

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

SCHEDULE TO
Amendment No. 2
Tender Offer Statement under Section 14(d)(1) or 13(e)(1) of the Securities Exchange Act of 1934

NATIONAL INTERSTATE CORPORATION
(Name of Subject Company (issuer))

GREAT AMERICAN INSURANCE COMPANY
(offeror)
a wholly owned subsidiary of
AMERICAN FINANCIAL GROUP, INC.
(Names of Filing Persons (other person(s)))

Common Stock, \$0.01 Par Value Per Share
(Title of Class of Securities)

63654U100
(CUSIP Number of Class of Securities)

Mark A. Weiss
Assistant General Counsel
American Financial Group, Inc.
301 East Fourth Street, 27th Floor
Cincinnati, Ohio 45202
Telephone: (513) 579-2520

(Name, address, and telephone numbers of person authorized to receive notices and communications on behalf of filing persons)

With a copy to:
E. Mark Reuter
Keating Muething & Klekamp PLL
1 East Fourth Street, Suite 1400
Cincinnati, Ohio 45202
Telephone: (513) 579-6469
CALCULATION OF FILING FEE

Transaction Valuation*	Amount Of Filing Fee**
\$285,637,980.00	\$36,790.18

* Estimated for purposes of calculating the amount of the filing fee only. The calculation assumes the purchase of all outstanding shares of common stock, par value \$0.01 per share (the "Shares"), of National Interstate Corporation, an Ohio corporation, other than Shares owned by American Financial Group, Inc. ("AFG") and its subsidiaries, at a purchase price of \$30.00 per Share, net to the seller in cash. As of October 30, 2013, there were 19,721,266 Shares outstanding, of which 10,200,000 Shares are owned by subsidiaries of AFG. As a result, this calculation assumes the purchase of 9,521,266 Shares.

** The amount of the filing fee is calculated in accordance with Rule 0-11 of the Securities Exchange Act of 1934, as amended, by multiplying the transaction value by \$0.0001288.

S 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: \$36,790.18

Filing Party: American Financial Group, Inc.

Form or Registration No.: Schedule TO/A

Date filed: February 18, 2014

£ Check box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes to designate any transactions to which this statement relates:

R third party tender offer subject to Rule 14d-1.

£ issuer tender offer subject to Rule 13e-4.

R going-private transaction subject to Rule 13e-3.

£ amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer: £

If applicable check the appropriate box(es) below to designate the appropriate rule provision(s) relied upon:

£ Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

£ Rule 14d-1(d) (Cross-Border Third Party Tender Offer)

INTRODUCTION

This Amendment No. 2 amends and supplements the Tender Offer Statement filed on Schedule TO (this “Schedule TO”) which relates to the tender offer by Great American Insurance Company (“**Purchaser**”), an Ohio corporation and a wholly-owned subsidiary of American Financial Group, Inc., an Ohio corporation (“**AFG**”), to purchase all the outstanding shares of common stock, par value \$0.01 per share (the “**Shares**”), of National Interstate Corporation, an Ohio corporation (“**National Interstate**”), other than Shares owned by Purchaser, at a purchase price of \$30.00 per Share (the “**Offer Price**”), net to the seller in cash, without interest and less any applicable withholding of taxes, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated February 5, 2014 (as amended and supplemented by the Amended and Restated Offer to Purchase, dated February 21, 2014, and as may be amended or supplemented from time to time, the “**Offer to Purchase**”), a copy of which is attached to this Schedule TO as Exhibit (a)(1)(vii), and the related Amended and Restated Letter of Transmittal (as may be amended or supplemented from time to time, the “**Letter of Transmittal**”), a copy of which is attached to this Schedule TO as Exhibit (a)(1)(viii) (which, as amended or supplemented from time to time, together constitute the “**Offer**”).

The information in the Offer to Purchase and Letter of Transmittal is incorporated into this Amendment No. 2 by reference and to all the applicable items in the Schedule TO, except that such information is hereby amended and supplemented to the extent provided herein.

Items 1 through 12 of this Schedule TO are hereby amended and restated as follows:

Item 1. Summary Term Sheet.

Reference is made to the information set forth in the Offer to Purchase under the heading “Summary Term Sheet” which is incorporated herein by reference.

Item 2. Subject Company Information.

(a) Reference is made to the information set forth in the Offer to Purchase under the heading “The Offer — Section 7. Certain Information Concerning National Interstate” which is incorporated herein by reference.

(b) Reference is made to the information set forth in the Offer to Purchase under the heading “Introduction” which is incorporated herein by reference.

(c) Reference is made to the information set forth in the Offer to Purchase under the heading “The Offer — Section 6. Price Range of the Shares; Dividends” which is incorporated herein by reference.

Item 3. Identity and Background of Filing Person.

(a) Reference is made to the information set forth in the Offer to Purchase under the headings “Summary Term Sheet,” “Introduction,” “The Offer — Section 8. Certain Information Concerning AFG and Purchaser” and “Schedule A — Information Concerning Directors and Executive Officers of AFG and Purchaser” which is incorporated herein by reference.

(b) Reference is made to the information set forth in the Offer to Purchase under the heading “The Offer — Section 8. Certain Information Concerning AFG and Purchaser” which is incorporated herein by reference.

(c) Reference is made to the information set forth in the Offer to Purchase under the headings “The Offer — Section 8. Certain Information Concerning AFG and Purchaser” and “Schedule A — Information Concerning Directors and Executive Officers of AFG and Purchaser” which is incorporated herein by reference.

Item 4. Terms of the Transaction.

(a) Reference is made to the information set forth in the Offer to Purchase under the headings “Summary Term Sheet,” “Introduction,” “Special Factors — Section 7. Effects of the Offer,” “The Offer — Section 1. Terms of the Offer,” “The Offer — Section 2. Acceptance for Payment and Payment for Shares,” “The Offer — Section 3. Procedures for Accepting the Offer and Tendering Shares,” “The Offer — Section 4. Withdrawal Rights,” “The Offer — Section 5. Certain United States Federal Income Tax Consequences” and “The Offer — Section 12. Effect of the Offer on the Market for the Shares; Nasdaq Listing; Exchange Act Registration; Margin Regulations” which is incorporated herein by reference.

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

(a) Reference is made to the information set forth in the Offer to Purchase under the headings “Special Factors — Section 10. Transactions and Arrangements Concerning the Shares,” “Special Factors — Section 11. Certain Relationships Between AFG and National Interstate” and “Schedule B — Security Ownership of Certain Beneficial Owners” which is incorporated herein by reference.

(b) Reference is made to the information set forth in the Offer to Purchase under the heading “Special Factors — Section 1. Background” which is incorporated herein by reference.

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

(a) and (c) (1) through (7) Reference is made to the information set forth in the Offer to Purchase under the headings “Special Factors — Section 2. Purpose of and Reasons for the Offer; Plans for National Interstate After the Offer and the Merger,” “Special Factors — Section 7. Effects of the Offer,” “Special Factors — Section 8. Conduct of National Interstate’s Business if the Offer Is Not Completed,” and “The Offer — Section 12. Effect of the Offer on the Market for the Shares; Nasdaq Listing; Exchange Act Registration; Margin Regulations” which is incorporated herein by reference.

Item 7. Source and Amount of Funds or Other Consideration.

(a), (b) and (d) Reference is made to the information set forth in the Offer to Purchase under the headings “Summary Term Sheet,” “Introduction” and “The Offer — Section 9. Source and Amount of Funds” which is incorporated herein by reference.

Item 8. Interest in Securities of the Subject Company.

(a) Reference is made to the information set forth in the Offer to Purchase under the headings “Summary Term Sheet,” “Introduction,” “Special Factors — Section 10. Transactions and Arrangements Concerning the Shares” and “Schedule B — Security Ownership of Certain Beneficial Owners” which is incorporated herein by reference.

(b) Reference is made to the information set forth in the Offer to Purchase under the headings “Special Factors — Section 10. Transactions and Arrangements Concerning the Shares,” and “Schedule B — Security Ownership of Certain Beneficial Owners” which is incorporated herein by reference.

Item 9. Persons/Assets, Retained, Employed, Compensated or Used.

(a) Reference is made to the information set forth in the Offer to Purchase under the heading “The Offer — Section 14. Fees and Expenses” which is incorporated herein by reference.

Item 10. Financial Statements.

(a) Financial statements for the offeror are not material because the consideration offered consists solely of cash, the Offer is not subject to any financing condition and the Offer is for all outstanding securities of the subject class.

(b) Pro forma financial information is not material to the Offer.

Item 11. Additional Information.

(a)(1) Reference is made to the information set forth in the Offer to Purchase under the headings “Special Factors — Section 1. Background,” and “Special Factors — Section 11. Certain Relationships Between AFG and National Interstate” which is incorporated herein by reference.

(a)(2) through (4) Reference is made to the information set forth in the Offer to Purchase under the headings “Special Factors — Section 7. Effects of the Offer,” “Special Factors — Section 9. Dissenters’ Rights; Rule 13e-3,” “The Offer — Section 1. Terms of the Offer,” “The Offer — Section 5. Certain United States Federal Income Tax Consequences,” “The Offer — Section 12. Effect of the Offer on the Market for the Shares; Nasdaq Listing; Exchange Act Registration; Margin Regulations,” “The Offer — Section 13. Certain Legal Matters; Regulatory Approvals,” and “The Offer — Section 15. Miscellaneous” which is incorporated herein by reference

(a)(5) None.

(c) Reference is made to the information set forth in the Offer to Purchase and the Letter of Transmittal, which is incorporated herein by reference.

Item 12. Exhibits.

- (a)(1)(i) Offer to Purchase, dated February 5, 2014 (incorporated by reference to the Schedule TO, filed on February 5, 2014).
- (a)(1)(ii) Letter of Transmittal (incorporated by reference to the Schedule TO, filed on February 5, 2014).
- (a)(1)(iii) Notice of Guaranteed Delivery (incorporated by reference to the Schedule TO, filed on February 5, 2014).
- (a)(1)(iv) Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees (incorporated by reference to the Schedule TO, filed on February 5, 2014).
- (a)(1)(v) Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees (incorporated by reference to the Schedule TO, filed on February 5, 2014).
- (a)(1)(vi) Summary Advertisement published in The New York Times on February 5, 2014 (incorporated by reference to the Schedule TO, filed on February 5, 2014).
- (a)(1)(vii) Amended and Restated Offer to Purchase, dated February 21, 2014.
- (a)(1)(viii) Amended and Restated Letter of Transmittal.
- (a)(1)(ix) Amended and Restated Notice of Guaranteed Delivery.
- (a)(1)(x) Amended and Restated Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
- (a)(1)(xi) Amended and Restated Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
- (a)(1)(xii) Solicitation/Recommendation Statement on Schedule 14D-9, dated February 19, 2014 (incorporated by reference to the Schedule 14D-9 filed by National Interstate Corporation on February 19, 2014).
- (a)(1)(xiii) Fairness Opinion of Duff & Phelps, LLC, dated February 17, 2014 (incorporated by reference to Exhibit 99.(a)(12) to the Schedule 14D-9 filed by National Interstate Corporation on February 19, 2014).
- (a)(5)(i) Press Release, issued by AFG, dated February 5, 2014 (incorporated by reference to the Schedule TO, filed on February 5, 2014).
- (a)(5)(ii) Press Release, issued by AFG, dated February 18, 2014 (incorporated by reference to Amendment No. 1 to the Schedule TO, filed on February 18, 2014).
- (b) None.
- (d) None.
- (g) None.
- (h) None.

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.

Dated: February 21, 2014

AMERICAN FINANCIAL GROUP, INC.

By: /s/ Karl J. Grafe

Name: Karl J. Grafe

Title: Vice President

GREAT AMERICAN INSURANCE COMPANY

By: /s/ Eve Cutler Rosen

Name: Eve Cutler Rosen

Title: Senior Vice President, General Counsel and Secretary

Amended and Restated Offer to Purchase for Cash
All Outstanding Shares of Common Stock
of
NATIONAL INTERSTATE CORPORATION
at
\$30.00 Net Per Share
by
GREAT AMERICAN INSURANCE COMPANY
a Wholly-Owned Subsidiary of
AMERICAN FINANCIAL GROUP, INC.

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, EASTERN TIME, ON MARCH 6, 2014,
UNLESS THE OFFER IS EXTENDED

Great American Insurance Company, an Ohio corporation (“**Purchaser**”), is offering to purchase all of the outstanding shares of common stock, par value \$0.01 per share (a “**Share**”), of National Interstate Corporation, an Ohio corporation (“**National Interstate**”), that are not currently owned by Purchaser at a price of \$30.00 per Share in cash without interest and less any applicable withholding taxes, on the terms and subject to the conditions set forth in this Amended and Restated Offer to Purchase and the Letter of Transmittal enclosed with this Offer to Purchase (which, together with any supplements or amendments, collectively constitute the “**Offer**”). On February 5, 2014 Purchaser issued an Offer to Purchase the Shares at a price of \$28.00 per Share in cash without interest and less any applicable withholding taxes (the “**Original Offer to Purchase**”), subject to the condition that National Interstate shareholders validly tender (which tenders are not withdrawn) a number of Shares that, when combined with the Shares currently owned by Purchaser, would constitute at least 90% of the outstanding Shares (on a fully diluted basis) as of the date the Shares are accepted for payment pursuant to the Offer (the “**Minimum Tender Condition**”) and the Offer is consummated. On February 18, 2014 Purchaser increased the price to be paid in the Offer to \$30.00 per Share in cash without interest and less any applicable withholding taxes.

THE DATE OF THE ORIGINAL OFFER TO PURCHASE IS FEBRUARY 5, 2014.
THE OFFER TO PURCHASE IS BEING AMENDED AND RESTATED AS OF
FEBRUARY 21, 2014 (AS AMENDED, THE “OFFER TO PURCHASE”).

All references to the Offer to Purchase, Letter of Transmittal and related materials, unless the context otherwise requires, are references to the Offer to Purchase, Letter of Transmittal and related materials as so amended and restated.

If National Interstate shareholders validly tender (which tenders are not withdrawn) a number of Shares that, when combined with the Shares currently owned by Purchaser, would constitute at least 90% of the outstanding Shares (on a fully diluted basis) as of the date the Shares are accepted for payment pursuant to the Offer and the Offer is consummated, Purchaser intends to effect a second step merger (the “**Merger**”) as promptly as practicable in accordance with the terms of a merger agreement at the same per Share price paid in the Offer. The merger agreement would be an Agreement and Plan of Merger by and among American Financial Group, Inc., an Ohio corporation and parent of Purchaser (“**AFG**”), Purchaser (or an affiliate of Purchaser) and National Interstate pursuant to which National Interstate and Purchaser (or Purchaser affiliate) would merge and all remaining shareholders of National Interstate would, without the need for further action by any such shareholder, receive the same per Share price paid in the Offer.

On February 19, 2014, National Interstate filed its Schedule 14D-9 in response to the Offer in which it stated that the National Interstate board of directors by majority vote expressed no opinion and remain neutral with respect to the Offer. All directors participated in the vote and Messrs. Joel Schiavone, Donald Schwegman, Alan Spachman and Michael Spachman voted against that determination. We encourage National Interstate shareholders to read such statement carefully.

While the Offer is not subject to any financing condition, it is subject to certain other conditions set forth in this Offer to Purchase. See “The Offer—Section 11. Conditions to the Offer” in this Offer to Purchase.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of this transaction, passed upon the merits or fairness of such transaction or passed upon the adequacy or accuracy of the information contained in this document. Any representation to the contrary is a criminal offense.

The Information Agent for the Offer is:



501 Madison Avenue, 20th floor
New York, New York 10022
Shareholders may call toll free: (888) 750-5834
Banks and Brokers may call collect: (212) 750-5833

February 21, 2014

IMPORTANT

If you wish to tender all or any portion of your Shares in the Offer, you should either (a) complete and sign the Letter of Transmittal, which is enclosed with this Offer to Purchase, in accordance with the instructions contained in the Letter of Transmittal, and mail or deliver the Letter of Transmittal and any other required documents to American Stock Transfer & Trust Company, LLC (the “**Depository**”), the Depository for the Offer, and either deliver the certificates for your Shares to the Depository along with the Letter of Transmittal or tender your Shares by book-entry transfer by following the procedures described in “The Offer—Section 3. Procedures for Accepting the Offer and Tendering Shares”, in each case prior to the expiration date, or (b) request that your broker, dealer, commercial bank, trust company or other nominee effect this transaction for you. If you hold Shares registered in the name of a broker, dealer, commercial bank, trust company or other nominee, you should contact that institution in order to tender your Shares in the Offer.

If you desire to tender your Shares pursuant to the Offer and the certificates representing your Shares are not immediately available, or you cannot comply in a timely manner with the procedures for tendering your Shares by book-entry transfer, or you cannot deliver all required documents to the Depository prior to the expiration date, you may tender your Shares in the Offer by following the guaranteed delivery procedures described in “The Offer—Section 3. Procedures for Accepting the Offer and Tendering Shares”.

The Letter of Transmittal, certificates for Shares and any other documents must be received by the Depository before the expiration of the Offer, unless the procedures for guaranteed delivery described in “The Offer—Section 3. Procedures for Accepting the Offer and Tendering Shares” are followed. The method of delivery of Shares, the Letter of Transmittal and all other required documents is at the election and risk of the tendering shareholder.

Questions and requests for assistance may be directed to the Information Agent at its address and telephone number set forth on the back cover of this Offer to Purchase. Requests for additional copies of this Offer to Purchase, the Letter of Transmittal, the Notice of Guaranteed Delivery and other tender offer materials may be directed to the Information Agent. A shareholder may also contact such shareholder’s broker, dealer, commercial bank, trust company or other nominee for assistance.

This Offer to Purchase and the Letter of Transmittal contain important information, and you should read both carefully and in their entirety before making a decision with respect to the Offer.

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SUMMARY TERM SHEET

Great American Insurance Company, or Purchaser, is offering to purchase all outstanding shares of common stock, par value \$0.01 per share, of National Interstate Corporation, or Shares, not owned by Purchaser, for \$30.00 per share, net to the seller in cash, without interest and less any applicable withholding taxes, upon the terms and subject to the conditions set forth in this Offer to Purchase and the related Letter of Transmittal. This summary term sheet is not meant to be a substitute for the information contained in the remainder of this Offer to Purchase, and you should carefully read this Offer to Purchase and the accompanying Letter of Transmittal in their entirety because the information in this summary term sheet is not complete and additional important information is contained in the remainder of this Offer to Purchase and the Letter of Transmittal. We have included in this summary term sheet cross-references to the sections of the Offer to Purchase containing a more complete description of the topics covered in this summary term sheet. All dollar amounts set forth in this Offer to Purchase are expressed in United States dollars and references to "\$," and "dollars" are to United States dollars.

Who is offering to buy my securities?

Great American Insurance Company is an Ohio corporation and wholly-owned subsidiary of American Financial Group, Inc., an Ohio corporation ("AFG"). As of the date of this Offer to Purchase, Purchaser beneficially owns 10,200,000, or approximately 51.7%, of the outstanding Shares of National Interstate common stock. See "The Offer—Section 8. Certain Information Concerning AFG and Purchaser."

What securities are you offering to purchase?

We are offering to purchase all of the outstanding Shares of National Interstate common stock not owned by Purchaser. See "Introduction."

How much are you offering to pay and what is the form of payment?

We are offering to pay \$30.00 per Share, net to the seller in cash, without interest, and less any applicable withholding taxes. We increased the price per share that we will pay from \$28.00 to \$30.00 per share on February 18, 2014. The \$30.00 per share price is our best and final price.

Why are you making the Offer?

Purchaser is making this Offer because Purchaser believes that National Interstate's operations and business represent an important strategic component of Purchaser's overall operations. As a result, Purchaser does not wish to sell any of its interests in National Interstate. Rather, Purchaser is making this Offer to acquire for cash a number of Shares that, when combined with the Shares currently held by Purchaser, constitutes at least 90% of the outstanding Shares (on a fully diluted basis) as of the date the Shares are accepted for payment pursuant to the Offer so that Purchaser can effect a merger with National Interstate without the requirement for approval by other shareholders of National Interstate. In the event that Purchaser waives the condition that Purchaser own at least 90% of the outstanding Shares (on a fully diluted basis) following the Offer but purchases all Shares validly tendered and not withdrawn in the Offer, Purchaser may seek to exercise its voting rights to pursue actions discussed under, "Special Factors—Section 2. Purpose of and Reasons for the Offer; Plans for National Interstate After the Offer" and "Special Factors—Section 7. Effects of the Offer."

