b>	<b>17.7%</b>	<b>18.4%</b>	<b>18.2%</b>	<b>21.4%</b>	<b>17.7%</b>

(a) Includes long-term debt, noncontrolling interests and shareholders' equity, excluding appropriated retained earnings.

(b) Includes long-term debt, noncontrolling interests and shareholders' equity, excluding appropriated retained earnings and unrealized gains related to fixed maturity investments.

	<b>Three Months Ended</b>					<b>Six months ended</b>	
	<u>06/30/13</u>	<u>03/31/13</u>	<u>12/31/12</u>	<u>09/30/12</u>	<u>06/30/12</u>	<u>06/30/13</u>	<u>06/30/12</u>
<b><u>Property and Casualty Insurance</u></b>							
Paid Losses (GAAP)	\$ 520	\$ 357	\$ 785	\$ 337	\$ 409	\$ 877	\$ 904
<b><u>Statutory Surplus</u></b>							
Property and Casualty Insurance		\$2,096	\$2,090	\$2,015	\$2,044	\$2,052	\$2,037
AFG's principal annuity subsidiaries (total adjusted capital)		\$1,517	\$1,483	\$1,380	\$1,275	\$1,219	\$1,183
<b><u>Allowable dividends without regulatory approval</u></b>							
Property and Casualty Insurance		\$ 237	\$ 237	\$ 237	\$ 375	\$ 375	\$ 375
Annuity and Run-off		158	158	158	171	171	171
<b>Total</b>		<b>\$ 395</b>	<b>\$ 395</b>	<b>\$ 395</b>	<b>\$ 546</b>	<b>\$ 546</b>	<b>\$ 546</b>



	Carrying Value					% of Investment Portfolio
	Property and Casualty Insurance	Annuity and Run-off	Other	Consolidate CLOs	Total AFG Consolidated	
<b>Total cash and investments:</b>						
Cash and cash equivalents	\$ 639	\$ 330	\$302	\$ —	\$ 1,271	4%
Fixed maturities	5,277	20,041	10	—	25,328	87%
Equity securities	860	301	38	—	1,199	4%
Policy loans	—	242	—	—	242	1%
Mortgage loans	107	492	—	—	599	2%
Real estate and other investments	332	619	8	(336)	623	2%
<b>Total cash and investments</b>	<b>\$ 7,215</b>	<b>\$ 22,025</b>	<b>\$358</b>	<b>\$ (336)</b>	<b>\$ 29,262</b>	<b>100%</b>

	Property and Casualty Insurance	Annuity and Run-off	Other	Consolidate CLOs	Total AFG Consolidated
	<b>Total quarterly net investment income:</b>				
Fixed maturities	\$ 53	\$ 255	\$—	\$ —	\$ 308
Equity securities	7	3	(1)	—	9
Other investments	7	19	—	(7)	19
<b>Gross investment income</b>	<b>67</b>	<b>277</b>	<b>(1)</b>	<b>(7)</b>	<b>336</b>
Investment expenses	(2)	(2)	—	—	(4)
<b>Total net investment income</b>	<b>\$ 65</b>	<b>\$ 275</b>	<b>\$ (1)</b>	<b>\$ (7)</b>	<b>\$ 332</b>

	Equity Securities		
	Cost	Fair Value	Unrealized Gain (Loss)
Annuity and Run-off	\$254	\$ 301	\$ 47
Property and Casualty Insurance	692	860	168
Other	38	38	—
<b>Total AFG consolidated</b>	<b>\$984</b>	<b>\$ 1,199</b>	<b>\$ 215</b>

American Financial Group, Inc.  
Fixed Maturities—By Security Type—AFG Consolidated  
June 30, 2013  
(\$ in millions )