Will I have to pay any fees or commissions? Is the payment subject to withholding taxes?

If you are the record owner of your Shares of National Interstate common stock and you tender your Shares to us in the Offer, you will not have to pay brokerage fees or similar expenses. If you beneficially own your Shares of National Interstate common stock through a broker or other nominee, and your broker tenders your Shares on your behalf, your broker or nominee may charge

you a fee for doing so. You should consult your broker or nominee to determine whether any charges will apply. See “Introduction.” Payments in connection with the Offer may also be subject to backup United States federal income tax withholding at a rate of 28%, if certain requirements are not met. See “The Offer—Section 3. Procedures for Accepting the Offer and Tendering Shares” and “The Offer—Section 5. Certain United States Federal Income Tax Consequences.”

Do you have the financial resources to make payment?

Yes. We estimate the total amount of funds necessary to purchase all of the outstanding Shares of National Interstate common stock that are not currently owned by Purchaser and related transaction fees and expenses, to be approximately \$286.1 million. See “The Offer—Section 14. Fees and Expenses.” Purchaser’s internally available cash will be used by Purchaser to purchase all Shares of National Interstate common stock validly tendered in the Offer. The Offer is not subject to any financing condition. See “The Offer—Section 9. Source and Amount of Funds.”

What are the most significant conditions to the Offer?

The Offer is conditioned upon, among other things, there being validly tendered and not withdrawn prior to the expiration of the Offer a number of Shares of National Interstate common stock representing at least 90% of the outstanding Shares (on a fully diluted basis). This condition is waivable by Purchaser in its sole discretion. The Offer is also subject to a number of other conditions described below in this Offer to Purchase. The Offer is not subject to a financing condition. See “The Offer—Section 11. Conditions to the Offer” and “The Offer—Section 13. Certain Legal Matters; Regulatory Approvals.”

Do you have interests in the Offer that are different from my interests as a shareholder of National Interstate?

Yes. Our interests in the Offer are different from those of shareholders being asked to tender their Shares. If you sell Shares in the Offer or your Shares are converted in a second step merger, you will cease to have any ownership interest in National Interstate and will not have the opportunity to participate in the future earnings or growth, if any, of National Interstate. We will benefit from any future increase in the value of National Interstate, but also realize any future decrease in that value. See “Special Factors—Section 2. Purpose of and Reasons for the Offer; Plans for National Interstate After the Offer.”

Did the National Interstate board of directors make a recommendation concerning the Offer?

On February 19, 2014 National Interstate filed with the SEC a Schedule 14D-9 and is also required to send to you a copy of its Schedule 14D-9, which you should review carefully upon receipt. The Schedule 14D-9 stated that the National Interstate board of directors by majority vote expressed no opinion and remain neutral with respect to the Offer. All directors participated in the vote and Messrs. Joel Schiavone, Donald Schwegman, Alan Spachman and Michael Spachman voted against that determination. For additional information on interests that National Interstate’s board members and executive officers may have in the Offer and subsequent merger, see “Special Factors—Section 12—Interest of Directors and Executive Officers in the Offer.”

Is this the first step in a going-private transaction?

Yes. The purpose of the Offer is to acquire as many of the Shares of National Interstate common stock not currently owned by Purchaser as possible as a first step in acquiring all of the Shares of common stock of National Interstate. If Purchaser is successful and National Interstate and Purchaser or an affiliate subsequently effect a merger transaction, Shares of National Interstate common stock will no longer be publicly owned and will cease to be listed on the Nasdaq Stock Market, National Interstate will cease to make filings with the SEC and to comply with the SEC’s rules relating to public companies. See “The Offer—Section 12. Effect of the Offer on the Market for the Shares; Nasdaq Listing; Exchange Act Registration; Margin Regulations.”

As Purchaser is an affiliate of National Interstate and it currently owns approximately 51.7% of the outstanding Shares, the transactions contemplated in the Offer constitute a “going private” transaction under Rule 13e-3 under the Exchange Act. Rule 13e-3 requires, among other things, that certain financial information concerning National Interstate and certain information relating to the fairness of the Offer and the consideration offered to National Interstate’s unaffiliated shareholders be filed with the SEC and disclosed to unaffiliated shareholders. Purchaser has provided such information in this Offer to Purchase and a Tender Offer Statement on Schedule TO and a Transaction Statement on Schedule 13E-3 and the exhibits thereto filed with the SEC pursuant to Rules 14d-3 and 13e-3 under the Exchange Act.

Will the Offer be followed by a merger if all the Shares are not tendered in the Offer?

If the Offer is completed and Purchaser is successful in owning at least 90% of the outstanding Shares (on a fully diluted basis) following the Offer, we intend to effect a short-form merger as promptly as practicable without a vote of, or prior notice to, National Interstate’s shareholders. If the merger takes place, all remaining shareholders (other than Purchaser and other than shareholders properly exercising their dissenters’ rights in the merger) will receive the same price per Share as was paid in the Offer, without interest, and less any applicable withholding taxes. If Purchaser waives the condition requiring ownership of more than 90% of the Shares (on a fully diluted basis) following the Offer, Purchaser may still seek a merger transaction with National Interstate which would be subject to National Interstate shareholder approval. See “Special Factors—Section 7. Effects of the Offer.”

Has Purchaser negotiated, or sought the approval of, the terms of this Offer or the merger with National Interstate?

No. We have not negotiated the terms of this Offer or the contemplated subsequent merger with National Interstate or its board of directors and we do not intend to do so. Moreover, we have not requested that National Interstate or its board of directors approve this Offer. The Offer is not conditioned upon the receipt of any approval or recommendation by the National Interstate board of directors.

Has the National Interstate board of directors formed a special committee of independent directors to evaluate Purchaser’s Offer?

No. National Interstate’s board of directors has not formed a special committee as of the date of this Offer to Purchase.

What is the market value of my shares as of a recent date?

On February 4, 2014, the last trading day before the date we commenced this Offer, the per Share closing price of National Interstate common stock reported on the Nasdaq Stock Market was \$22.17. On February 14, 2014, the last trading day before the date we increased the price per Share we will pay in the Offer to \$30.00 per Share, the per Share closing price was \$28.93. We encourage you to obtain a recent price for Shares of National Interstate common stock in deciding whether to tender your Shares. See “The Offer—Section 6. Price Range of the Shares; Dividends.”

If I decide not to tender, but Purchaser successfully acquires at least 90% of the outstanding Shares (on a fully diluted basis), how will the Offer affect my shares?

If Purchaser is successful in owning at least 90% of the outstanding Shares (on a fully diluted basis) following the Offer, we intend to effect a second step merger as soon as practicable thereafter in which shareholders not tendering in the Offer (other than Purchaser and other than those shareholders properly exercising their dissenters’ rights) will receive as merger consideration the same price per Share as was paid in the Offer, without interest, and less any applicable withholding taxes. Therefore, if Purchaser is successful in owning at least 90% of the outstanding Shares (on a fully diluted basis) following the Offer and Purchaser is able to consummate the short-form merger,

the only difference to you between tendering your Shares and not tendering your Shares in the Offer will be that you will be paid earlier if you tender your Shares in the Offer. See “Introduction,” “Special Factors—Section 7. Effects of the Offer,” “Special Factors—Section 9. Dissenters’ Rights; Rule 13e-3” and “The Offer—Section 12. Effect of the Offer on the Market for the Shares; Nasdaq Listing; Exchange Act Registration; Margin Regulations.”

If I decide not to tender, but Purchaser waives the requirement that it owns at least 90% of the outstanding Shares (on a fully diluted basis) and purchases all of the Shares tendered, how will the Offer affect my shares?

If Purchaser waives the condition requiring ownership of 90% or more of the Shares (on a fully diluted basis) following the Offer, the number of Shares of National Interstate common stock that trade publicly could be reduced, which could affect the liquidity or market value of the Shares, and could result in the Shares being delisted from the Nasdaq Stock Market. In addition, if, after the Offer, Purchaser owns two-thirds of the Shares (on a fully diluted basis), Purchaser would have sufficient voting power to approve a merger, amendments to the Articles of Incorporation (including eliminating cumulative voting), and certain amendments to National Interstate’s Amended and Restated Code of Regulations (including changing the size, composition and classification of the National Interstate board), without the approval of any other National Interstate shareholder. See “Introduction,” “Special Factors—Section 7. Effects of the Offer,” “Special Factors—Section 9. Dissenters’ Rights; Rule 13e-3” and “The Offer—Section 12. Effect of the Offer on the Market for the Shares; Nasdaq Listing; Exchange Act Registration; Margin Regulations.”

Are dissenters’ rights available in either the Offer or any subsequent merger?

Dissenters’ rights are not available in connection with the Offer. However, if Purchaser owns at least 90% of the outstanding Shares (on a fully diluted basis) following the Offer, subject to the terms and conditions of the merger agreement, we intend to consummate a second step merger and dissenters’ rights will be available to holders of Shares at the time of the merger who have not tendered their Shares in the Offer or voted in favor of or consented in writing to the adoption of a merger agreement, who properly demand appraisal of their Shares and who otherwise comply with the applicable statutory procedures under Ohio law. If and when we consummate the merger, if you perfect your rights to dissent under the Ohio Revised Code, you may receive an amount that is different from the consideration being paid in the merger. See “Special Factors—Section 9. Dissenters’ Rights; Rule 13e-3.”

How long do I have to decide whether to tender in the Offer? Can the Offer be extended?

You will have until 12:00 Midnight, Eastern Time, on March 6, 2014, to tender your Shares of National Interstate common stock. Further, if you cannot deliver everything that is required in order to make a valid tender by that time, you may be able to use a guaranteed delivery procedure, which is described in this offer to purchase. We also may elect to extend the Offer. If we extend the Offer, we will inform American Stock Transfer & Trust Company, LLC, which is the Depository for the Offer, of that fact and will make a public announcement of the extension, not later than 9:00 a.m., Eastern time, on the next business day after the day on which the Offer was scheduled to expire. We may also decide to establish a subsequent offering period in certain circumstances. See “The Offer—Section 1. Terms of the Offer” and “The Offer—Section 3. Procedures for Accepting the Offer and Tendering Shares.” If a broker, dealer, commercial bank, trust company or other nominee holds your Shares, it may have an earlier deadline for accepting the Offer. We urge you to contact the broker, dealer, commercial bank, trust company or other nominee that holds your Shares to learn of its deadline.

How do I tender my shares?

If you wish to tender all or any portion of your Shares in the Offer, you should either (a) complete and sign the Letter of Transmittal for the Offer, which is enclosed with this Offer to

Purchase, in accordance with the instructions contained in the Letter of Transmittal, and mail or deliver the Letter of Transmittal and any other required documents to American Stock Transfer & Trust Company, LLC, the Depository for the Offer, and either deliver the certificates for your Shares to the Depository along with the Letter of Transmittal or tender your Shares by book-entry transfer by following the procedures described in “The Offer—Section 3. Procedures for Accepting the Offer and Tendering Shares,” in each case prior to the expiration date, or (b) request that your broker, dealer, commercial bank, trust company or other nominee effect this transaction for you. If you hold Shares registered in the name of a broker, dealer, commercial bank, trust company or other nominee, you should contact that institution in order to tender your Shares in the Offer. See “The Offer—Section 3. Procedures for Accepting the Offer and Tendering Shares.”

Until what time may I withdraw previously tendered shares?

You may withdraw Shares at any time prior to the expiration of the Offer and, if we have not accepted your Shares for payment by March 7, 2014, you may withdraw them at any time after that date until we accept Shares for payment. This right to withdraw, however, will not apply to any subsequent offering period, if we elect to establish one. To withdraw Shares, you must deliver an executed written notice of withdrawal with the required information to the Depository while you still have the right to withdraw the Shares. See “The Offer—Section 4. Withdrawal Rights.”

Generally, what are the United States federal income tax consequences of tendering shares or having Shares exchanged for cash in the second step merger?

If you are a U.S. Holder (as defined in “The Offer—Section 5. Certain United States Federal Income Tax Consequences”), the sale or exchange of your Shares pursuant to the Offer or the second step merger will be a taxable transaction for United States federal income tax purposes. See “The Offer—Section 5. Certain United States Federal Income Tax Consequences.”

If you are a Non-U.S. Holder (as defined in “The Offer—Section 5. Certain United States Federal Income Tax Consequences”), any gain realized upon the sale of your Shares pursuant to the Offer or the second step merger generally will not be subject to United States federal income tax. See “The Offer—Section 5. Certain United States Federal Income Tax Consequences.”

Holders of Shares of National Interstate’s common stock should consult their tax advisors about the United States federal, state, local and foreign tax consequences of participating in the Offer in light of their particular circumstances.

To whom may I speak if I have questions about the tender offer?

You may call Innisfree M&A Incorporated, the information agent for the Offer, at (888) 750-5834 for assistance. Banks and brokers may call collect at (212) 750-5833. See the back cover of this Offer to Purchase for additional contact information.

If I tendered my shares before the tender offer price was increased to \$30.00 per Share, do I have to do anything now?

No. Shares previously validly tendered and not withdrawn constitute valid tenders for purposes of the Offer. Shareholders who have already tendered their shares (or who in the future tender their shares) using any Letter of Transmittal or Notice of Guaranteed Delivery will be deemed to have tendered (or be tendering) pursuant to the Offer and will receive the increased tender offer price per Share described in this Offer to Purchase if Shares are accepted for payment and paid for pursuant to the tender offer. See “Introduction” and “The Offer—Section 3—Procedures for Accepting the Offer and Tendering Shares.”

Why did you amend and restate the Offer to Purchase and related documents?

We amended and restated the Offer to Purchase and related documents primarily to reflect the increase in the Offer Price to \$30.00 per share as well as to respond to developments since February 5, 2014, the date of the Original Offer to Purchase.

INTRODUCTION

Great American Insurance Company, an Ohio corporation (“**Purchaser**”) and a wholly-owned subsidiary of American Financial Group, Inc. (“**AFG**”), hereby offers to purchase all the outstanding shares of common stock, par value \$0.01 per share (the “**Shares**”), of National Interstate Corporation, an Ohio corporation (“**National Interstate**”), other than Shares owned by Purchaser, at a price of \$30.00 per Share (such price, or any higher price offered and paid by Purchaser, the “**Offer Price**”), net to the seller in cash, without interest but subject to any applicable withholding taxes, upon the terms and subject to the conditions set forth in this Offer to Purchase (this “**Offer to Purchase**”) and in the related Letter of Transmittal (the “**Letter of Transmittal**”) (which, as amended or supplemented from time to time, together constitute the “**Offer**”). On February 5, 2014 Purchaser issued an Offer to Purchase the Shares at a price of \$28.00 per Share in cash without interest and less any applicable withholding taxes (the “**Original Offer to Purchase**”), subject to the condition that National Interstate shareholders validly tender (which tenders are not withdrawn) a number of Shares that, when combined with the Shares currently owned by Purchaser, would constitute at least 90% of the outstanding Shares (on a fully diluted basis) as of the date the Shares are accepted for payment pursuant to the Offer (the “**Minimum Tender Condition**”) and the Offer is consummated. On February 18, 2014 Purchaser announced that it had increased the price to be paid in the Offer to \$30.00 per Share in cash without interest and less any applicable withholding taxes.

Tendering shareholders who are the record owners of Shares will not be obligated to pay brokerage fees or commissions or, except as set forth in Instruction 6 of the Letter of Transmittal, stock transfer taxes on the purchase of Shares by Purchaser pursuant to the Offer. Shareholders who hold their Shares through a bank or broker should check with such institution as to whether the institution will charge any service fees. However, if you fail to provide an Internal Revenue Service (“**IRS**”) Form W-9 or the appropriate IRS Form W-8, as applicable, you may be subject to any required backup United States federal income tax withholding at a rate of 28% of the gross proceeds payable in the Offer. See “The Offer—Section 3. Procedures for Accepting the Offer and Tendering Shares” and “The Offer—Section 5. Certain United States Federal Income Tax Consequences.” AFG or Purchaser will pay all charges and expenses of American Stock Transfer & Trust Company, LLC (the “**Depository**”) and Innisfree M&A Incorporated (the “**Information Agent**”) incurred in connection with the Offer and in accordance with the terms of the agreements entered into by and between Purchaser and/or AFG and each such person. See “The Offer—Section 14. Fees and Expenses.”

**THE DATE OF THE ORIGINAL OFFER TO PURCHASE IS FEBRUARY 5, 2014.
THE OFFER TO PURCHASE IS BEING AMENDED AND RESTATED AS OF
FEBRUARY 21, 2014 (AS AMENDED, THE “OFFER TO PURCHASE”).**

All references to the Offer to Purchase, Letter of Transmittal and related materials, unless the context otherwise requires, are references to the Offer to Purchase, Letter of Transmittal and related materials as so amended and restated.

The Offer is conditioned upon, among other things, there being validly tendered and not withdrawn a number of Shares that, when combined with the Shares currently owned by Purchaser, will constitute at least 90% of the outstanding Shares (on a fully diluted basis) as of the date the Shares are accepted for payment pursuant to the Offer (the “Minimum Tender Condition”). This condition is waivable by Purchaser, in its sole discretion. The Offer is also subject to certain other conditions described in “The Offer—Section 11. Conditions to the Offer.”

Because Purchaser currently owns approximately 51.7% of the outstanding Shares, the completion of the transactions contemplated in this Offer to Purchase constitute a “going private” transaction under Rule 13e-3 under the Exchange Act. Under the rules governing “going private” transactions, AFG and Purchaser are deemed to be engaged in a “going private” transaction and are therefore required to, among other things, express their reasons for the transactions described in this Offer to Purchase and their views as to the fairness of the transactions to National Interstate’s

unaffiliated shareholders. As used in this Offer to Purchase, “unaffiliated shareholders” means those shareholders of National Interstate who are not affiliated with National Interstate, whether through service as an executive officer or director of National Interstate, or under common control with National Interstate. For the avoidance of doubt, neither Purchaser nor AFG are “unaffiliated shareholders.”

According to National Interstate, as of the close of business on October 30, 2013 there were 19,721,266 Shares outstanding. As of the date of this Offer to Purchase, Purchaser owns 10,200,000 Shares. To the best of our knowledge after reasonable inquiry, directors and executive officers of AFG and Purchaser beneficially own 12,494 outstanding Shares as of the date of this Offer to Purchase and all of these directors and executive officers intend to tender all of their Shares in the Offer. Based on information from National Interstate, AFG and Purchaser believe that, as of the date of this Offer to Purchase, 2,314,330 outstanding Shares were beneficially owned by directors and executive officers of National Interstate.

Based on the foregoing, AFG and Purchaser believe that based on the number of Shares outstanding as of October 30, 2013, as of December 31, 2013, there were 7,194,442 Shares outstanding, excluding Shares owned by Purchaser and the directors and executive officers of AFG, Purchaser, and National Interstate.

The purpose of the Offer is to acquire for cash as many outstanding Shares not owned by Purchaser as possible as a first step in acquiring all of the Shares of common stock of National Interstate.

If the Offer is completed and the Minimum Tender Condition is satisfied, Purchaser intends to effect a second step merger of Purchaser (or an affiliate) with National Interstate (the “**Merger**”). In the Merger, each then issued and outstanding Share (other than Shares held by Purchaser and Shares held by shareholders who validly perfect their dissenters’ rights under Ohio Revised Code (the “**ORC**”)) will be cancelled and converted into and represent the right to receive the Offer Price. Non-tendering shareholders will have dissenters’ rights, whereby such shareholders may receive the “fair value” of their Shares, as determined by a court of competent jurisdiction, by following the procedures required by the ORC. See “Special Factors—Section 9. Dissenters’ Rights; Rule 13e-3.”

If the Offer is completed and the Minimum Tender Condition is satisfied, Purchaser intends to consummate the Merger as a short-form merger of Purchaser (or an affiliate) and National Interstate in accordance with the applicable provisions of the ORC. Under the ORC, such a Merger may be consummated without a vote of, or prior notice to, National Interstate’s shareholders or board of directors. If following consummation of the Offer and providing that Purchaser has waived the Minimum Tender Condition, Purchaser owns a number of Shares representing at least 80% of the outstanding Shares but less than 90% of the outstanding Shares, Purchaser may proceed with treating National Interstate as a consolidated subsidiary for purposes of the U.S. Internal Revenue Code. If following consummation of the Offer, including any subsequent offering period, Purchaser owns a number of Shares representing at least 66-2/3% of the outstanding Shares but less than 80% of the outstanding Shares, Purchaser would have sufficient voting power to approve a merger and amendments to the Articles of Incorporation (including eliminating cumulative voting), as well as having the voting power to approve amendments to National Interstate’s Amended and Restated Code of Regulations (the “**Regulations**”) requiring a two-thirds shareholder vote (including changing the size, composition and classification of the board), without the need for approval of any other shareholder of National Interstate. See “Special Factors—Section 2. Purpose of and Reasons for the Offer; Plans for National Interstate After the Offer” and “Special Factors—Section 7. Effects of the Offer.”

If the Offer is not completed for any reason or if Purchaser waives the Minimum Tender Condition and purchases all Shares validly tendered (and not withdrawn) in the Offer, Purchaser will review its options. These options include a continuation of the status quo prior to the Offer, purchasing Shares in the open market or in privately negotiated transactions, making a new tender offer or seeking to negotiate a merger or other business combination with National Interstate. No assurance can be given as to the price per Share that may be paid in any such future acquisition of

Shares, which may be higher or lower than or the same as the Offer Price. See “Special Factors—Section 7. Effects of the Offer.” For a discussion of other actions that Purchaser may take if the Offer is not completed, see “Special Factors—Section 8. Conduct of National Interstate’s Business if the Offer Is Not Completed.”

This Offer to Purchase includes certain forward-looking statements. These statements appear throughout this Offer to Purchase and include statements regarding the intent, belief or current expectations of AFG and Purchaser, including statements concerning AFG’s and Purchaser’s plans with respect to the Shares or actions if the Offer is not completed. Such forward-looking statements are not guarantees of future performance or events and involve risks and uncertainties. Actual results may differ materially from those described in such forward-looking statements as a result of various factors. Factors that might affect such forward-looking statements include:

- whether the conditions to the Offer will be satisfied;
- general economic, capital markets and business conditions;
- competitive factors in the industries and markets in which each of National Interstate and Purchaser operates, and general industry trends;
- the effects of war, terrorism or catastrophic events;
- changes in government regulation;
- changes in tax law requirements, including tax rate changes, new tax laws and revised tax law interpretations; and
- the ability of Purchaser to execute fully on its business strategy after taking National Interstate private.

For a detailed description of risks and uncertainties affecting AFG, please refer to AFG’s filings with the Securities and Exchange Commission (the “SEC”), available at www.sec.gov.

This Offer to Purchase and the related Letter of Transmittal contain important information and should be read both carefully and in their entirety before any decision is made with respect to the Offer.

This Offer to Purchase does not constitute a solicitation of a proxy, consent or authorization for or with respect to any meeting of, or action by written consent by, National Interstate’s shareholders.

1. Background

National Interstate is a niche property and casualty insurance operation whose products primarily relate to the passenger transportation, trucking and moving and storage industries, general commercial insurance to small businesses in Hawaii and Alaska and personal insurance to owners of recreational vehicles and commercial vehicles.

National Interstate has been a subsidiary of Purchaser since AFG initially invested in it in 1989. National Interstate completed its initial public offering of common stock in 2005. Purchaser did not purchase or sell any Shares in, and has not purchased or sold any Shares since, the initial public offering.

National Interstate continues to materially contribute to AFG's results. AFG does not intend to sell any of its interests in National Interstate because AFG believes that National Interstate's operations and business represent an important strategic component of its overall operations.

As a subsidiary of Purchaser, National Interstate has historically relied on Purchaser to provide certain services to National Interstate without charge, including actuarial and limited consultative services for legal, accounting and internal audit issues and other support services. As further responses to industry and company challenges, in 2013, Purchaser expanded the scope of these services to include providing actuarial resources to analyze claim trends and conducting a claims review to assist National Interstate in its evolution of adverse severity trends.

The commercial auto subsector of the property and casualty business has experienced significant challenges in recent years. Premiums declined in each of 2007-2011, and the specialty niche experienced underwriting losses in each of 2011 and 2012.

Meanwhile, National Interstate's 2012 results included a 97.5% calendar year combined ratio, \$1.75 in earnings per share, and a 9.8% return on shareholders' equity. Each of these performance metrics fell short of AFG's expectations. These results continued deteriorating trends as National Interstate's combined ratio increased from 94.2% in 2010 to 95.4% in 2011, earnings per share were \$2.39, \$2.03 and \$1.82, respectively, for 2009-2011, and return on equity was 19.1%, 11.0% and 9.9%, respectively, from 2009 to 2011. Notably, National Interstate, for the first time since its 2005 initial public offering, experienced unfavorable reserve development, in the amount of \$3 million, in 2012.

In response to the declining industry and deteriorating company results, National Interstate took certain steps in 2013 to improve company results and position National Interstate for future success. These steps included obtaining renewal rate increases and discontinuing or exiting unprofitable product lines. National Interstate also reorganized its management team in order to best manage its executive talent, most notably by naming a Chief Operating Officer.

To date, National Interstate has continued to experience adverse prior year reserve development of \$2.4 million, \$8.4 million and \$5.3 million, respectively, in each of the first three quarters of 2013 and also reported unfavorable development for the fourth quarter of 2013 in its preliminary fourth quarter and full year results. On January 30, 2014, National Interstate reported preliminary fourth quarter and full year 2013 results. Net earnings per share were expected to be between \$0.86 and \$0.92, which, even at the top end of the expected range, represented a decrease of almost 50% from 2012. National Interstate reported expected fourth quarter 2013 combined ratio of between 98% and 99%, on top of combined ratios of 97.8%, 113.9% and 99.3%, respectively, for the first three quarters of the year.

Also in 2013, National Interstate replaced its then Chairman. At its 2013 annual meeting of shareholders, Michael Spachman, son of director Alan Spachman, was nominated and elected to serve on National Interstate's board of directors. See "Special Factors—Section 13. National Interstate's Board of Directors" for further information regarding National Interstate's 2013 annual meeting of shareholders.

In connection with its ongoing review of investment of excess capital, on or about January 10, 2014, senior management of AFG and Purchaser began preliminary internal discussions regarding possible actions relating to Purchaser's ownership of Shares and the potential merits of pursuing a going

private transaction with respect to National Interstate. These internal discussions followed the announcement of the agreement to acquire Summit Holdings Southeast, Inc. and its related companies (“**Summit**”) as discussed below. These discussions continued among such senior management and culminated in the recommendations of senior management of each of AFG and Purchaser to their respective boards of directors to pursue the Offer. On February 3, 2014, AFG’s Board of Directors approved the Offer and on February 4, 2014, Purchaser’s Board of Directors approved the Offer. In approving the Offer, each of the boards of AFG and Purchaser delegated to senior management authority to determine the specific timing of the initiation of the Offer. See “Special Factors—Section 2. Purpose of and Reasons for the Offer; Plans for National Interstate After the Offer.”

On February 11, 2014, a putative shareholder derivative and class action lawsuit captioned *Robert Bernatchez vs. American Financial Group, Inc., et al.*, No. A-1400806 was filed by a purported stockholder of National Interstate in the Court of Common Pleas of Hamilton County, Ohio (the “**Bernatchez Action**”). The complaint filed in the Bernatchez Action names AFG and Purchaser as defendants and National Interstate as nominal defendant. The complaint alleges that the Offer is coercive because AFG and Purchaser could cash out the National Interstate shareholders who do not tender their shares in the Offer at a lower price than the Offer Price and because there is a limited amount of time for National Interstate’s shareholders to make a decision with respect to the Offer. The complaint also alleges that the process undertaken by National Interstate’s board of directors involved conflicts of interest and that the Offer Price is unfair to National Interstate’s shareholders. The complaint seeks compensatory and rescissory damages and unspecified injunctive relief. AFG and Purchaser have reviewed the allegations contained in the complaint filed in the Bernatchez Action and believe they are without merit. AFG and Purchaser intend to defend the Bernatchez Action vigorously.

On February 14, 2014 Alan Spachman filed with the SEC a Schedule 13D reporting the following: “Mr. Spachman is a director of [National Interstate] and participates in the ordinary course in the board of directors’ activities. On February 7, 2014, Mr. Spachman requested that the board of directors form an independent special committee to review the [Offer] and make a recommendation to shareholders. The request was denied by a majority vote of the board, consisting of directors who are or were recently executive officers of [AFG] or Purchaser and the [National Interstate’s] Chief Executive Officer. Mr. Spachman then requested that the independent directors be authorized to retain their own independent legal and financial advisors at [National Interstate’s] expense, which request was also denied. Mr. Spachman reserves the right to formulate plans and/or make proposals, and to take actions with respect to his investment in [National Interstate], including any or all of the actions set forth in clauses (a) through (j) of Item 4 of Schedule 13D.”

On February 17, 2014, the board of directors of National Interstate received a Presentation and Fairness Opinion (the “**Fairness Opinion**”) from D&P, LLC (“**D&P**”). On February 10, 2014, the National Interstate board of directors, at a duly called meeting at which all directors were present and participating either in person or by telephone conference call received a presentation from management of National Interstate concerning the results of management’s review of potential financial advisors. Following discussion, the board of directors determined to direct management of National Interstate to retain D&P to provide an opinion, from a financial point of view, of the fairness of the initial \$28.00 offer price (with all directors voting in the affirmative except for Messrs. Joel Schiavone, Alan Spachman and Michael Spachman, who abstained). At its February 17, 2014 meeting, the National Interstate board of directors reviewed and discussed the analysis of D&P and its conclusion that the \$28.00 per Share offer price was not fair, from a financial point of view, to the public shareholders, including the unaffiliated shareholders of National Interstate. During the course of the meeting, AFG and Purchaser increased the per Share offer price to \$30.00. D&P advised management of National Interstate that it would decline to deliver an opinion as to the fairness, from a financial point of the view, of the \$30.00 offer price as to do so would require completion of internal due diligence and procedures and, in any case, would be outside the scope of its engagement with National Interstate.

On February 18, 2014, AFG and Purchaser issued a press release announcing the increase of the Offer Price from \$28.00 per Share to \$30.00 and noted that AFG and Purchaser would not increase the Offer Price further.

On February 18, 2014, the board of directors of National Interstate met and voted to express no opinion and remain neutral with respect to the Offer. All directors participated and Messrs. Joel Schiavone, Donald Schwegman, Alan Spachman and Michael Spachman voted against that determination.

On February 18, 2014, a putative shareholder derivative and class action lawsuit captioned *Cambridge Retirement System vs. American Financial Group, Inc., et al.*, No. CV-2014-02-0819 was filed by a purported stockholder of National Interstate in the Court of Common Pleas of Summit County, Ohio (the “**Cambridge Action**”). The complaint filed in the Cambridge Action names AFG and Purchaser as defendants and National Interstate as nominal defendant. The complaint also names as defendants directors of the National Interstate board of directors who are executives or former executives of AFG and/or Purchaser (the “**Defendant Directors**”). The complaint asserts class action and derivative claims against AFG and the Purchaser for breach of fiduciary duty and aiding and abetting a breach of fiduciary duty by the Defendant Directors. It also asserts class and derivative claims against the Defendant Directors for breach of the fiduciary duties of due care, good faith, candor and loyalty. In general, the complaint in the Cambridge Action alleges that the tender offer is unfair and coercive, is unfairly priced even at the revised price of \$30 per share and that, due to alleged conflicts of interest, Defendants have refused requests to form an independent special committee to review the offer and make a recommendation to the National Interstate shareholders. The complaint seeks compensatory and rescissory damages and unspecified injunctive relief. AFG and Purchaser intend to defend the Cambridge Action vigorously.

On February 19, 2014, National Interstate filed a Schedule 14D-9 regarding the Offer in which it stated that the National Interstate board of directors, at a meeting held on February 18, 2014, by majority vote, expressed no opinion and remain neutral with respect to the Offer. All directors participated in the vote and Messrs. Joel Schiavone, Donald Schwegman, Alan Spachman and Michael Spachman voted against that determination. Also on February 19, 2014, Alan R. Spachman, in his individual capacity, filed a Schedule 14D-9 regarding the Offer. AFG and Purchaser incorporate by reference herein the description of the Fairness Opinion from the National Interstate’s Schedule 14D-9 filed on February 19, 2014.

As stated above, AFG has no intention to reduce or sell its interest in National Interstate. AFG decided to pursue the acquisition of the Shares not already owned by Purchaser as it allows Purchaser to further expand its specialty property and casualty insurance franchise by making an investment in a business that it already knows.

2. Purpose of and Reasons for the Offer; Plans for National Interstate After the Offer

Purpose and Reasons for the Offer. The purpose of the Offer, and the second step merger, if completed, is for Purchaser to increase its direct and indirect ownership of the outstanding Shares from its current level of approximately 51.7% to 100%, and accordingly participate in 100% of the results of operations of National Interstate.

AFG continuously reviews the best uses of its excess capital. As of year-end 2013, AFG had excess capital of approximately \$1.0 billion. As AFG has previously disclosed, in addition to returning capital to shareholders through share repurchases and dividends, AFG will invest excess capital when it sees potential for healthy, profitable organic growth, and for opportunities to expand its specialty niche businesses through acquisitions and start-ups that meet a target return threshold. For example, on January 9, 2014 AFG, entered into a Stock Purchase Agreement to acquire Summit from Liberty Mutual Insurance Company for an estimated \$250 million. AFG further disclosed that its total capital investment in Summit would be approximately \$400 million, inclusive of a capital contribution by AFG at closing.

Following the announcement of the agreement to acquire Summit, on or about January 10, 2014 senior management of AFG and Purchaser began preliminary internal discussions regarding possible actions relating to Purchaser’s ownership of Shares and the potential merits of pursuing a going private transaction with respect to National Interstate. AFG considered alternative uses of its excess capital but did not identify any available or more attractive investment than through a purchase of the Shares. AFG determined that a purchase of the shares of National Interstate that AFG did not previously own at a price of \$28.00 per share would offer National Interstate’s shareholders with the

ability to realize a significant premium over both National Interstate's book value per share and trading price while offering National Interstate's unaffiliated shareholders the opportunity for liquidity. A price of \$28.00 per share would also represent a strategic use of AFG's excess capital while providing AFG with an opportunity to achieve its internal target return threshold. AFG and Purchaser decided that increasing the per Share Offer Price from \$28.0 to \$30.00 also would make it possible to achieve the internal target threshold.

AFG also regularly undertakes a review of its insurance business, operations and strategy with the goal of enhancing AFG shareholder value. AFG decided to pursue the acquisition of the Shares not already owned by Purchaser as it allows Purchaser to further expand its specialty property and casualty insurance franchise by making an investment in a business that it already knows well while at the same time simplifying National Interstate's ownership structure. AFG and Purchaser believe that National Interstate's competitive position will be improved as a result of delisting its Shares from the Nasdaq Stock Market ("**Nasdaq**") and operating privately within Purchaser's larger group of insurance companies. Specifically, AFG and the Purchaser believe that National Interstate may most fully and effectively complete the corrective action plan National Interstate adopted in light of recent unsatisfactory business results as a private company wholly-owned by Purchaser. As a wholly owned subsidiary of Purchaser, National Interstate's ability to benefit from the strong financial position, capital strength and risk diversification of Purchaser will be enhanced.

AFG initiated the Offer with a view to the following benefits:

Improvement of AFG's Performance. AFG and Purchaser believe that the combination of AFG's insurance operations, which include multiple lines and generate significantly greater gross written premiums than those of National Interstate, with those generated by National Interstate will have the potential to achieve efficiencies in the operation of the insurance companies. The successful completion of the Offer and subsequent Merger would increase AFG's investment in core specialty insurance businesses where AFG already has significant expertise while at the same time further simplifying the organizational structure of those businesses. Specifically, National Interstate's structure would be simplified if the Offer and Merger are consummated in that it would no longer be owned by public shareholders but instead would be owned 100% by AFG and Purchaser. AFG believes that the transactions contemplated in this Offer to Purchase will be accretive to AFG's earnings and enhance AFG's return on equity. As discussed above, on January 30, 2014, National Interstate pre-announced a range of earnings and earnings per share for the fourth quarter and full year 2013. Based on the midpoint of the guidance provided by National Interstate, National Interstate's 2013 after-tax return on average equity was approximately 5.0%. This compares to an average pre-tax investment yield for Purchaser's investment portfolio of 3.8%. Liquidating Purchaser's investments or expending its cash to invest in National Interstate would therefore be expected to increase AFG's earnings and earnings per share. With return on equity, the exchange of \$286.1 million in cash or investments for the Shares not owned by AFG results in a net decrease in AFG's shareholders' equity of only \$168 million because the excess of the consideration paid (\$286 million) over the non-controlling interest redeemed (\$170 million, excluding unrealized gains) is recorded as a debit to shareholders' equity. This reduction in the denominator of the calculation of return on equity, taken together with the increase in earnings cited above in the numerator of the calculation, would have the effect of increasing AFG's return on equity. In addition, if Purchaser waives the Minimum Tender Condition, purchases all Shares validly tendered and not withdrawn in the Offer and, following the Offer, owns 80% or more of the Shares, National Interstate will become consolidated with AFG for federal income tax purposes. National Interstate is consolidated under US GAAP in the financial statements of AFG as a result of AFG's 51.7% interest in National Interstate. AFG in its GAAP financial statements provides for a deferred tax liability on the excess of its GAAP basis in National Interstate over its tax basis in National Interstate. If AFG's ownership in National Interstate equals or exceeds 80%, AFG will no longer be required to record or maintain deferred taxes on its interest in National Interstate. See "Special Factors—Section 7. Effects of the Offer."

Additionally, the successful completion of the Offer and subsequent Merger would allow for easier movement of capital throughout all of AFG's operations, which may facilitate the raising of capital by AFG in the future. AFG also believes that, after evaluating other opportunities,

combining with National Interstate is the best use of certain excess capital and supports AFG's strategic objectives.

Elimination of National Interstate as an Independent Reporting Company. The successful completion of the Offer and subsequent Merger would terminate National Interstate's obligations to file reports and other information as a public company required under the Securities Exchange Act of 1934. The elimination of the burdens associated with public reporting and other tasks resulting from National Interstate's public company status, including, for example, the dedication of time and resources of management and of the Board to meet the various requirements of being a public company will allow for increased management focus on the operations of the business. The elimination of National Interstate's status as a public company would also result in National Interstate no longer being required to comply separately with the requirements of the Sarbanes-Oxley Act of 2002 and Dodd-Frank Act of 2010. AFG and Purchaser believe that as a privately held corporation, National Interstate will have greater operating flexibility to manage its business and benefit from the reduction of expenses associated with being a public company. AFG and Purchaser anticipate that the decrease in costs associated with being a public company (for example, as a privately held entity, National Interstate would no longer be required to file quarterly, annual or other periodic reports with the SEC, publish and distribute to its stockholders annual reports and proxy statements, comply with certain provisions of the Sarbanes-Oxley Act of 2002 or pay Nasdaq listing fees or transfer agent fees) should result in savings of approximately \$350,000 per year. In addition, the burdens on management associated with public reporting and other tasks resulting from National Interstate's public company status, including for example, the dedication of time by and resources of National Interstate's management and board of directors to stockholder inquiries and investor and public relations, will be eliminated.

Plans for National Interstate After the Offer. If the Offer is completed, Purchaser intends to cause the Merger to be effected, without the necessity of prior approval or notice of the shareholders of National Interstate, pursuant to which each then outstanding Share (other than Shares owned by Purchaser and Shares, if any, that are held by shareholders who validly perfect their dissenters' rights under the ORC), would be converted into and represent the right to receive the Offer Price. The cash consideration to be paid in the Merger would be the same as paid in the Offer. Upon the completion of the Merger, Purchaser would directly own, and AFG would indirectly own, 100% of the common stock of National Interstate.