	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value	% of Investment Portfolio
US Government and government agencies	\$ 313	\$ 323	\$ 10	1%	1%
States, municipalities and political subdivisions	4,733	4,844	111	19%	17%
Foreign government	352	364	12	1%	1%
Residential mortgage-backed securities	3,862	4,166	304	16%	14%
Commercial mortgage-backed securities	2,631	2,858	227	11%	10%
Asset-backed securities	2,210	2,239	29	9%	8%
Corporate bonds					
Manufacturing	2,196	2,317	121	9%	8%
Banks, lending and credit institutions	1,654	1,742	88	7%	6%
Gas and electric services	1,254	1,381	127	6%	5%
Insurance and insurance related	827	881	54	4%	3%
Other corporate	4,001	4,213	212	17%	14%
<b>Total AFG consolidated</b>	<b>\$ 24,033</b>	<b>\$ 25,328</b>	<b>\$ 1,295</b>	<b>100%</b>	<b>87%</b>
Annuity and Run-off	\$ 18,930	\$ 20,041	1,111	79%	69%
Property and Casualty Insurance	5,102	5,277	175	21%	18%
Other	1	10	9	0%	0%
<b>Total AFG consolidated</b>	<b>\$ 24,033</b>	<b>\$ 25,328</b>	<b>\$ 1,295</b>	<b>100%</b>	<b>87%</b>
<b>Annualized yield on fixed maturities:</b>					
Excluding investment expense (a)	5.24%				
Net of investment expense (a)	5.18%				
<b>Approximate average life and duration:</b>					
Approximate average life	6 years				
Approximate duration	4.5 years				

(a) Annualized yield is calculated by dividing investment income for the quarter by the average cost over the quarter. Average cost is the average of the beginning and ending quarter asset balances.

	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value
<b>Annuity and Run-off:</b>				
US Government and government agencies	\$ 76	\$ 80	\$ 4	0%
States, municipalities and political subdivisions	2,638	2,681	43	13%
Foreign government	31	34	3	0%
Residential mortgage-backed securities	3,262	3,519	257	18%
Commercial mortgage-backed securities	2,311	2,520	209	13%
Asset-backed securities	1,663	1,691	28	8%
Corporate debt	8,949	9,516	567	48%
<b>Total Annuity and Run-off</b>	<b>\$ 18,930</b>	<b>\$ 20,041</b>	<b>\$ 1,111</b>	<b>100%</b>

**Annualized yield on fixed maturities:**

Excluding investment expense (a)	5.52%
Net of investment expense (a)	5.47%

**Approximate average life and duration:**

Approximate average life	6 years
Approximate duration	5 years

	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value
<b>Property and Casualty Insurance:</b>				
US Government and government agencies	\$ 237	\$ 243	\$ 6	5%
States, municipalities and political subdivisions	2,095	2,163	68	41%
Foreign government	321	330	9	6%
Residential mortgage-backed securities	599	637	38	12%
Commercial mortgage-backed securities	320	338	18	7%
Asset-backed securities	547	548	1	10%
Corporate debt	983	1,018	35	19%
<b>Property and Casualty Insurance</b>	<b>\$ 5,102</b>	<b>\$ 5,277</b>	<b>\$ 175</b>	<b>100%</b>

**Annualized yield on fixed maturities:**

Excluding investment expense (a)	4.21%
Net of investment expense (a)	4.08%

**Approximate average life and duration:**

Approximate average life	4 years
Approximate duration	3 years

- (a) Annualized yield is calculated by dividing investment income for the quarter by the average cost over the quarter. Average cost is the average of the beginning and ending quarter asset balances.

By Credit Rating	GAAP Data			
	Amortized Cost	Fair Value	% of Fair Value	Unrealized Gain (Loss)
Investment grade				
AAA	\$ 5,245	\$ 5,488	22%	\$ 243
AA	4,530	4,650	18%	120
A	6,214	6,575	26%	361
BBB	4,690	4,977	20%	287
Subtotal—Investment grade	20,679	21,690	86%	1,011
BB	683	705	3%	22
B	400	405	1%	5
Other	2,271	2,528	10%	257
<b>Total</b>	<b>\$ 24,033</b>	<b>\$ 25,328</b>	<b>100%</b>	<b>\$ 1,295</b>

If two agencies rate a security, the rating displayed above is the lower of the two; if three or more agencies rate a security, the rating displayed is the second lowest.

By NAIC Designation	Statutory Data				
	Carrying Value	% of Carrying Value	Amortized Cost	Fair Value	Unrealized Gain (Loss)
NAIC 1	\$18,312	77%	\$ 18,311	\$ 19,320	\$ 1,009
NAIC 2	4,543	19%	4,541	4,808	267
	22,855	96%	22,852	24,128	1,276
NAIC 3	513	2%	514	533	19
NAIC 4	298	1%	301	305	4
NAIC 5	62	1%	63	75	12
NAIC 6	23	0%	23	50	27
<b>Total</b>	<b>\$23,751</b>	<b>100%</b>	<b>\$ 23,753</b>	<b>\$ 25,091</b>	<b>\$ 1,338</b>