AFG and Purchaser intend that AFG's investment adviser subsidiary would manage the a greater portion of the investment portfolio of National Interstate and its insurance company subsidiaries as opposed to the portion it currently manages. AFG and Purchaser believe that the consolidation of investment management may enable an enhanced return on such portfolios compared to what they currently earn.

Purchaser does not wish to sell any of its interests in National Interstate because Purchaser believes that National Interstate's operations and business represent an important strategic component of Purchaser's overall operations. For that reason, Purchaser does not view such a sale as a viable alternative to its proposed acquisition of the remaining Shares.

Having come to a determination to pursue the acquisition of the Shares, AFG and Purchaser considered transactional alternatives and determined to pursue a cash tender offer followed by a second step merger. AFG briefly considered using a transaction structure that would involve the issuance of shares of its AFG common stock in connection with an acquisition of its Shares but dismissed this potential alternative as AFG determined that a stock transaction would be dilutive to AFG shareholders. AFG and Purchaser believe that the only transactional alternative was a single-step merger not involving a tender offer for Shares. In determining not to pursue such a single-step merger, AFG and Purchaser concluded that the Offer represents the most expeditious manner to provide the per Share consideration offered hereby to the National Interstate shareholders with the concurrent opportunity for such National Interstate shareholders to have the opportunity to elect individually whether to accept or reject the Offer. In choosing a transaction involving a tender offer followed by a second step merger, AFG and Purchaser considered the following material factors:

- a tender offer followed by a second step merger is a common means of effecting a going-private transaction by a controlling shareholder;
- the unaffiliated shareholders of National Interstate would likely receive the consideration in payment for their Shares sooner in a tender offer than if AFG and Purchaser pursued a single-step merger transaction;
- shareholders who do not tender their Shares in the Offer or vote in favor a second step merger and who otherwise comply with applicable requirements may exercise dissenters' rights in connection with the Merger pursuant to Section 1701.85 of the ORC; and
- for a controlling shareholder such as Purchaser that is seeking to acquire Shares from a large number of public shareholders, open-market or privately-negotiated purchases would be less efficient, more complex and more time consuming than a tender offer.

AFG and Purchaser currently intend that following completion of the Offer, National Interstate's business will continue to be run in a manner that is generally consistent with its current operations and does not currently contemplate making any significant changes in National Interstate's strategic or operating philosophy or its business of underwriting and selling traditional and alternative property and casualty insurance products primarily to the passenger transportation, trucking and moving and storage industries, general commercial insurance to small businesses in Hawaii and Alaska and personal insurance to owners of recreational vehicles and commercial vehicles throughout the United States. National Interstate would proceed to operate as a separate company, 100% owned by Purchaser or an affiliate, much like AFG's other wholly-owned subsidiaries. From time to time following the Offer, AFG and Purchaser will review National Interstate's assets, corporate structure, capitalization, operations, properties, policies, management and personnel to determine whether any changes may be necessary or desirable to best organize and integrate the activities of Purchaser and National Interstate. Each of AFG and Purchaser expressly reserves the right to make any changes to its future plans that it deems necessary or appropriate in light of its review or future developments.

3. Position of National Interstate Regarding the Offer

On February 19, 2014, National Interstate filed its Schedule 14D-9 in response to the Offer in which it stated that the National Interstate board of directors expressed no opinion and remain neutral with respect to the Offer. We encourage National Interstate shareholders to read such statement carefully.

4. Position of AFG and Purchaser Regarding Fairness of the Offer

The rules of the SEC require AFG and Purchaser to express their belief as to the fairness of the Offer and the contemplated second-step Merger, including the going private transaction relative to the Offer and Merger, to National Interstate's unaffiliated shareholders. As used in this Offer to Purchase, "unaffiliated shareholders" means those shareholders of National Interstate who are not affiliated with National Interstate whether through service as an executive officer or director of National Interstate, or under common control with National Interstate.

The following information was prepared by AFG and Purchaser in connection with their consideration of the fairness, from a financial point of view, to the unaffiliated shareholders of National Interstate.

National Interstate 2013 Financial Results and 2014 Forecast

On January 30, 2014, National Interstate issued a press release reporting on preliminary 2013 results. Among other information, National Interstate indicated that 2013 net income from operations per share, diluted, would be in the range of \$0.65 to \$0.69, with a mid-point of \$0.67.

Implied Transaction Multiples

AFG and Purchaser reviewed the information contained in the following table, which presents earnings and book value multiples of relevant financial statistics for National Interstate's stock price (as of February 4, 2014, the date before the Offer was announced) and the initial \$28.00 offer price.

The table below reflects the mid-point of the net income from operations per share, diluted, as reported by National Interstate on January 30, 2014.

		Unaffected Trading Price 1 Day Prior to Offer	Offer Price
National Interstate share price		\$ 22.17	\$ 28.00
<i>Price as a multiple of</i>			
2013 net income from operations per share, diluted	\$ 0.67	33.1x	41.8x
2013 Consensus operating earnings per share	0.67	33.3x	42.1x
2014 plan operating earnings per share	2.30	9.6x	12.2x
2014 Consensus operating earnings per share	1.64	13.5x	17.1x
GAAP book value per share at 9/30/13, reported	17.63	1.26x	1.59x
GAAP book value per share at 9/30/13, excluding unrealized gains on fixed maturities	16.84	1.32x	1.66x

Market Review

AFG and Purchaser considered the investment ratings and, where available, share price targets for the five equity research analysts providing research coverage on National Interstate. The initial \$28.00 offer price equals or exceeds the target price for each analyst supplying a target price.

Firm	Report Date	Opinion	Target Price
Keefe, Bruyette & Woods	February 5, 2014	Market Perform	\$28.00
Sidoti & Co., LLC	January 31, 2014	Neutral	28.00
Bank of America Merrill Lynch	January 29, 2014	Underperform	26.00
William Blair	October 31, 2013	Market Perform	N/A
Raymond James	October 30, 2013	Underperform	N/A

Public Market Trading Analysis

In order to assess how the public market values shares of similar publicly traded companies, AFG and Purchaser reviewed and compared specific financial and market data relating to National Interstate with selected companies identified in National Interstate's Annual Report on Form 10-K for the year ended December 31, 2012 as competitors or peers, to the extent such companies were publicly traded in the United States and property and casualty companies with equity market capitalization as of February 14, 2014 of between \$100 million and \$1.0 billion.

No adjustment was made to the trading multiples to reflect a "control premium" because Purchaser owned a majority of the outstanding Shares prior to the Offer and National Interstate is a "controlled company" as defined in the rules of the Nasdaq Stock Market.

AFG and Purchaser noted that the multiples of each of 2013 actual operating earnings per share, 2014 plan operating earnings per share, September 30, 2013 GAAP book value per share and September 30, 2013 GAAP book value per share excluding realized gains for the initial \$28.00 offer price exceeds the median multiples for both the selected companies identified in National Interstate's filings with the SEC as competitors or peers, to the extent such companies were publicly traded in the United States and property and casualty companies with equity market capitalization as of February 14, 2014 of between \$100 million and \$1.0 billion.

Company Name	Price as a multiple of			
	2013Y FactSet Median earnings per share Estimate	2014Y FactSet Median earnings per share Estimate	2013q3 Book Value per Share	2013q3 Book Value per Share excl. Unrealized Gains
American International Group, Inc.	11.2	11.5	0.73	0.78
Travelers Companies Inc.	9.4	10.1	1.23	1.27
Progressive Corp.	15.1	14.6	2.12	2.43
Old Republic International Corp.	14.0	14.0	1.07	1.20
RLI Corp.	17.5	18.9	2.12	2.49
Median of public companies from 10-K competitors	14.0	14.0	1.23	1.27
Navigators Group Inc.	15.0	17.5	0.96	1.01
Safety Insurance Group Inc.	14.0	15.3	1.24	1.27
Infinity P&C Corp.	28.9	20.5	1.30	1.34
State Auto Financial Corp.	16.9	13.3	1.09	1.16
Employers Holdings Inc.	23.5	18.4	0.91	1.60
AMERISAFE Inc.	20.0	15.5	1.86	1.84
United Fire Group Inc.	11.5	12.0	0.93	1.03
HCI Group, Inc.	7.6	9.1	2.99	3.04
Donegal Group Inc.	18.1	12.9	1.00	1.00
Universal Insurance Holdings	NA	NA	NA	2.46
EMC Insurance Group Inc.	8.7	11.0	0.87	0.94
Baldwin & Lyons Inc.	16.0	13.7	0.97	1.09
Meadowbrook Insurance Group	73.4	11.3	0.73	0.76
United Insurance Holdings	11.8	10.2	2.07	2.08
Hallmark Financial Services	40.9	23.5	0.72	0.76
Federated National Holding Co.	12.3	13.0	1.39	1.47
First Acceptance Corp.	NA	NA	NA	1.58
Atlas Financial Holdings Inc.	18.2	13.0	1.96	1.92
Median of public P&C companies with \$100mm – \$1bn market cap	16.4	13.2	1.04	1.30
National Interstate Corp. at 28.00 initial offer price	42.1	17.1	1.59	1.66

Premiums Paid in Insurance Minority Buy-out Transactions

In order to assess an appropriate premium to be paid to National Interstate's unaffiliated shareholders, AFG and Purchaser reviewed premiums paid by acquirers in selected minority buy-in transactions since 1998 where the acquirer owned at least 50% of the target before the transaction and the buyer and/or target were United States insurance companies.

<u>Acquired Company</u>	<u>Acquiring Company</u>	<u>Announcement Date</u>	<u>Final Premium</u>	<u>Inside Ownership Pre-Offer</u>
C.N.A. Surety	C.N.A. Financial Corporation	4/19/2011	37.9%	61.0%
Odyssey Re	Fairfax Financial	9/4/2009	29.8%	72.6%
Nationwide Financial Services	Nationwide Mutual	3/10/2008	37.8%	66.0%
Alfa Corp.	Alfa Mutual	7/17/2007	44.7%	54.7%
Great American Finc'l Resources	American Financial Group Inc.	2/22/2007	13.2%	75.7%
21st Century Insurance Co.	AIG	1/24/2007	32.6%	61.9%
Erie Family Life Ins. Co.	Erie Indemnity Co.	3/21/2006	6.7%	75.1%
Liberty Financial Cos. Inc.	Liberty Mutual Ins. Co.	6/6/2001	2.3%	65.6%
AXA Financial Inc.	AXA S.A.	8/30/2000	4.6%	60.0%
Hartford Life	Hartford Financial Services Group Inc.	3/27/2000	18.6%	81.5%
Travelers Property Casualty Corp.	Citigroup	3/21/2000	24.6%	85.0%
Conning Corp.	MetLife	1/18/2000	30.7%	60.4%
Citizens Corp.	Allmerica Financial Corp.	10/27/1998	20.6%	82.0%
		Median	24.6%	

The median premium of 24.6% compares to the 26.3% premium for the initial offer price of \$28.00 and is far exceeded by the 35% premium of the Offer Price.

Dividend Discount Analysis—AFG and Purchaser Assumptions

AFG prepares three year projections as part of its financial and capital planning process. These projections reflect AFG management's best judgment as to the future performance of all its business units, including National Interstate. AFG's projection for National Interstate over the three year period commencing in 2014 is set forth below. The AFG projections were not reviewed or approved by National Interstate's management.

<u>(\$ in thousands except per share)</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Gross premiums written	\$ 692,000	\$ 761,200	\$ 837,320
Net premiums earned	556,417	599,325	659,257
Combined ratio	98.0%	96.0%	95.0%
Net operating income	\$ 29,095	\$ 38,859	\$ 45,933
Shares outstanding—diluted	19,753	19,753	19,753
Operating earnings per share	\$ 1.47	\$ 1.97	\$ 2.33
Dividend per share	0.44	0.44	0.44

Using a discounted cash flow methodology, based on (A) financial performance as noted above, (B) discount rates ranging from 9.0% to 13.0% and (C) 2016 estimated net income terminal multiples ranging from 13.0x to 15.0x, the calculated range of implied values for per share National Interstate equity value was \$22.64 to \$28.63.

Dividend Discount Analysis—Based on National Interstate 2014 Budget

As discussed above, the 2014 National Interstate plan approved by its Board of Directors calls for operating earnings per share of \$2.30. The 2014 budget assumes gross written premiums of \$692 million, net earned premiums of \$556 million and a combined ratio of 93.9%. For purposes of developing a dividend discount model, AFG extrapolated 2015 and 2016 results from the 2014 budget assuming 10% growth in gross premiums written and a combined ratio of 93%. The assumption as to growth in gross written premium was developed in reference to 11% growth in gross written premiums in 2013 and 9% growth in 2012. The combined ratio assumption was selected after considering the Board's approval of a 2014 business plan founded upon a 93.9% combined ratio. National Interstate's 2013 \$0.11 per share quarterly dividend was increased in

February, 2013 by 10% over the quarterly dividend payments made in 2012. National Interstate has increased its dividend each year since its initial public offering in 2005. Common share dividends are assumed to increase by 10% in each of 2014, 2015 and 2016, although the Board of Directors of National Interstate has taken no such action with respect to 2014's quarterly dividend. The 2015 and 2016 extrapolations have not been reviewed or approved by National Interstate's management.

(\$ in thousands)	2014	2015	2016
Gross premiums written	\$ 691,955	\$ 761,200	\$ 837,320
Net premiums earned	556,396	599,325	659,257
Combined ratio	93.9%	93.0%	93.0%
Net operating income	\$ 45,545	\$ 48,550	\$ 52,745
Shares outstanding—diluted	19,821	19,921	20,021
Operating earnings per share	\$ 2.30	\$ 2.44	\$ 2.63
Dividend per share	0.48	0.53	0.59

Using a discounted cash flow methodology, based on (A) management's 2014 budget and 2015 and 2016 financial performance as noted above, (B) discount rates ranging from 9.0% to 13.0% and (C) 2016 estimated net income terminal multiples ranging from 13.0x to 15.0x, the calculated range of implied values for per share National Interstate equity value was \$25.74 to \$32.52.

Dividend Discount Analysis—Based on National Interstate 2014 Budget and Accelerated Return of Capital

The 2014 National Interstate plan as approved by its Board of Directors estimates that National Interstate will have \$8.1 million of capital in excess of business and rating agency requirements at year end 2013. This amount is estimated to rise to \$21 million in 2014. In addition, National Interstate had only \$12 million of debt outstanding at year-end 2013, representing an adjusted debt to capital ratio of 3% with capital calculated excluding unrealized gains on fixed maturities. In order to accelerate the return of capital to shareholders, National Interstate could, subject to Board and other approvals, borrow an additional \$71 million under its bank credit facilities and pay an extraordinary dividend of \$4.00 per National Interstate share in 2014 although no such special dividend is being considered by the Board at this time. The National Interstate budget would permit an additional \$0.65 per share special dividend in 2015 based on incremental excess capital generation in 2014. Subject to business performance and other considerations, a \$1.00 special dividend is assumed to be paid in 2016 based on 2015 financial performance even though National Interstate management has made no recommendation concerning excess capital in 2015 or 2016.

Using a discounted cash flow methodology, based on (A) management's 2014 budget, (B) assumptions regarding 2015 and 2016 financial performance as noted above and as adjusted for additional borrowings under the National Interstate credit facility and foregone investment income on excess capital distributed to shareholders, (C) discount rates ranging from 9.0% to 13.0%, (D) 2016 estimated net income terminal multiples ranging from 13.0x to 15.0x and (E) the extraordinary dividends assumed to be paid as delineated above, the calculated range of implied values for per share National Interstate equity value was \$26.06 to \$31.62.

Fairness Determination

AFG and Purchaser have concluded that the Offer and the Merger, including the going private transaction relative to the Offer and Merger, are both substantively and procedurally fair to National Interstate's unaffiliated shareholders (whether those shareholders tender their Shares in the Offer or decline to tender and elect instead to remain as shareholders of National Interstate until the Merger is effected). AFG and Purchaser based this conclusion on the following material factors:

- The information prepared and reviewed by AFG and Purchaser as discussed above;
- the Offer Price represents a premium of over 35% over the closing Share price of National Interstate common stock on February 4, 2014, the last day prior to the public announcement of the Original Offer to Purchase, and a premium of almost 29% over the average closing Share price of National Interstate common stock for the 30 trading days ending on that date.

Despite six-month and twelve-month high trading prices of \$30.76 and \$36.76, respectively, AFG and Purchaser believe that the \$30.00 per Share Offer Price is more indicative of the fair value of the Shares than certain historical market prices.

- AFG's and Purchaser's belief in consideration of commencing the Offer that National Interstate's common stock was not likely, absent the Offer, to trade at or above the initial \$28.00 offer price in the near future. In particular, although neither AFG nor Purchaser adopt reports of independent research analysts covering National Interstate common stock, AFG and Purchaser noted that none of the five analysts following National Interstate common stock had a "Buy" rating on the stock, and the highest 12-month target price identified by any analyst was \$28.00 per Share;
- the Offer Price represents a 70% premium over the book value per share of \$17.63 at September 30, 2013;
- the consideration to be paid in the Offer and the Merger is all cash, which provides certainty of value to National Interstate's shareholders and provides them with the ability to invest the Offer proceeds as they choose;
- all of National Interstate's shareholders, including those who elect not to tender their Shares in the Offer but whose Shares instead are acquired in the Merger, have an opportunity to be paid the Offer Price for their Shares;
- the Offer and the Merger, including the going private transaction related to the Offer and the Merger, will provide additional liquidity for National Interstate's unaffiliated shareholders because they provide an alternative means whereby Shares may be sold;
- shareholders who do not tender their Shares in the Offer will, in the event of a Second-Step Merger, be entitled, in connection with the Merger, to demand the appraisal of their Shares by following the procedures required by the ORC; and
- each of National Interstate's shareholders will be able to decide voluntarily whether or not to tender Shares in the Offer and, if the Offer and the Merger are completed and any such shareholder has elected not to tender, the shareholder will be entitled to receive the same type and amount of consideration in the Merger that the shareholder would have received in the Offer.

Neither AFG nor Purchaser found it practicable to assign, nor did any of them assign, relative weights to the individual factors considered in reaching their conclusion as to fairness. AFG's and Purchaser's consideration of the factors described above reflects their assessment of the fairness of the Offer to National Interstate's unaffiliated shareholders in relation to the dividend discount analysis of National Interstate on a stand-alone basis as discussed in the dividend discount analyses above. In reaching the conclusion as to fairness, neither AFG nor Purchaser considered the liquidation value of National Interstate because National Interstate is a viable going concern and Purchaser has no plans to liquidate National Interstate. Therefore, AFG and Purchaser believe that the liquidation value of National Interstate is irrelevant to a determination as to whether the Offer are fair to National Interstate's unaffiliated shareholders.

In concluding that the Offer and the Merger, including the going private transaction relative to the Offer and Merger are procedurally fair to National Interstate's unaffiliated shareholders (whether those shareholders tender their Shares in the Offer or decline to tender and elect instead to remain as shareholders of National Interstate until the Merger is effected), AFG and Purchaser considered that the Offer provides National Interstate's unaffiliated shareholders with the opportunity to accept or reject the Offer along with the availability of dissenters' rights. See "Special Factors—Section 9 Dissenters' Rights; Schedule 13E-3." AFG and Purchaser also believe that the Offer affords National Interstate's unaffiliated shareholders the opportunity to elect to sell Shares that are currently traded thinly on the Nasdaq at a premium to the current market price. AFG and Purchaser further considered that if they are successful in acquiring at least 90% of the outstanding Shares following the Offer, over 75% of the Shares held by National Interstate's unaffiliated shareholders shall have been tendered in response to the Offer. AFG and Purchaser concluded that the Offer represents the most expeditious manner to provide the per Share consideration offered

hereby to the National Interstate shareholders with the concurrent opportunity for such National Interstate shareholders to elect individually whether to accept or reject the Offer.

The senior executive officers of each of AFG and Purchaser were responsible for making the fairness determinations described above. In making these determinations, these senior executive officers considered the factors described above along with the input of senior executive officers who serve on National Interstate's Board of Directors, including Joseph E. (Jeff) Consolino and Vito C. Peraino, each an executive officer of AFG, and Gary J. Gruber and Donald D. Larson, each an executive officers of Purchaser.

5. Presentations of Financial Advisors

Neither AFG nor Purchaser has received any report, opinion or appraisal from any outside party that is materially related to the Offer. For a discussion of the Presentation and Fairness Opinion delivered by D&P to the National Interstate Board of Directors at a meeting held on February 17, 2014, see "Special Factors—Section 1. Background."

6. Financial Forecast

Neither AFG nor Purchaser engaged an advisor to prepare or review any financial forecast for National Interstate.

7. Effects of the Offer

Effects of the Offer if Purchaser Successfully Acquires at Least 90% of the Outstanding Shares (on a Fully Diluted Basis)

If following consummation of the Offer, Purchaser is successful in owning 90% of the Shares (on a fully diluted basis), Purchaser intends, as promptly as practicable, to cause the second step Merger of Purchaser and National Interstate in which all remaining shareholders (other than Purchaser and shareholders that validly exercise dissenters' rights under the ORC) would, without the need for further action by such shareholder, receive the same price per Share as was paid in the Offer, without interest, and less any applicable withholding taxes. In connection with a Merger, non-tendering shareholders will have the right to demand appraisal of their Shares, whereby such shareholders may receive the "fair value" of their Shares, less any applicable withholding taxes, as determined by a court of competent jurisdiction, by following the procedures required by the ORC. See "Special Factors—Section 9. Dissenters' Rights; Rule 13e-3."

If Purchaser is successful in owning at least 90% of the Shares (on a fully diluted basis) following the Offer, Purchaser will have the ability to consummate a short-form merger of Purchaser (or an affiliate) with National Interstate in accordance with the applicable provisions of the ORC without the requirement of holding a meeting of shareholders. Purchaser may also choose to make open market purchases of Shares following the Offer in order to be able to complete the Merger as a short-form merger.

Effects of the Offer if Purchaser Purchases all Shares Tendered in the Offer

If Purchaser waives the Minimum Tender Condition and purchases all Shares validly tendered and not withdrawn in the Offer, Purchaser may thereafter:

- acquire additional Shares, either in purchases in the market or in privately negotiated transactions, which would decrease the amount of National Interstate's public float, potentially making it more difficult for National Interstate's unaffiliated shareholders to sell their shares outside of the Offer. To the extent that AFG and Purchaser acquire such additional Shares, it would increase AFG's and Purchaser's ownership interest in National Interstate, and, depending on the number of Shares acquired by AFG and Purchaser, could result in AFG and Purchaser having greater control over National Interstate's direction and affairs;
- seek an extraordinary corporate transaction, such as a reorganization or recapitalization, involving National Interstate;

- seek a change in the present board of directors of National Interstate, including any plans or proposals to change the number or term of directors, which could result in the resignation of directors not appointed by AFG or Purchaser;
- seek to change the dividend policy of National Interstate, which could eliminate future payment of National Interstate dividends;
- seek to amend the Articles of Incorporation or Code of Regulations of National Interstate, which could include the elimination of cumulative voting and board classification at National Interstate;
- seek to cause the Shares to be delisted from Nasdaq, which would result in the shares no longer trading on an established trading market;
- seek to terminate the registration of the Shares under the Securities Exchange Act of 1934, in which case National Interstate would no longer be required to file reports with the SEC; or
- pursue any action similar to any of those enumerated above.

If Purchaser waives the Minimum Tender Condition, purchases all Shares validly tendered and not withdrawn in the Offer and, following the Offer, owns two-thirds of the Shares (on a fully diluted basis), Purchaser would have sufficient voting power to approve a merger and amendments to the Articles of Incorporation (including eliminating cumulative voting), as well as having the voting power to approve amendments to the Regulations requiring a two-thirds shareholder vote (including changing the size, composition and classification of the board), without the need for approval of any other shareholder of National Interstate.

In addition, if Purchaser waives the Minimum Tender Condition, purchases all Shares validly tendered and not withdrawn in the Offer and, following the Offer, owns at least 80% of the Shares, National Interstate will become consolidated with AFG for federal income tax purposes. National Interstate is consolidated under US GAAP in the financial statements of AFG as a result of AFG's 51.7% interest in National Interstate. AFG in its GAAP financial statements provides for a deferred tax liability on the excess of its GAAP basis in National Interstate over its tax basis in National Interstate. If AFG's ownership in National Interstate equals or exceeds 80%, AFG will no longer be required to record or maintain deferred taxes on its interest in National Interstate. It may be possible for AFG to no longer record or maintain deferred taxes on its interest in National Interstate at an ownership amount of less than 80% if in AFG's judgement it believes it could acquire at least 80% in the future. See "Special Factors—Section 7. Effects of the Offer."

If the Offer is not completed for any reason, Purchaser will review its options. These include continuing the status quo prior to the Offer, purchasing Shares in the open market or in privately negotiated transactions, making a new tender offer or seeking to negotiate a merger or other business combination with National Interstate. No assurance can be given as to the price per Share that may be paid in any such future acquisition of Shares, and such price may be higher or lower than or the same as the Offer Price.

Purchaser's interest in National Interstate's net book value and net earnings will increase to the extent of the number of Shares acquired under the Offer. If the Offer is completed, and the second step merger is completed, Purchaser's indirect interest in such items will increase to 100%, National Interstate will be an indirect wholly-owned subsidiary of AFG, and AFG and Purchaser will be entitled to all benefits resulting from that interest, including all income generated by National Interstate's operations and any future increase in National Interstate's value. Based on National Interstate's preliminary results for the fiscal year ended December 31, 2013 released on January 20, 2014 and assuming completion of the Merger as of December 31, 2013, this increase would result in Purchaser's beneficial interest in National Interstate's net book value and net income increasing by approximately \$170 million and \$9.3 million, respectively.

Similarly, Purchaser will also bear the risk of losses generated by National Interstate's operations and any decrease in the value of National Interstate after the Merger. Detriments of the Merger to AFG and Purchaser are the risk that AFG and/or Purchaser will decrease in value following the Merger and the fact that Purchaser will incur certain transaction costs, fees and expenses relating to the Offer and the Merger

The benefit of the Merger to National Interstate's former shareholders (other than former shareholders who perfect their dissenters' rights under Ohio law) is the right to receive the Offer or Merger consideration for each Share of National Interstate common stock held by such shareholders. Such shareholders will additionally be able to dispose of their Shares without paying the usual transaction costs associated with open market sales and will no longer have to bear the risk of any future losses or decrease in National Interstate's enterprise value.

The detriments of the Merger to former shareholders are that such former shareholders will not have the opportunity to participate in the earnings and growth of National Interstate after the Merger and will not have any right to vote on corporate matters, but such former shareholders will not face the risk of losses generated by National Interstate's operations or a decline in the value of National Interstate after the Merger. Further, the receipt of the payment for their Shares will be a taxable transaction for federal income tax purposes.

The Shares are currently registered under the Exchange Act and listed on the Nasdaq under the symbol "NATL." If the Offer is completed, as a result of the consummation of the Merger following the Offer, there will be no public market for the Shares. After the Merger, the Shares will cease to be listed on the Nasdaq, and prices with respect to sales of Shares in the public market will no longer be available. In addition, after the Merger, registration of the Shares under the Exchange Act will be terminated and National Interstate will no longer be required to file periodic reports with the SEC. See "The Offer—Section 12. Effect of the Offer on the Market for the Shares; Nasdaq Listing; Exchange Act Registration; Margin Regulations."

8. Conduct of National Interstate's Business if the Offer Is Not Completed

If the Offer is not completed for any reason, AFG and Purchaser will reevaluate the role of National Interstate within AFG's overall corporate group. In particular, AFG and Purchaser may consider, among other things:

- not taking any action at that time, including not purchasing any additional Shares;
- purchasing Shares in the open market or in privately negotiated transactions;
- making a new tender offer; and
- proposing a merger or other business combination with National Interstate, subject to compliance with applicable law.

If AFG and Purchaser were to pursue any of these alternatives, it might take considerably longer for the unaffiliated shareholders of National Interstate to receive any consideration for their Shares (other than through sales in the open market or otherwise) than if they had tendered their Shares in the Offer. Any such transaction could result in proceeds per Share to the public shareholders of National Interstate that are more or less than, or the same as, the Offer Price or could result in the trading price of the Shares to increase, decrease or be unchanged. Purchaser may also choose to keep outstanding the public minority interest in National Interstate, in which case the public shareholders of National Interstate would, absent a sale by them, retain their Shares and would have the opportunity to participate in the earnings and growth of National Interstate, but shareholders would also bear the risk of losses generated by National Interstate's operations or a decline in the value of National Interstate.

9. Dissenters' Rights; Rule 13e-3

Dissenters' Rights

Shareholders do not have dissenters' rights as a result of the Offer.

Shareholders do not have dissenters' rights as a result of the Offer. However, if Purchaser purchases Shares in the Offer, and, the Merger is consummated, each shareholder who has neither voted in favor of adoption of the merger agreement nor consented thereto in writing will be entitled to demand and, upon satisfaction of the specified statutory requirements, obtain an appraisal by a court of competent jurisdiction of the State of Ohio (the "Court") of the fair value of the

shareholder's Shares, exclusive of any element of value arising from the accomplishment or expectation of the Merger, together with a fair rate of interest, if any, to be paid. Any judicial determination of the fair value could be based upon considerations other than or in addition to the market value of the Shares, including, among other things, asset values, earning capacity and such other factors as the Court may deem appropriate. However, Ohio law states that when a corporation's stock is actively traded on a national securities exchange, the fair cash value is its market value on the relevant date. Therefore, the value so determined could be more or less than the consideration to be paid in the Offer and the Merger. Unless the Court determines otherwise in its discretion for good cause shown, interest from the effective date of the Merger through the date of payment of the judgment shall be compounded quarterly and shall accrue at 5% over the Federal Reserve discount rate (including any surcharge) as established from time to time during such period.

If any shareholder who exercises dissenters' rights under Section 1701.85 of the ORC fails to perfect, or effectively withdraws or loses, his or her dissenters' rights as provided in the ORC, the Shares of such shareholder will be converted into the right to receive the consideration paid in the Merger. A shareholder may withdraw his or her exercise of dissenters' rights by delivery of a written withdrawal of his or her exercise of dissenters' rights.

Failure to follow the steps required by Section 1701.85 of the ORC for perfecting dissenters' rights may result in the loss of such rights.

The foregoing discussion is not a complete statement of law pertaining to dissenters' rights under the ORC and is qualified in its entirety by the full text of Section 1701.85 of the ORC, which is set forth in Schedule C attached to this Offer to Purchase.

Dissenters' rights cannot be exercised at this time. The information set forth above is for informational purposes only with respect to alternatives available to shareholders if the Merger is consummated. Shareholders who will be entitled to dissenters' rights in connection with the Merger will receive additional information concerning dissenters' rights and the procedures to be followed in connection therewith before such shareholders have to take any action relating thereto.

Shareholders who tender shares in the Offer will not be entitled to exercise dissenters' rights with respect thereto but, rather, will receive the price paid in the Offer therefor if the Offer is completed.

Rule 13e-3

As Purchaser is an affiliate of National Interstate, the transactions contemplated in the Offer constitute a "going private" transaction under Rule 13e-3 under the Exchange Act. Rule 13e-3 requires, among other things, that certain financial information concerning National Interstate and certain information relating to the fairness of the Offer and the consideration offered to unaffiliated shareholders be filed with the SEC and disclosed to unaffiliated shareholders. Purchaser has provided such information in this Offer to Purchase and a Tender Offer Statement on Schedule TO and a Transaction Statement on Schedule 13E-3 and the exhibits thereto filed with the SEC pursuant to Rules 14d-3 and 13e-3 under the Exchange Act.

10. Transactions and Arrangements Concerning the Shares

Except as otherwise described in this Offer to Purchase, neither AFG nor Purchaser nor, to the best of their knowledge, any person listed in Schedule A hereto or any associate or majority-owned subsidiary of any of the foregoing, beneficially owns or has a right to acquire any Shares, has engaged in any transaction in Shares during the past 60 days or is a party to any agreement, arrangement or understanding with respect to the Shares or any other securities of National Interstate (including, without limitation, any contract, arrangement, understanding or relationship concerning the transfer or the voting of such securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or the giving or withholding of proxies, consents or authorizations). In addition, neither AFG nor Purchaser has purchased any Shares within the past two years.

To Purchaser's knowledge, no executive officers, directors or affiliates of National Interstate have made any public recommendation with respect to the Offer or the Merger.

11. Certain Relationships Between AFG, Purchaser and National Interstate

As of the date of this Offer to Purchase, AFG owns indirectly, and Purchaser owns directly, approximately 51.7% of the outstanding Shares of National Interstate common stock. As a result, Purchaser is able to control the vote on certain matters submitted to a vote of National Interstate's shareholders. AFG and Purchaser are also parties to the following agreements with National Interstate and have the following other relationships with National Interstate.

Purchaser and National Interstate are parties to several agreements relating to reinsurance and underwriting. The terms of these agreements, as described below, were negotiated by Purchaser and National Interstate. Purchaser believes that the terms of these agreements are comparable to those that National Interstate could obtain from independent third parties. Additionally, Purchaser previously entered into an agreement with National Interstate and one of its directors, Alan Spachman, relating to registration rights and rights of first refusal to buy back Purchaser's and Mr. Spachman's Shares in certain circumstances.

Reinsurance, Underwriting and Other Arrangements. Purchaser and National Interstate are parties to an Underwriting Management Agreement pursuant to which National Interstate agreed to underwrite and service policies of insurance related to public commercial transportation and recreation vehicles for a fee. Under the terms of the agreement, National Interstate pays Purchaser a fee based on a percentage ranging from 1.5% to 3.0% of written premiums. The written premiums totaled approximately \$2.4 million in 2012. During 2012, the fees National Interstate paid to Purchaser under this agreement were approximately \$37,000. During 2013, the fees National Interstate paid to Purchaser under this agreement were approximately \$28,000.

Purchaser participates in National Interstate's excess of loss treaties for public transportation, truck and Hawaii general commercial business. In 2012, premiums and losses ceded to Purchaser under these treaties totaled \$0.1 million and \$1.1 million, respectively. In 2013, premiums and losses ceded to Purchaser under these treaties totaled \$48,000 and \$1.9 million, respectively.

Purchaser, its affiliated insurance companies and National Interstate are also parties to a Reinsurance Agreement pursuant to which National Interstate assumes all of the risk and exposure on the policies National Interstate administers under the terms of the Underwriting Management Agreement. Pursuant to its terms, the Underwriting Management Agreement may be terminated without cause by either party from time to time and is terminable immediately (but not automatically) upon termination of the related reinsurance treaty or if National Interstate no longer employed Mr. Alan Spachman. To date, Purchaser has not exercised its right to terminate the Underwriting Management Agreement on the basis of Mr. Alan Spachman no longer being employed by National Interstate. Additionally, AFG or Purchaser perform certain services for National Interstate without charge including, without limitation, actuarial services and on a consultative basis internal audit, legal, accounting and other support services.

Effective October 1, 2012, American Money Management Corporation ("**AMMC**"), a wholly-owned subsidiary of AFG, entered into an agreement with National Interstate whereby AMMC manages a portion of National Interstate's investment portfolio at an annual cost of 15 basis points of the portfolio's fair value. AMMC's management of this portion of National Interstate's portfolio commenced during the fourth quarter of 2012, with fees accrued for such services approximating \$0.2 million and \$0.9 million at December 31, 2012 and December 31, 2013, respectively.

Registration Rights Agreement and Right of First Refusal. Upon the completion of National Interstate's initial public offering, Purchaser entered into an agreement with National Interstate and Mr. Alan Spachman, pursuant to which Purchaser and Mr. Alan Spachman each received registration rights in exchange for National Interstate's right of first refusal to buy back their Shares in connection with certain proposed sales of their Shares. National Interstate's right of first refusal will be triggered by any gift, bequest, sale, exchange, transfer, assignment or other disposition of all or any portion of the Shares owned, whether beneficially or of record, by either Purchaser or Mr.

Alan Spachman, other than the transfer of Shares (i) in a charitable gift or a bequest, without consideration, so long as the number of Shares transferred to one person or group of related persons as a result of such gift or bequest or series of related gifts or bequests is less than 10.0% of the Issuer's total issued and outstanding common Shares immediately prior to such gift, (ii) pursuant to an underwriting agreement, a purchase agreement or similar arrangement to which Purchaser, National Interstate and/or Mr. Alan Spachman are party relating to an underwritten public offering of National Interstate's Shares, (iii) in a public or privately negotiated sale, so long as, to the knowledge of the selling shareholder, each purchaser in such negotiated sale or series of negotiated sales, either alone or as a member of a group of related or affiliated purchasers, will not be the beneficial owner of 10.0% or more of National Interstate's total issued and outstanding Shares immediately following such sale, (iv) pursuant to a tender offer or exchange offer which seeks to acquire at least two-thirds of National Interstate's outstanding Shares or (v) to any trust or other entity, for financial planning or estate planning purposes, without consideration, the primary beneficiary of which is Mr. Alan Spachman or his lineal descendants.

12. Interests of Directors and Executive Officers in the Offer

In considering the fairness of the consideration to be received in the Offer, National Interstate's shareholders should be aware that certain directors and executive officers of National Interstate have interests in the Offer which may present them with certain actual or potential conflicts of interest.

Two of the ten current members of National Interstate's Board, Joseph E. (Jeff) Consolino and Vito C. Peraino, are executive officers of AFG, and two additional members, Gary J. Gruber and Donald D. Larson, are executive officers of the Purchaser. In addition, until February 2013, a fifth member of National Interstate's Board, Keith A. Jensen, served as an executive officer of AFG.

Prior to National Interstate's 2013 Annual Meeting of Shareholders (the "**Annual Meeting**"), certain members of the Board contacted Purchaser requesting information regarding the procedures under the Regulations for nominating a candidate for election as a director at the Annual Meeting and requesting a copy of the Regulations. After responding to National Interstate's request, Purchaser received a letter stating Mr. Alan Spachman's intent to nominate one candidate for election as a director at the Annual Meeting. Thereafter, Purchaser contacted National Interstate to inform the company in writing that the purported nomination was not in compliance with the Regulations. National Interstate subsequently submitted a revised nomination notice. During the time Purchaser submitted the preliminary proxy statement, a revised preliminary proxy statement and a definitive proxy statement relating to Purchaser's solicitation of proxies in connection with the Annual Meeting, Purchaser did not receive any notice from Mr. Alan Spachman of his intent to solicit proxies in connection with the Annual Meeting. At the 2013 Annual Meeting, the Board recommended that its six nominees be elected. Mr. Alan Spachman along with certain other shareholders cumulated their votes and elected Mr. Michael Spachman as a director.

Except as described in National Interstate's Schedule 14D-9, none of the directors or executive officers of National Interstate is entitled to any change of control payments upon the consummation of the Offer or the Merger. The description of such change of control payments in National Interstate's Schedule 14D-9 is incorporated herein by reference.

Each of Joseph E. (Jeff) Consolino, Gary J. Gruber, Donald D. Larson, Vito C. Peraino, and Keith A. Jensen intend to tender any and all Shares they own in response to the Offer.

13. National Interstate's Board of Directors

The current members of National Interstate's Board and the board committees (the **Board Committees**) upon which they serve are as follows:

<u>Name</u>	<u>Committee(s)</u>
Joseph E. (Jeff) Consolino, Chairman of the Board	
Gary J. Gruber	Compensation
Keith A. Jensen	Nominating and Corporate Governance (Chairman)
Donald D. Larson	Compensation
David W. Michelson	Compensation (Chairman), Nominating and Corporate Governance
Vito C. Peraino	—
Joel Schiavone	Compensation, Nominating and Corporate Governance
Donald W. Schwegman	Audit, Compensation, Nominating and Corporate Governance
Alan R. Spachman	Audit (Chairman)
Michael A. Spachman	Compensation
	Audit

Messrs. Consolino, Gruber, Larson and Peraino are senior executive officers of AFG and/or Purchaser. Mr. Jensen served as an executive officer of AFG until February 2013. Mr. Michelson is National Interstate's President and Chief Executive Officer. Mr. Alan R. Spachman is National Interstate's founder and was President and Chief Executive Officer through 2007. Messrs. Schiavone, Schwegman and Michael A. Spachman are independent under Nasdaq listing rules. For a description of the backgrounds and qualifications of directors (other than Michael A. Spachman) and a description of the functions of the Board Committees, please see National Interstate's Annual Meeting of Shareholders Proxy Statement dated April 16, 2013.