<u>By Asset Type</u>	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>% of Fair Value</u>	<u>% of Investment Portfolio</u>	<u>Unrealized Gain (Loss)</u>
<b>Residential</b>					
Agency	\$ 226	\$ 232	3%	1%	\$ 6
Prime (Non-Agency)	1,922	2,094	30%	7%	172
Alt-A	828	895	13%	3%	67
Subprime	886	945	13%	3%	59
Subtotal—Residential	3,862	4,166	59%	14%	304
Commercial	2,631	2,858	41%	10%	227
<b>Total AFG consolidated</b>	<b>\$ 6,493</b>	<b>\$ 7,024</b>	<b>100%</b>	<b>24%</b>	<b>\$ 531</b>
Annuity and Run-off	\$ 5,573	\$ 6,039	86%	21%	466
Property and Casualty Insurance	919	975	14%	3%	56
Other	1	10	0%	0%	9
<b>Total AFG consolidated</b>	<b>\$ 6,493</b>	<b>\$ 7,024</b>	<b>100%</b>	<b>24%</b>	<b>\$ 531</b>

- Substantially all of AFG's MBS securities are either senior tranches of securitizations or collateralized by senior tranches of securitizations.
- The average amortized cost as a percent of par is—Prime 82%; Alt-A 76%; Subprime 84%; CMBS 99%.
- The average FICO score of our residential MBS securities is—Prime 737; Alt-A 713; Subprime 646.
- 97% of our Commercial MBS portfolio is investment-grade rated (81% AAA) and the average subordination for this group assets is 36%.
- The approximate average life by collateral type is—Residential 3 years; Commercial 4 years.

**Annuity and Run-off:**

<u>By Asset Type</u>	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>% of Fair Value</u>	<u>% of Investment Portfolio</u>	<u>Unrealized Gain (Loss)</u>
Residential					
Agency	\$ 81	\$ 85	2%	0%	\$ 4
Prime (Non-Agency)	1,800	1,949	32%	9%	149
Alt-A	683	739	12%	3%	56
Subprime	698	746	12%	3%	48
Subtotal—Residential	3,262	3,519	58%	15%	257
Commercial	2,311	2,520	42%	12%	209
<b>Total Annuity and Run-off</b>	<b>\$ 5,573</b>	<b>\$ 6,039</b>	<b>100%</b>	<b>27%</b>	<b>\$ 466</b>

**Property and Casualty Insurance:**

<u>By Asset Type</u>	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>% of Fair Value</u>	<u>% of Investment Portfolio</u>	<u>Unrealized Gain (Loss)</u>
Residential					
Agency	\$ 145	\$ 147	15%	2%	\$ 2
Prime (Non-Agency)	121	135	14%	2%	14
Alt-A	145	156	16%	2%	11
Subprime	188	199	20%	3%	11
Subtotal—Residential	599	637	65%	9%	38
Commercial	320	338	35%	5%	18
<b>Total Property and Casualty Insurance</b>	<b>\$ 919</b>	<b>\$ 975</b>	<b>100%</b>	<b>14%</b>	<b>\$ 56</b>

By Credit Rating	GAAP data			
	Amortized Cost	Fair Value	% of Fair Value	Unrealized Gain (Loss)
<b>Investment grade</b>				
AAA	\$ 2,695	\$ 2,910	41%	\$ 215
AA	431	456	7%	25
A	604	634	9%	30
BBB	266	283	4%	17
Subtotal—investment grade	3,996	4,283	61%	287
BB	339	346	5%	7
B	368	373	5%	5
Other	1,790	2,022	29%	232
<b>Total</b>	<b>\$ 6,493</b>	<b>\$ 7,024</b>	<b>100%</b>	<b>\$ 531</b>

If two agencies rate a security, the rating displayed above is the lower of the two; if three or more agencies rate a security, the rating displayed is the second lowest.

By NAIC Designation	Statutory data				
	Carrying Value	% of Carrying Value	Amortized Cost	Fair Value	Unrealized Gain (Loss)
NAIC 1	\$ 6,043	94%	\$ 6,043	\$ 6,597	\$ 554
NAIC 2	162	3%	162	160	(2)
	6,205	97%	6,205	6,757	552
NAIC 3	77	1%	77	78	1
NAIC 4	95	2%	95	97	2
NAIC 5	15	0%	15	26	11
NAIC 6	16	0%	17	39	22
<b>Total</b>	<b>\$ 6,408</b>	<b>100%</b>	<b>\$ 6,409</b>	<b>\$ 6,997</b>	<b>\$ 588</b>