The normal practice of National Interstate's Board and the Board Committees include conversations and contacts relating to, among other things, the make-up of the Board, its Board Committees and the leadership of the Board and its Board Committees. Such conversations typically take place over the several days before, the day of and several days after the Board and Board Committee meetings.

At a board meeting held on February 15, 2013, Mr. Schwegman was elected to the Board by the Board as an independent director and also named Chairman of the Audit Committee. Mr. Consolino became Chairman of the Board on February 15, 2013, replacing Alan R. Spachman, who served as Chairman of the Board from 2004 until February 15, 2013.

At National Interstate's 2013 Annual Meeting of Shareholders held May 2, 2013, Alan R. Spachman nominated his son, Michael A. Spachman, for election as a director. Accordingly, there were seven nominees for election as Class I members of the Board, but only six nominees were to be elected. No other nominations of persons for election as directors were submitted to National Interstate pursuant to the advance notice provisions of the Regulations. The background of Mr. Spachman's nomination follows:

On March 21, 2013, counsel to Mr. Alan Spachman contacted National Interstate requesting information regarding the procedures under the Regulations for nominating a candidate for election as a director at the Annual Meeting and a copy of the Regulations. On the same day, counsel to the company responded to this request.

On March 28, 2013, National Interstate received a letter from Mr. Alan Spachman stating his intention to nominate one candidate for election as a director at the Annual Meeting. In

consultation with counsel, National Interstate determined that such purported nomination was not in compliance with the Regulations.

On the afternoon of March 29, 2013, at a previously scheduled meeting of the Compensation Committee, Mr. Consolino, Chairman of the Board, advised the members in attendance of Mr. Alan Spachman's intention to nominate a candidate for election as a director at the Annual Meeting.

On the same day, Arthur J. Gonzales, Vice President, General Counsel and Secretary of National Interstate, at Mr. Consolino's direction, provided to Mr. Alan Spachman in writing and telephonically a list of items that had to be remedied for Mr. Spachman's nomination to be in compliance with the Regulations.

On March 30, 2013, Mr. Alan Spachman submitted a revised nomination notice, including the consent of Mr. Alan Spachman's nominee (Michael A. Spachman) to serve if elected.

On April 2, 2013, National Interstate filed a preliminary proxy statement with the SEC, followed by the filing of a revised preliminary proxy statement on April 15, 2013 and a definitive proxy statement on April 16, 2013, relating to National Interstate's solicitation of proxies in connection with the Annual Meeting. National Interstate did not receive any notice from Mr. Alan Spachman of his intent to solicit proxies in connection with the Annual Meeting.

National Interstate's Board recommended that its six nominees (Messrs. Consolino, Elliott, Gruber, Larson, Michelson and Schwegman) be elected. Michael A. Spachman was elected a National Interstate director at the May 2, 2013 Annual Meeting; Theodore H. Elliott, Jr., nominated by National Interstate's Board and Nominating and Corporate Governance Committee, did not receive sufficient votes to remain a director (he had served as a director since 1989). Michael A. Spachman was appointed to the Audit Committee at a Board meeting on May 2, 2013, following the Annual Meeting of Shareholders.

THE OFFER

1. Terms of the Offer

Upon the terms and subject to the conditions of the Offer, we will accept for payment and pay for all Shares validly tendered prior to the Expiration Date and not previously withdrawn in accordance with Section 4. "**Expiration Date**" means 12:00 midnight, Eastern Time, on March 6, 2014, unless extended, in which event Expiration Date means the latest time and date at which the Offer, as so extended, shall expire.

The Offer is subject to the conditions set forth in Section 14, which include, among other things, satisfaction of the Minimum Tender Condition. If any such condition is not satisfied, we may (i) terminate the Offer and return all tendered Shares to tendering shareholders, (ii) extend the Offer and, subject to withdrawal rights as set forth in Section 4, retain all such Shares until the expiration of the Offer as so extended, (iii) waive such condition and, subject to any requirement to extend the period of time during which the Offer is open, purchase all Shares validly tendered prior to the Expiration Date and not withdrawn or (iv) delay acceptance for payment or payment for Shares, subject to applicable law, until satisfaction or waiver of the conditions to the Offer.

Subject to any applicable rules and regulations of the SEC, we expressly reserve the right, but not the obligation, in our reasonable discretion, at any time and from time to time, to extend the period during which the Offer is open for any reason by giving oral or written notice of the extension to the Depository and by making a public announcement of the extension. During any extension, all Shares previously tendered and not withdrawn will remain subject to the Offer and subject to the right of a tendering shareholder to withdraw Shares.

If we waive the Minimum Tender Condition or increase or decrease the consideration to be paid for Shares pursuant to the Offer and the Offer is scheduled to expire at any time before the expiration of a period of ten business days from, and including, the date that notice of such increase or decrease is first published, sent or given in the manner specified below, the Offer shall be extended until the expiration of such period of ten business days. If we make any other material change in the terms of or information concerning the Offer or waive a material condition of the

Offer, we will extend the Offer, if required by applicable law, for a period sufficient to allow you to consider the amended terms of the Offer. In a published release, the SEC has stated that in its view an offer must remain open for a minimum period of time following a material change in the terms of such offer and that the waiver of a condition such as the Minimum Tender Condition is a material change in the terms of an offer. The release states that an offer should remain open for a minimum of five business days from the date the material change is first published, sent or given to shareholders, and that if material changes are made with respect to information that approaches the significance of price and share levels, a minimum of ten business days may be required to allow adequate dissemination and investor response.

“Business day” means any day other than Saturday, Sunday or a U.S. federal holiday and consists of the time period from 12:01 a.m. through 12:00 midnight, Eastern time.

If we increase the consideration to be paid for Shares pursuant to the Offer, we will pay such increased consideration for all Shares that are purchased pursuant to the Offer.

If we extend the Offer, are delayed in accepting for payment of or paying for Shares or are unable to accept for payment or pay for Shares pursuant to the Offer for any reason, then, without prejudice to our rights under the Offer, the Depository may retain all Shares tendered on our behalf, and such Shares may not be withdrawn except to the extent tendering shareholders are entitled to withdrawal rights as provided in Section 4. Our reservation of the right to delay acceptance for payment of or payment for Shares is subject to applicable law, which requires that we pay the consideration offered or return the Shares deposited by or on behalf of shareholders promptly after the termination or withdrawal of the Offer.

Any extension, delay, termination, waiver or amendment of the Offer will be followed as promptly as practicable by a public announcement thereof. Without limiting the manner in which we may choose to make any public announcement, we will have no obligation (except as otherwise required by applicable law) to publish, advertise or otherwise communicate any such public announcement other than by making a release to the Dow Jones News Service. In the case of an extension of the Offer, we will make a public announcement of such extension no later than 9:00 a.m., Eastern time, on the next business day after the previously scheduled Expiration Date.

After the expiration of the Offer, we may, in our sole discretion, but are not obligated to, include a subsequent offering period of at least three business days to permit additional tenders of Shares (a **“Subsequent Offering Period”**). A Subsequent Offering Period would be an additional period of time, following the expiration of the Offer and the purchase of Shares in the Offer, during which shareholders may tender Shares not tendered in the Offer. A Subsequent Offering Period, if one is provided, is not an extension of the Offer, which already will have been completed.

Pursuant to Rule 14d-11 under the Exchange Act, we may include a Subsequent Offering Period so long as, among other things, (i) the initial offering period of at least 20 business days has expired, (ii) the Offer is for all outstanding securities of the class that is the subject of the Offer, (iii) we immediately accept and promptly pay for all securities validly tendered during the Offer, (iv) we announce the results of the Offer, including the approximate number and percentage of Shares deposited in the Offer, no later than 9:00 a.m., Eastern time, on the next business day after the Expiration Date and immediately begin the Subsequent Offering Period and (v) we immediately accept and promptly pay for Shares as they are tendered during the Subsequent Offering Period. In addition, we may extend any initial Subsequent Offering Period by any period or periods.

We do not currently intend to include a Subsequent Offering Period, although we reserve the right to do so. If we elect to include or extend a Subsequent Offering Period, we will make a public announcement of such inclusion or extension no later than 9:00 a.m., Eastern time, on the next business day after the Expiration Date or date of termination of any prior Subsequent Offering Period.

No withdrawal rights apply to Shares tendered in a Subsequent Offering Period, and no withdrawal rights apply during a Subsequent Offering Period with respect to Shares previously tendered in the Offer and accepted for payment. The same price paid in the Offer will be paid to shareholders tendering Shares in a Subsequent Offering Period, if one is included.

We are making a request to National Interstate for its shareholder list and security position listings for the purpose of disseminating the Offer to holders of Shares. Upon compliance by National Interstate with this request, we will send this Offer to Purchase, the accompanying Letter of Transmittal and other related documents to record holders of Shares and to brokers, dealers, commercial banks, trust companies and other nominees whose names appear on the shareholder list or, if applicable, who are listed as participants in a clearing agency's security position listing for subsequent transmittal to beneficial owners of Shares.

2. Acceptance for Payment and Payment for Shares

Upon the terms and subject to the conditions of the Offer (including, if we extend or amend the Offer, the terms and conditions of any such extension or amendment), we will accept for payment and pay for all Shares validly tendered before the Expiration Date and not withdrawn promptly after the Expiration Date. We expressly reserve the right, in our reasonable discretion, but subject to applicable laws, to delay acceptance for and thereby delay payment for Shares in order to comply with applicable laws or if any of the conditions referred to in Section 14 have not been satisfied or if any event specified in such section has occurred. Subject to any applicable rules and regulations of the SEC, including Rule 14e-1(c) under the Exchange Act, we reserve the right, in our reasonable discretion and subject to applicable law, to delay the acceptance for payment or payment for Shares until satisfaction of all conditions to the Offer. For a description of our right to terminate the Offer and not accept for payment or pay for Shares or to delay acceptance for payment or payment for Shares, see Section 14. If we increase the consideration to be paid for Shares pursuant to the Offer, we will pay such increased consideration for all Shares purchased pursuant to the Offer.

We will pay for your validly tendered and not properly withdrawn Shares accepted for payment pursuant to the Offer by depositing the purchase price with the Depository. In all cases, payment for Shares accepted for payment pursuant to the Offer will be made only after timely receipt by the Depository of (i) certificates for such Shares (or a confirmation of a book-entry transfer of such Shares into the Depository's account at the Book-Entry Transfer Facility (as defined in Section 3)), (ii) a properly completed and duly executed Letter of Transmittal (or a facsimile thereof) and (iii) any other required documents for such Shares. For a description of the procedure for tendering Shares pursuant to the Offer, see Section 3. Accordingly, payment may be made to tendering shareholders at different times if delivery of the Shares and other required documents occurs at different times. If there is a Subsequent Offering Period, Shares tendered during a Subsequent Offering Period will be immediately accepted for payment and paid for as they are tendered. **Under no circumstances will we pay interest on the consideration paid for tendered Shares, regardless of any extension of or amendment to the Offer or any delay in making such payment.**

For purposes of the Offer, we shall be deemed to have accepted for payment tendered Shares when, as and if we give oral or written notice of our acceptance to the Depository.

If any tendered Shares are not accepted for payment pursuant to the Offer for any reason, or if certificates are submitted for more Shares than are tendered, certificates for such unpurchased or untendered Shares will be returned (or, in the case of Shares tendered by book-entry transfer, such Shares will be credited to an account maintained at the Book-Entry Transfer Facility), without expense to you, as promptly as practicable following the expiration or termination of the Offer.

3. Procedures for Accepting the Offer and Tendering Shares

Valid Tender of Shares. Except as set forth below, to tender Shares in the Offer, either (i) the Depository must receive on or prior to the Expiration Date at one of its addresses set forth on the back cover of this Offer to Purchase (a) a Letter of Transmittal (or a facsimile thereof), properly completed and signed, together with any required signature guarantees, or an Agent's Message (as defined below) in connection with a book-entry delivery of Shares, and any other documents that the Letter of Transmittal requires, and (b) certificates for the Shares to be tendered or confirmation of the book-entry transfer of such Shares into the Depository's account at the Book-Entry Transfer Facility or (ii) you must comply with the guaranteed delivery procedures set forth below.

The method of delivery of Shares, the Letter of Transmittal and all other required documents, including delivery through the Book-Entry Transfer Facility, is at your sole option and risk, and delivery of your Shares will be deemed made only when actually received by the Depository (including, in the case of a book-entry transfer, by book-entry confirmation). If certificates for Shares are sent by mail, we recommend registered mail with return receipt requested, properly insured, in time to be received on or prior to the Expiration Date. In all cases, sufficient time should be allowed to ensure delivery on or prior to the Expiration Date.

The valid tender of Shares pursuant to any one of the procedures described above will constitute your acceptance of the Offer, as well as your representation and warranty that (i) you own the Shares being tendered within the meaning of Rule 14e-4 under the Exchange Act, (ii) the tender of such Shares complies with Rule 14e-4 under the Exchange Act, (iii) you have the full power and authority to tender, sell, assign and transfer the Shares tendered as specified in the Letter of Transmittal and (iv) when the same are accepted for payment by Purchaser, Purchaser will acquire good and unencumbered title thereto, free and clear of all liens, restrictions, charges and encumbrances and not subject to any adverse claims.

Our acceptance for payment of Shares tendered by you pursuant to the Offer will constitute a binding agreement between us with respect to such Shares, upon the terms and subject to the conditions of the Offer.

Book-Entry Transfer. The Depository will establish an account with respect to the Shares for purposes of the Offer at The Depository Trust Company (the **“Book-Entry Transfer Facility”**) after the date of this Offer to Purchase. Any financial institution that is a participant in the Book-Entry Transfer Facility’s system may make book-entry transfer of Shares by causing the Book-Entry Transfer Facility to transfer such Shares into the Depository’s account in accordance with the Book-Entry Transfer Facility’s procedures for such transfer. However, although delivery of Shares may be effected through book-entry transfer, the Letter of Transmittal (or a facsimile thereof), properly completed and duly executed, together with any required signature guarantees or an Agent’s Message and any other required documents must, in any case, be transmitted to, and received by, the Depository at one of its addresses set forth on the back cover of this Offer to Purchase by the Expiration Date, or the guaranteed delivery procedure described below must be complied with. Delivery of the Letter of Transmittal and any other required documents to the Book-Entry Transfer Facility does not constitute delivery to the Depository.

The term **“Agent’s Message”** means a message, transmitted by the Book-Entry Transfer Facility to, and received by, the Depository and forming a part of a book-entry confirmation stating that the Book-Entry Transfer Facility has received an express acknowledgment from the participant in the Book-Entry Transfer Facility tendering the Shares that such participant has received, and agrees to be bound by, the terms of the Letter of Transmittal and that we may enforce such agreement against such participant.

Signature Guarantees. No signature guarantee is required on the Letter of Transmittal (i) if the Letter of Transmittal is signed by the registered holder of the Shares tendered therewith and such registered holder has not completed the box entitled **“Special Payment Instructions”** on the Letter of Transmittal or (ii) if such Shares are tendered for the account of a financial institution (including most banks, savings and loan associations and brokerage houses) that is a participant in the Security Transfer Agents Medallion Program (STAMP) or any other “eligible guarantor institution” (as such term is defined in Rule 17Ad-15 under the Exchange Act) (each, an **“Eligible Institution”**). In all other cases, all signatures on Letters of Transmittal must be guaranteed by an Eligible Institution. See Instructions 1 and 5 to the Letter of Transmittal. If the certificates for Shares are registered in the name of a person other than the signer of the Letter of Transmittal, or if payment is to be made or certificates for Shares not tendered or not accepted for payment are to be returned to a person other than the registered holder of the certificates surrendered, then the tendered certificates must be endorsed or accompanied by appropriate stock powers, in either case signed exactly as the name or names of the registered holders or owners appear on the certificates, with the signatures on the certificates or stock powers guaranteed as aforesaid. See Instructions 1 and 5 to the Letter of Transmittal.

Guaranteed Delivery. If you wish to tender Shares pursuant to the Offer and cannot deliver such Shares and all other required documents to the Depository by the Expiration Date or cannot complete the procedure for delivery by book-entry transfer on a timely basis, you may nevertheless tender such Shares if all of the following conditions are met:

- (i) such tender is made by or through an Eligible Institution;
- (ii) a properly completed and duly executed notice of guaranteed delivery (“**Notice of Guaranteed Delivery**”) in the form provided by us is received by the Depository, as provided below, by the Expiration Date; and
- (iii) the certificates for such Shares (or a confirmation of a book-entry transfer of such Shares into the Depository’s account at the Book-Entry Transfer Facility), together with a properly completed and duly executed Letter of Transmittal (or a facsimile thereof) together with any required signature guarantee or an Agent’s Message and any other required documents, are received by the Depository within three Nasdaq trading days after the date of execution of the Notice of Guaranteed Delivery.

The Notice of Guaranteed Delivery may be delivered by hand or transmitted by telegram, telex, facsimile transmission or mail to the Depository and must include a guarantee by an Eligible Institution in the form set forth in such Notice of Guaranteed Delivery.

Backup Withholding. Under U.S. federal income tax laws, payments made pursuant to the Offer may be subject to backup withholding unless a tendering U.S. Holder (as defined in Section 5) (i) provides a correct taxpayer identification number (which, for an individual, is the holder’s social security number) and any other required information, or (ii) is a corporation or comes within certain other exempt categories and, when required, demonstrates this fact, and otherwise complies with applicable requirements of the backup withholding rules. A holder that does not provide a correct taxpayer identification number may be subject to penalties imposed by the Internal Revenue Service. To avoid backup withholding of U.S. federal income tax on payments made pursuant to the Offer, each eligible tendering U.S. Holder (as defined in Section 5) should complete and return the Substitute Form W-9 included in the Letter of Transmittal. Eligible tendering Non-U.S. Holders (as defined in Section 5) should complete and submit IRS Form W-8BEN (or other applicable IRS Form W-8), which can be obtained from the Depository or at <http://www.irs.gov>. For a more detailed discussion of backup withholding. See Section 5.

Appointment of Proxy. By properly completing and duly executing a Letter of Transmittal (or a facsimile thereof) or, in the case of a book-entry transfer, by delivery of an Agent’s Message in lieu of a Letter of Transmittal, you irrevocably appoint our designees as your attorneys-in-fact and proxies in the manner set forth in the Letter of Transmittal, each with full power of substitution, to the full extent of your rights with respect to the Shares tendered and accepted for payment by us (and any and all other Shares or other securities issued or issuable in respect of such Shares on or after the date of this Offer to Purchase). This proxy will be governed by and construed in accordance with the laws of the State of Ohio and applicable federal securities laws. All such proxies are irrevocable and coupled with an interest in the tendered Shares. Such appointment is effective only upon our acceptance for payment of such Shares. Upon such acceptance for payment, all prior powers of attorney, proxies and consents granted by you with respect to such Shares will, without further action, be revoked, and no subsequent powers of attorney, proxies or consents may be given (and, if previously given, will cease to be effective). Our designees will be empowered to exercise all your voting and other rights with respect to such Shares as they, in their sole discretion, may deem proper at any annual, special or adjourned meeting of National Interstate’s shareholders, or with respect to any actions by written consent in lieu of any such meeting or otherwise. We reserve the right to require that, in order for Shares to be deemed validly tendered, immediately upon our acceptance for payment of such Shares, we or our designee must be able to exercise full voting, consent and other rights with respect to such Shares (including voting at any meeting of National Interstate’s shareholders).

The foregoing proxies are effective only upon acceptance for payment of Shares pursuant to the Offer. The Offer does not constitute a solicitation of proxies or consents, absent a purchase of Shares, for any meeting of National Interstate’s shareholders.

Determination of Validity. **Our interpretation of the terms and conditions of the Offer (including the Letter of Transmittal and the instructions thereto) will be final and binding to the fullest extent permitted by law. All questions as to the form of documents and the validity, form, eligibility (including time of receipt) and acceptance for payment of any tender of Shares will be determined by us, in our reasonable discretion, which determination shall be final and binding.** We reserve the absolute right to reject any and all tenders determined by us not to be in proper form or the acceptance of or payment for which may, in the opinion of our counsel, be unlawful. We also reserve the absolute right to waive any condition of the Offer to the extent permitted by applicable law or any defect or irregularity in the tender of any Shares of any particular shareholder, whether or not similar defects or irregularities are waived in the case of other shareholders. No tender of Shares will be deemed to have been validly made until all defects and irregularities have been cured or waived. None of Purchaser, AFG or any of their respective affiliates or assigns, the Depositary, the Information Agent or any other person will be under any duty to give any notification of any defects or irregularities in tenders or incur any liability for failure to give any such notification.

4. Withdrawal Rights

Except as otherwise provided in this Section 4, tenders of Shares are irrevocable. You may withdraw Shares that you have previously tendered pursuant to the Offer pursuant to the procedures set forth below at any time before the Expiration Date. Thereafter, such tenders are irrevocable, except that they may be withdrawn after March 7, 2013, unless such Shares have been accepted for payment as provided in this Offer to Purchase. If we extend the Offer, delay acceptance for payment or payment for Shares or are unable to accept for payment or pay for Shares pursuant to the Offer for any reason, then, without prejudice to our rights under the Offer, the Depositary may, on our behalf, retain all Shares tendered, and such Shares may not be withdrawn except as otherwise provided in this Section 4.

For your withdrawal to be effective, a written, telegraphic or facsimile transmission notice of withdrawal with respect to the Shares must be timely received by the Depositary at one of its addresses set forth on the back cover of this Offer to Purchase, and the notice of withdrawal must specify (i) the name of the person who tendered the Shares to be withdrawn, and (ii) the number of Shares to be withdrawn and the name of the registered holder of Shares, if different from that of the person who tendered such Shares. If the certificates evidencing Shares to be withdrawn have been delivered to the Depositary, a signed notice of withdrawal with (except in the case of Shares tendered by an Eligible Institution) signatures guaranteed by an Eligible Institution must be submitted before the release of such Shares. In addition, such notice must specify, in the case of Shares tendered by delivery of certificates, the name of the registered holder (if different from that of the tendering shareholder) and the serial numbers shown on the particular certificates evidencing the Shares to be withdrawn or, in the case of Shares tendered by book-entry transfer, the name and number of the account at the Book-Entry Transfer Facility to be credited with the withdrawn Shares.

Withdrawals may not be rescinded, and Shares withdrawn will thereafter be deemed not validly tendered. However, withdrawn Shares may be retendered by again following one of the procedures described in Section 3 at any time before the Expiration Date.

If we include a Subsequent Offering Period (as described in more detail in the Offer - Section 1) following the Offer, no withdrawal rights will apply to Shares tendered in such Subsequent Offering Period and no withdrawal rights apply during such Subsequent Offering Period with respect to Shares previously tendered in the Offer and accepted for payment.

We will determine, in our sole discretion, all questions as to the form and validity (including time of receipt) of any notice of withdrawal, and our determination shall be final and binding. We also reserve the absolute right to waive any defect or irregularity in the withdrawal of Shares by any shareholder, whether or not similar defects or irregularities are waived in the case of any shareholder. None of Purchaser, the Depositary, the Information Agent or any other person will be under any duty to give notification of any defect or irregularity in any notice of withdrawal or

waiver of any such defect or irregularity or incur any liability for failure to give any such notification.

5. United States Federal Income Tax Consequences

The following is a summary of U.S. federal income tax consequences to National Interstate's shareholders whose Shares are tendered and accepted for payment pursuant to the Offer and is based on provisions of the Internal Revenue Code of 1986, as amended (the "**Code**"), and the regulations as promulgated by the Internal Revenue Service (the "**IRS**") in effect as of the date of this Offer.

This discussion is limited to National Interstate's shareholders who hold Shares as capital assets within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address all U.S. federal income tax considerations that may be relevant to a shareholder's particular circumstances. This discussion also does not address all U.S. federal income tax considerations that may be relevant to National Interstate's shareholders that are subject to special tax rules, including, without limitation, expatriates and certain former citizens of the United States, U.S. Holders whose functional currency is not the U.S. dollar, partnerships and other pass-through entities, "controlled foreign corporations," "passive foreign investment companies," financial institutions, insurance companies, brokers, dealers or traders in securities, commodities or currencies, tax-exempt organizations, tax qualified retirement plans, persons liable for the alternative minimum tax and persons holding Shares as part of a hedge, straddle or other risk reduction strategy or as part of a hedging or conversion transaction or other integrated investment. Finally, this discussion does not address the U.S. federal income tax consequences to National Interstate shareholders who acquired their Shares through stock option or stock purchase plan programs or in other compensatory arrangements.

For purposes of this summary, a "**U.S. Holder**" means a beneficial owner of Shares that is, for U.S. federal income tax purposes (i) an individual who is a citizen or resident of the United States, (ii) a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate, the income of which is subject to U.S. federal income taxation regardless of its source or (iv) a trust if (a) a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons has the authority to control all of the substantial decisions of the trust or (b) it has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person. For purposes of this summary, a "**Non-U.S. Holder**" is generally a beneficial owner of Shares (other than an entity or arrangement treated as a partnership for U.S. federal income tax purposes) that is not a U.S. Holder.

If a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) holds Shares, the tax treatment of its partners or members will generally depend upon the status of the partner and upon the activities of the partnership. Accordingly, partnerships or other entities treated as partnerships for U.S. federal income tax purposes that hold Shares, and partners or members of those entities, should consult their tax advisors.

You are urged to consult your own tax advisor to determine the tax consequences to you of participating in the Offer or the Merger in light of your particular circumstances (including the application and effect of any state, local or foreign income and other tax laws).

U.S. Holders

Consequences of the Offer. The receipt of cash for Shares pursuant to the Offer or the Merger will be a taxable transaction for U.S. federal income tax purposes. In general, if you hold your Shares as capital assets you will recognize a capital gain or loss in an amount equal to the difference, if any, between the amount of cash received and your adjusted tax basis in the Shares. Gain or loss will be determined separately for each block of Shares (that is, Shares acquired at the same price in a single transaction) tendered in the Offer or the Merger. If you are a non-corporate U.S. Holder who has held the Shares for more than one year, any such capital gain will generally be subject to U.S. federal income tax at a maximum tax rate of 20%. In addition, certain non-corporate shareholders may be subject to an additional 3.8% tax on all or a portion of their "net investment

income”, which may include all or a portion of the gain recognized in connection with the Offer or the Merger. In the case of Shares that have been held for one year or less, such gains will generally be subject to tax at ordinary income tax rates. The deductibility of capital losses is subject to limitations.

Information Reporting and Backup Withholding. Payments made to U.S. Holders pursuant to the Offer or the Merger will be subject to information reporting and may be subject to backup withholding (currently at a rate of 28%). To avoid backup withholding, U.S. Holders that do not otherwise establish an exemption should complete and return the Substitute Form W-9 included in the Letter of Transmittal, certifying that such U.S. Holder is a U.S. person, the taxpayer identification number provided is correct and such U.S. Holder is not subject to backup withholding. Certain holders (including corporations) generally are not subject to backup withholding. Backup withholding is not an additional tax. U.S. Holders may use amounts withheld as a credit against their U.S. federal income tax liability or may claim a refund of any excess amounts withheld by timely filing a claim for refund with the IRS.

Non-U.S. Holders

Consequences of the Offer. A Non-U.S. Holder generally will not be subject to U.S. federal income tax on gain realized upon the receipt of cash for Shares pursuant to the Offer or the Merger unless (i) the gain is effectively connected with the conduct of a trade or business by the Non-U.S. Holder in the United States or (ii) in the case of a Non-U.S. Holder that is an individual, such Non-U.S. Holder is present in the United States for 183 days or more in the taxable year of the disposition and certain other conditions exist.

Unless an applicable tax treaty provides otherwise, gains described in (i) above generally will be subject to U.S. federal income tax in the same manner as if the Non-U.S. Holder were a resident of the United States (and corporate Non-U.S. Holders may also be subject to a branch profits tax at a rate of 30% or such lower rate as may be specified by an applicable income tax treaty). Gains described in (ii) above will generally be subject to U.S. federal income tax at a flat rate of 30%, but may be offset by U.S. source capital losses.

Information Reporting and Backup Withholding. Payments made to Non-U.S. Holders pursuant to the Offer or the Merger may be subject to information reporting and backup withholding (currently at a rate of 28%). To avoid backup withholding, Non-U.S. Holders should provide the Depositary with a properly executed IRS Form W-8BEN (or other applicable IRS Form W-8) certifying such Non-U.S. Holder’s non-U.S. status or by otherwise establishing an exemption. Backup withholding is not an additional tax. Non-U.S. Holders may use amounts withheld as a credit against their U.S. federal income tax liability or may claim a refund of any excess amounts withheld by timely filing a claim for refund with the IRS.

6. Price Range of the Shares; Dividends

The Shares are listed on the Nasdaq under the symbol “NATL.” The following table sets forth, for each of the fiscal quarters indicated, the high and low sales prices per Share on the Nasdaq Stock Market.

	Common Stock	
	High	Low
<u>Year ended December 31, 2012</u>		
First Quarter	\$ 28.15	\$ 21.86
Second Quarter	\$ 26.66	\$ 23.06
Third Quarter	\$ 27.63	\$ 23.15
Fourth Quarter	\$ 29.08	\$ 24.82
<u>Year ended December 31, 2013</u>		
First Quarter	\$ 35.23	\$ 28.80
Second Quarter	\$ 32.05	\$ 26.45
Third Quarter	\$ 36.36	\$ 24.99
Fourth Quarter	\$ 30.76	\$ 22.91
<u>From January 1, 2014</u>		
First Quarter (through February 19, 2014)	\$ 30.20	\$ 21.18

On February 4, 2014, the last full trading day prior to the date of the commencement of the Offer, the closing sales price of National Interstate common stock on the Nasdaq Stock Market was \$22.17 per Share. On February 14, 2014, the last trading day before the date we increased the price per Share we will pay in the Offer to \$30.00 per Share, the closing sales price of National Interstate common stock on the Nasdaq Stock Market was \$28.93. Shareholders are urged to obtain a current market price for National Interstate common stock.

The Board of National Interstate has declared and paid quarterly dividends of \$0.11 and \$0.10 per common Share in 2013 and 2012, respectively, as well as a one-time special dividend of \$2.00 per common Share in the fourth quarter of 2012. If Purchaser acquires control of National Interstate, Purchaser currently intends that no dividends will be declared on the Shares prior to the acquisition of the entire equity interest in National Interstate.

7. Certain Information Concerning National Interstate

Except as specifically set forth herein, the information concerning National Interstate contained in this Offer to Purchase has been taken from or is based upon information furnished by National Interstate or its representatives or upon publicly available documents and records on file with the SEC and other public sources. The summary information set forth below is qualified in its entirety by reference to National Interstate's public filings with the SEC (which may be obtained and inspected as described below) and should be considered in conjunction with the more comprehensive financial and other information in such reports and other publicly available information. We have no knowledge that would indicate that any statements contained herein based on such documents and records are untrue.

National Interstate Corporation's principal offices are located at 3250 Interstate Drive, Richfield, Ohio 44286-9000, and its telephone number at such address is (330) 659-8900. National Interstate operates as an insurance holding company group that underwrites and sells traditional and alternative property and casualty insurance products primarily to the passenger transportation, trucking and moving and storage industries, general commercial insurance to small businesses in Hawaii and Alaska and personal insurance to owners of recreational vehicles and commercial vehicles throughout the United States. National Interstate is an Ohio Corporation. At December 31, 2012 National Interstate employed 546 people.

The financial statements included in National Interstate's Annual Report on Form 10-K for the years ended December 31, 2012 and 2011 and National Interstate's Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2013, June 30, 2013 and September 30, 2013, are incorporated by reference into this Offer to Purchase. National Interstate's book value per Share for the quarterly period ended September 30, 2013 is identified in Exhibit 99.1 to Current Report on Form 8-K filed on October 31, 2013 and is incorporated by reference into this Offer to Purchase.

National Interstate does not include a ratio of earnings to fixed charges in regularly prepared financial statements. The reports have been filed with the SEC and may be inspected at, and copies

thereof may be obtained from, the same places and in the same manner set forth under “Available Information” below.

Available Information

National Interstate’s common stock is registered under the Exchange Act. Accordingly, National Interstate is subject to the informational reporting requirements of the Exchange Act and, in accordance therewith, is required to file periodic reports, proxy statements and other information with the SEC relating to its business, financial condition and other matters. Information as of particular dates concerning National Interstate’s directors and officers, their remuneration, stock options granted to them, the principal holders of National Interstate’s securities and any material interest of such persons in transactions with National Interstate is required to be disclosed in proxy statements distributed to National Interstate’s Shareholders and filed with the SEC. Such reports, proxy statements and other information can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. Information regarding the public reference facilities may be obtained from the SEC by telephoning 1-800-SEC-0330. National Interstate’s filings are also available to the public on the SEC’s website (<http://www.sec.gov>). Copies of such materials may also be obtained by mail from the Public Reference Section of the SEC at 100 F Street, N.E., Washington, D.C. 20549 at prescribed rates.

8. Certain Information Concerning AFG and Purchaser

American Financial Group, Inc. AFG is a holding company that, through subsidiaries, is engaged primarily in property and casualty insurance, focusing on specialized commercial products for businesses, and in the sale of fixed and fixed-index annuities in the individual, bank and education markets. AFG is an Ohio corporation. The principal offices of AFG are located at 301 East Fourth Street, Cincinnati, Ohio 45202, and its telephone number at such address is (513) 579-2121.

Great American Insurance Company. Purchaser is a direct wholly-owned subsidiary of AFG. Purchaser is an Ohio corporation. Purchaser’s specialty property and casualty insurance operations consist of approximately 30 niche insurance businesses offering a wide range of commercial coverages. These businesses report through Purchaser executives up to the President and chief operating officer and operate under a business model that allows local decision-making for underwriting, claims and policy servicing in each of the niche operations. These businesses are managed by experienced professionals in particular lines of business or customer groups and operate autonomously but with certain central controls and accountability. The principal offices of Purchaser are located at 301 East Fourth Street, Cincinnati, Ohio 45202, and its telephone number at such address is (513) 579-2121.

The name, citizenship, business address, business telephone number, current principal occupation (including the name, principal business and address of the organization in which such occupation is conducted) and material positions held during the past five years of each of the directors and executive officers of each of Purchaser and AFG is set forth in Schedule A to this Offer to Purchase.

Purchaser and AFG have made no arrangements in connection with the Offer to provide holders of Shares access to their corporate files or to obtain counsel or appraisal services at their expense. For a discussion of dissenters’ rights, see “Special Factors—Section 9. Dissenters’ Rights; Rule 13e-3.”

None of AFG, Purchaser or, to the knowledge of AFG or Purchaser after reasonable inquiry, any of the persons listed in Schedule A to this Offer to Purchase, has, during the past five years, (i) been convicted in a criminal proceeding or (ii) been a party to any judicial or administrative proceeding that resulted in a judgment, decree or final order enjoining the person from future violations of, or prohibiting activities subject to, U.S. federal or state securities laws, or a finding of any violation of U.S. federal or state securities laws.

As of the date of this Offer to Purchase, Purchaser beneficially owns 10,200,00 Shares, representing approximately 51.7% of the outstanding Shares.

Except as set forth elsewhere in this Offer to Purchase or Schedule I to this Offer to Purchase: (i) none of AFG, Purchaser and, to AFG's and Purchaser's knowledge, the persons listed in Schedule A to this Offer to Purchase or any associate or majority owned subsidiary of AFG, Purchaser or of any of the persons so listed, beneficially owns or has a right to acquire any Shares or any other equity securities of National Interstate, (ii) none of AFG, Purchaser and, to AFG's and Purchaser's knowledge, the persons or entities referred to in clause (i) above has effected any transaction in the Shares during the past 60 days, (iii) none of AFG, Purchaser and, to AFG's and Purchaser's knowledge, the persons listed in Schedule A to this Offer to Purchase, has any contract, arrangement, understanding or relationship with any other person with respect to any securities of National Interstate (including, but not limited to, any contract, arrangement, understanding or relationship concerning the transfer or the voting of any such securities, joint ventures, loan or option arrangements, puts or calls, guaranties of loans, guaranties against loss or the giving or withholding of proxies, consents or authorizations), (iv) during the two years before the date of this Offer to Purchase, there have been no transactions between AFG, Purchaser, their subsidiaries or, to AFG's and Purchaser's knowledge, any of the persons listed in Schedule A to this Offer to Purchase, on the one hand, and National Interstate or any of its executive officers, directors or affiliates, on the other hand, that would require reporting under SEC rules and regulations, and (v) during the two years before the date of this Offer to Purchase, there have been no contacts, negotiations or transactions between AFG, Purchaser, their subsidiaries or, to AFG's and Purchaser's knowledge, any of the persons listed in Schedule A to this Offer to Purchase, on the one hand, and National Interstate or any of its subsidiaries or affiliates, on the other hand, concerning a merger, consolidation or acquisition, a tender offer or other acquisition of securities, an election of directors or a sale or other transfer of a material amount of assets.

We do not believe our financial condition or the financial condition of AFG is relevant to your decision whether to tender your Shares and accept the Offer because (i) the Offer is being made for all outstanding Shares solely for cash, (ii) consummation of the Offer is not conditioned upon any financing arrangements, (iii) if we consummate the Offer, we expect to acquire all remaining Shares for the same cash price in a merger or other business combination with National Interstate and (iv) AFG, together with its controlled affiliates, has, and will arrange for us to have, sufficient funds to purchase all outstanding Shares pursuant to the Offer and such merger or other business combination with National Interstate and to pay related fees and expenses.

9. Source and Amount of Funds

We will need approximately \$267.0 million to consummate the Offer and to pay related fees and expenses. All of the funds necessary to consummate the Offer and to pay the related fees and expenses will consist of internally available cash of Purchaser.

10. Dividends and Distributions

If, on or after the date of this Offer to Purchase, National Interstate (i) splits, combines or otherwise changes the Shares or its capitalization, (ii) acquires Shares or otherwise causes a reduction in the number of Shares, (iii) issues or sells additional Shares, or any shares of any other class of capital stock, other voting securities or any securities convertible into or exchangeable for, or rights, warrants or options, conditional or otherwise, to acquire, any of the foregoing or (iv) discloses that it has taken such action, then, without prejudice to our rights under Section 11, we may make such adjustments in the Offer Price (and other terms of the Offer) as we deem appropriate to reflect such split, combination or other change, including the number or type of securities offered to be purchased.

If, on or after the date of this Offer to Purchase, National Interstate declares or pays any cash dividend on the Shares or other distribution on the Shares, or issues with respect to the Shares any additional Shares or Rights, shares of any other class of capital stock, other than voting securities or any securities convertible into, or rights, warrants or options, conditional or otherwise, to acquire, any of the foregoing, payable or distributable to National Interstate shareholders of record on a date prior to the transfer of the Shares purchased pursuant to the Offer to us or our nominee or

transferee on National Interstate stock transfer records, then, subject to the provisions of Section 11, (i) the Offer Price may be reduced by the amount of any such cash dividends or cash distributions and (ii) the whole of any such non-cash dividend, distribution or issuance to be received by the tendering shareholders will (a) be received and held by the tendering shareholders for our account and will be required to be promptly remitted and transferred by each tendering shareholder to the Depositary for our account, accompanied by appropriate documentation of transfer or (b) at our direction, be exercised for our benefit, in which case the proceeds of such exercise will promptly be remitted to us. Pending such remittance and subject to applicable law, we will be entitled to all rights and privileges as owner of any such non-cash dividend, distribution, issuance or proceeds and may withhold the entire Offer Price or deduct from the Offer Price the amount or value thereof, as determined by us in our sole discretion.

11. Conditions to the Offer

Notwithstanding any other provision of this Offer to Purchase, we are not required to accept for payment or, subject to any applicable rules and regulations of the SEC (including Rule 14e-1(c) under the Exchange Act (relating to our obligation to pay for or return tendered Shares promptly after termination or expiration of the Offer)), pay for any Shares, and may terminate or amend the Offer, if before the Expiration Date the Minimum Tender Condition (if not waived by Purchaser in its sole and absolute discretion), or if, at any time on or after the date of this Offer to Purchase, and on or prior to the expiration of the Offer (or thereafter in relation to any condition dependent upon the receipt of government approvals), any of the following conditions exist:

(a) there shall have been threatened, instituted or be pending any litigation, suit, claim, action, proceeding or investigation before any supranational, national, state, provincial, municipal or local government, governmental, regulatory or administrative authority, agency, instrumentality or commission or any court, tribunal, or judicial or arbitral body (a “**Governmental Authority**”) (i) challenging or seeking to, or which, in the judgment of AFG or Purchaser, is reasonably likely to, make illegal, delay, or otherwise, directly or indirectly, restrain or prohibit or make more costly, or in which there are allegations of any violation of law, rule or regulation relating to, the making of or terms of the Offer or the provisions of this Offer to Purchase or the acceptance for payment of any or all of the Shares by AFG, Purchaser or any other affiliate of AFG, or seeking to obtain damages in connection with the Offer or the Merger, (ii) seeking to, or which in the judgment of Purchaser is reasonably likely to, prohibit or limit the full rights of ownership or operation by National Interstate, AFG or any of their affiliates of all or any of the business or assets of National Interstate, AFG or any of their affiliates or to compel National Interstate, AFG or any of their respective subsidiaries to dispose of or to hold separate all or any portion of the business or assets of National Interstate, AFG or any of their respective affiliates, (iii) seeking to, or which in the judgment of Purchaser is reasonably likely to, impose or confirm any voting, procedural, price or other requirements in addition to those required by federal securities laws and the ORC (as in effect on the date of this Offer to Purchase) in connection with the making of the Offer, the acceptance for payment of, or payment for, some or all of the Shares by Purchaser, AFG or any other affiliate of AFG or the consummation by Purchaser, AFG or any other affiliate of AFG of the Merger, including, without limitation, the right to vote any Shares acquired by Purchaser pursuant to the Offer or otherwise on all matters properly presented to National Interstate’s shareholders, (iv) seeking to require divestiture by AFG, Purchaser or any other affiliate of AFG of any Shares, (v) seeking, or which in the reasonable judgment of Purchaser is likely to result in, any material diminution in the benefits expected to be derived by Purchaser, AFG or any other affiliate of AFG as a result of the transactions contemplated by the Offer, the Merger or any other business combination with National Interstate, (vi) relating to the Offer which, in the reasonable judgment of Purchaser, might materially adversely affect National Interstate or any of its affiliates or Purchaser, AFG or any other affiliate of AFG or the value of the Shares or (vii) which in reasonable the judgment of Purchaser could otherwise prevent, adversely affect or materially delay consummation of the Offer, or the Merger;

(b) there shall have been action taken or any statute, rule, regulation, judgment, injunction, order, decree, legislation or interpretation enacted, promulgated, amended, issued, enforced or

deemed, or which becomes, applicable to (i) AFG, National Interstate or any subsidiary or affiliate of AFG or National Interstate or (ii) the Offer, the acceptance for payment of or for the Shares, the Merger or any other business combination with National Interstate, by any U.S. or non-U.S. legislative body or Governmental Authority with appropriate jurisdiction, that in the reasonable judgment of Purchaser might result, directly or indirectly, in any of the consequences referred to in clauses (i) through (vii) of paragraph (a) above;

(c) there shall have occurred (i) any general suspension of trading in, or limitation on prices for, securities on any national securities exchange or in the over-the-counter market in the United States, (ii) in the reasonable judgment of Purchaser, a declaration of a banking moratorium or any suspension of payments in respect of banks by federal or state authorities in the United States, the European Union or elsewhere, (iii) any limitation (whether or not mandatory) by any governmental authority or agency on, or other event which, in the reasonable judgment of Purchaser, might materially adversely affect the extension of credit by banks or other lending institutions, (iv) commencement of a war, armed hostilities or the occurrence of any other national or international calamity directly or indirectly involving the United States or any attack on, or outbreak or act of terrorism involving, the United States, (v) in the reasonable judgment of Purchaser, a material adverse change (or development or threatened development involving a prospective material adverse change) in the United States dollar or any other currency exchange rates or a suspension of, or limitation on, the markets therefor, (vi) any change in the general political, market, economic or financial conditions in the United States, the European Union or elsewhere that could, in the reasonable judgment of Purchaser, have a material adverse effect on the business, properties, assets, liabilities, capitalization, shareholders' equity, condition (financial or otherwise), operations, licenses, franchises, results of operations or prospects of AFG and its subsidiaries, taken as a whole, or National Interstate and any of its subsidiaries, taken as a whole, (vii) any decline in any of the Dow Jones Industrial Average, the Standard & Poor's Index of 500 Industrial Companies or the Nasdaq-100 Index by an amount in excess of 15% measured from the business day immediately preceding the time of commencement of the Offer or any material adverse change in the market price in the Shares, (viii) in the reasonable judgment of Purchaser, the nationalization, insolvency or placement into receivership of, or provision of extraordinary assistance to, any major bank in the United States or European Union, or the taking of possession of any such bank by a governmental or regulatory authority, (ix) in the reasonable judgment of Purchaser, the default by any member of the European Union in payment of, or the inability of any such member to pay, any of its debts as they become due or the withdrawal (or announcement of an intent to withdraw) by any member of the European Monetary Union therefrom or any such member otherwise ceasing (or announcing its intent to cease) to maintain the Euro as its official currency, (x) in the reasonable judgment of Purchaser, any material adverse change in the market price of the Shares or in the United States or European securities or financial markets or (xi) in the case of any of the foregoing existing at the time of commencement of the Offer, a material acceleration or worsening thereof;

(d) any approval, permit, authorization, favorable review, clearance or consent of any Governmental Authority shall not have been obtained, on terms satisfactory to Purchaser in its reasonable judgment; or

(e) the Minimum Tender Condition shall not have been satisfied.

The foregoing conditions are for the benefit of AFG and Purchaser and may be waived by AFG and Purchaser in whole or in part at any time and from time to time in the sole discretion of AFG or Purchaser, in each case, subject to the applicable rules and regulations of the SEC. The determination as to whether any condition has been satisfied will be made in the exclusive judgment of AFG and Purchaser and will be final and binding. If Purchaser waives the Minimum Tender Condition, Purchaser will purchase all Shares tendered and not withdrawn in the Offer prior to the Expiration Date.

For purposes of determining whether the Minimum Tender Condition has been satisfied, AFG and Purchaser have the right to include for purposes of its determination thereof Shares tendered in the Offer pursuant to guaranteed delivery procedures. The failure by AFG or Purchaser at any time to exercise its rights under any of the foregoing conditions will not be deemed a waiver of any such

rights and each such right will be deemed an ongoing right which may be asserted at any time or from time to time.

12. Effect of the Offer on the Market for the Shares; Nasdaq Listing; Exchange Act Registration; Margin Regulations

Market for the Shares. The purchase of Shares by Purchaser pursuant to the Offer will reduce the number of holders of Shares and the number of Shares that might otherwise trade publicly and, depending upon the number of Shares so purchased, could adversely affect the liquidity and market value of the remaining Shares held by the public. Purchaser cannot predict whether the reduction in the number of Shares that might otherwise trade publicly would have an adverse or beneficial effect on the market price for, or the marketability of, the Shares or whether it would cause future market prices to be greater or less than or the same as the Offer Price. Because if Purchaser is successful in owning at least 90% of the Shares (on a fully diluted basis) following the Offer Purchaser intends to complete the Merger promptly after it consummates the Offer, any such effect on the market for Shares will be temporary. In the event Purchaser waives the Minimum Tender Condition and acquires Shares constituting less than 90% of the outstanding Shares, some or all of the effects described in the sentences above could exist and continue indefinitely.

Stock Listing. The Shares are listed on the Nasdaq Stock Market on the Nasdaq's Global Select Market. After completion of the Offer and depending upon the aggregate market value and the per Share price of any Shares not purchased pursuant to the Offer, the Shares may no longer meet the requirements for continued listing on Nasdaq. According to Nasdaq's published guidelines, Nasdaq may delist the Shares if, among other things: (i) the number of total shareholders falls below 300; (ii) the number of the number of publicly held Shares (exclusive of holdings of directors and officers of National Interstate and their immediate families and other concentrated holdings of 10% or more) should fall below 500,000; (iii) the market value of such publicly held Shares falls below \$1,000,000; or (iv) the bid price for a Share falls below \$1.00. If as a result of the purchase of Shares pursuant to the Offer, the Shares no longer meet the requirements of Nasdaq for continued listing and the listing of the Shares is discontinued, the market for the Shares could be adversely affected.

If Nasdaq were to delist the Shares, it is possible that the Shares would continue to trade on other securities exchanges or in the over-the-counter market and that price quotations would be reported by such exchanges or other sources. The extent of the public market for the Shares and the availability of such quotations would depend, however, upon such factors as the number of shareholders and/or the aggregate market value of the publicly traded Shares remaining at such time, the interest in maintaining a market in the Shares on the part of securities firms, the possible termination of registration under the Exchange Act as described below, and other factors. Purchaser cannot predict whether the reduction in the number of Shares that might otherwise trade publicly would have an adverse or beneficial effect on the market price for, or the marketability of, the Shares or whether it would cause future market prices to be greater or lesser than the Offer Price.

If Purchaser is successful in owning at least 90% of the Shares (on a fully diluted basis) following the Offer, AFG and Purchaser intend to cause the Merger to be completed as soon as reasonably practicable. After the Merger is completed, there will be no public market for the Shares and no holders of the Shares other than a subsidiary of AFG, and the Shares will be delisted from Nasdaq.

Exchange Act Registration. National Interstate's common stock is currently registered under the Exchange Act. Registration of the common stock under the Exchange Act may be terminated upon application of National Interstate to the SEC, if the Shares are neither listed on a national securities exchange nor held by 300 or more holders of record. Termination of registration of the common stock under the Exchange Act would substantially reduce the information required to be furnished by National Interstate to its shareholders and to the SEC in respect of National Interstate's common stock and would make certain provisions of the Exchange Act no longer applicable to National Interstate, such as the short-swing profit recovery provisions of Section 16(b) and the requirement of furnishing a proxy statement pursuant to Section 14(a) in connection with shareholders' meetings and the related requirement of furnishing an annual report to shareholders. Furthermore, the ability

of “affiliates” of National Interstate and persons holding “restricted securities” of National Interstate to dispose of such securities pursuant to Rule 144 or Rule 144A promulgated under the Securities Act may be impaired or eliminated. Purchaser currently intends to seek the delisting of National Interstate’s common stock from Nasdaq and to cause National Interstate to terminate the registration of the common stock under the Exchange Act as soon as practicable after consummation of a Merger if the requirements for such delisting and termination of registration are met.

Margin Regulations. The Shares are presently “margin securities” under the regulations of the Board of Governors of the Federal Reserve System (the “**Federal Reserve Board**”), which status has the effect, among other things, of allowing brokers to extend credit on the collateral of the Shares. Depending upon factors similar to those described above regarding stock exchange listing and market quotations, it is possible that, following the Offer, the Shares would no longer constitute “margin securities” for the purposes of the margin regulations of the Federal Reserve Board and, therefore, could no longer be used as collateral for loans made by brokers. In addition, if registration of National Interstate’s common stock under the Exchange Act were terminated, the Shares would no longer constitute “margin securities.”

13. Certain Legal Matters; Regulatory Approvals

General. Neither AFG nor Purchaser is aware of (i) any license or regulatory permit that appears to be material to the business of National Interstate that might be adversely affected by the acquisition of Shares by AFG or Purchaser pursuant to the Offer, the Merger or otherwise, or (ii) except as discussed herein, any approval or other action by any Governmental Entity that would be required prior to the acquisition of Shares by Purchaser pursuant to the Offer, the Merger or otherwise. Should any such approval or other action be required, Purchaser and AFG presently contemplate that such approval or other action will be sought. There can be no assurance that any such approval or other action, if needed, would be obtained, or would be obtained without substantial conditions, or that failure to obtain any such approval or other action might not result in consequences materially adverse to National Interstate’s business in the event that such approvals were not obtained or such other actions were not taken. If certain types of adverse action are taken with respect to the matters discussed below, Purchaser could decline to accept for payment, or pay for, any Shares tendered. See “The Offer—Section 11. Conditions to the Offer” for certain conditions to the Offer, including conditions with respect to governmental actions.

State Anti-takeover Statutes. A number of states have adopted laws and regulations applicable to offers to acquire shares of corporations that are incorporated or have substantial assets, shareholders and/or a principal place of business in such states. National Interstate is incorporated under the laws of the State of Ohio. Section 1701.831 of the ORC (also known as the “control share acquisition law”) generally prohibits transactions in which a person obtains one-fifth or more but less than one-third of all the voting power of a corporation, one-third or more but less than a majority of all the voting power of a corporation, or a majority or more of all the voting power of a corporation, unless the shareholders approve the transaction at a special meeting, at which a quorum is present, by both the affirmative vote of a majority of the voting power of the corporation represented at the meeting and by the affirmative vote of a majority of the voting power of the corporation represented at the meeting excluding the voting power of “interested shares.” “Interested shares” are shares held by the acquiring person, an officer of the corporation elected or appointed by the directors of the corporation or an employee of the corporation who is also a director of such corporation. A corporation may provide in its Articles of Incorporation or Code of Regulations that Section 1701.831 does not apply to control share acquisitions of its shares. National Interstate has not opted out of this statute.

Section 1704.02 of the ORC (also known as the “merger moratorium law”) prohibits any “Chapter 1704 transaction” for a period of three years from the date on which a shareholder first becomes an “interested shareholder” unless the directors of the corporation, before the shareholder became an interested shareholder, approved the Chapter 1704 transaction or the transaction pursuant to which the shareholder became an interested shareholder. A “Chapter 1704 transaction” is defined to include a variety of transactions such as mergers, consolidations, combinations or majority share acquisitions between an Ohio corporation and an interested shareholder or an affiliate of an

interested shareholder. An “interested shareholder” is defined generally as any person who, directly or indirectly, beneficially owns 10% or more of the outstanding voting stock of the corporation. After the three-year period, a Chapter 1704 transaction is prohibited unless certain fair price provisions are complied with, the directors of the corporation approved the purchase of shares which made the shareholder an interested shareholder, or the shareholders of the corporation approve the transaction by the affirmative vote of two-thirds of the voting power of the corporation or such other percentage set forth in the articles of incorporation of the corporation, if any, provided that a majority of the disinterested shareholders approve the transaction. National Interstate has not opted out of this statute.

Because AFG (indirectly) and Purchaser (directly) already own a majority of all the voting power of National Interstate, AFG and Purchaser do not believe that Section 1701.831 of the ORC would prevent Purchaser from consummating the Offer or the Merger. Further, because AFG and Purchaser became interested shareholders in 1989, AFG and Purchaser do not believe that Section 1704.02 of the ORC would prevent Purchaser from consummating the Offer or the Merger.

National Interstate conducts business in a number of states throughout the United States, some of which have enacted takeover laws. AFG and Purchaser do not believe that the anti-takeover laws and regulations of any state will by their terms apply to the Offer or the Merger, and neither AFG nor Purchaser has attempted to comply with any state anti-takeover statute or regulation. AFG and Purchaser reserve the right to challenge the applicability or validity of any state law or regulation purporting to apply to the Offer or the Merger, and neither anything in this Offer to Purchase nor any action taken in connection herewith is intended as a waiver of such right. In the event it is asserted that one or more state takeover statutes is applicable to the Offer or the Merger and an appropriate court does not determine that such statute is inapplicable or invalid as applied to the Offer or the Merger, AFG or Purchaser might be required to file certain information with, or to receive approval from, the relevant state authorities, and Purchaser might be unable to accept for payment or pay for Shares tendered pursuant to the Offer, or be delayed in completing the Offer. In addition, if enjoined, Purchaser might be unable to accept for payment any Shares tendered pursuant to the Offer, or be delayed in continuing or completing the Offer and consummating the Merger. In such case, Purchaser may not be obligated to accept for payment any Shares tendered in the Offer. See “The Offer—Section 11. Conditions to the Offer.”

Litigation Related to the Offer. On February 11, 2014, a putative shareholder derivative and class action lawsuit captioned *Robert Bernatchez vs. American Financial Group, Inc., et al.*, No. A-1400806 was filed by a purported stockholder of National Interstate in the Court of Common Pleas of Hamilton County, Ohio (the “**Bernatchez Action**”). The complaint filed in the Bernatchez Action names AFG and Purchaser as defendants and National Interstate as nominal defendant. The complaint alleges that the Offer is coercive because AFG and Purchaser could cash out the National Interstate shareholders who do not tender their shares in the Offer at a lower price than the Offer Price and because there is a limited amount of time for National Interstate’s shareholders to make a decision with respect to the Offer. The complaint also alleges that the process undertaken by National Interstate’s board of directors involved conflicts of interest, that the Offer Price is unfair to National Interstate’s shareholders and that the Schedule TO lacks financial information necessary for National Interstate’s shareholders to make a sound decision with respect to the Offer. The complaint seeks compensatory and rescissory damages and unspecified injunctive relief. AFG and Purchaser have reviewed the allegations contained in the complaint filed in the Bernatchez Action and believe they are without merit. AFG and Purchaser intend to defend the Bernatchez Action vigorously.

On February 18, 2014, a putative shareholder derivative and class action lawsuit captioned *Cambridge Retirement System vs. American Financial Group, Inc., et al.*, No. CV-2014-02-0819 was filed by a purported stockholder of National Interstate in the Court of Common Pleas of Summit County, Ohio (the “**Cambridge Action**”). The complaint filed in the Cambridge Action names AFG and Purchaser as defendants and National Interstate as nominal defendant. The complaint also names as defendants directors of the National Interstate board of directors who are executives or former executives of AFG and/or Purchaser (the “**Defendant Directors**”). The complaint asserts class action and derivative claims against AFG and the Purchaser for breach of fiduciary duty and aiding and abetting a breach of fiduciary duty by the Defendant Directors. It also asserts class and

derivative claims against the Defendant Directors for breach of the fiduciary duties of due care, good faith, candor and loyalty. In general, the complaint in the Cambridge Action alleges that the tender offer is unfair and coercive, is unfairly priced even at the revised price of \$30 per share and that, due to alleged conflicts of interest, Defendants have refused requests to form an independent special committee to review the offer and make a recommendation to the National Interstate shareholders. The complaint seeks compensatory and rescissory damages and unspecified injunctive relief. AFG and Purchaser intend to defend the Cambridge Action vigorously.

Antitrust. Under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the “**HSR Act**”), and the rules that have been promulgated thereunder by the Federal Trade Commission (the “**FTC**”), certain acquisition transactions may not be consummated unless certain information has been furnished to the Antitrust Division of the Department of Justice (the “**DOJ**”) and the FTC and certain waiting period requirements have been satisfied. As explained more fully below, however, the Offer is not a reportable transaction under the HSR Act.

AFG currently beneficially owns more than 50% of the outstanding voting securities of National Interstate. Under the HSR Act, this level of ownership means that AFG is in “control” of National Interstate for the purposes of such regulations. Based on the foregoing, AFG and Purchaser believe no HSR Act filing is required in connection with the Offer and the Merger.

Federal Reserve Board Regulations. Regulations T, U and X (the “**Margin Regulations**”) of the Federal Reserve Board restrict the extension or maintenance of credit for the purpose of buying or carrying margin stock, including the Shares, if the credit is secured directly or indirectly by margin stock. AFG is funding the acquisition of the Shares from its internally available funds. The Margin Regulations are thus inapplicable to the Offer.

State Insurance Regulatory Approvals. Subsidiaries of AFG and National Interstate are regulated by state insurance regulators. Completion of the Offer and the Merger may be subject to certain requirements for prior notice to and/or approval by state insurance regulators applicable to transactions between a domestic insurance company and its affiliates (referred to as “**Form A Notice**”). Under the various state insurance laws a domestic insurer may not enter into certain specified transactions in excess of specified size thresholds with an affiliate unless the insurer has provided state insurance regulators thirty days’ prior notice and the transaction has not been disapproved during that time.

14. Fees and Expenses

AFG has retained Innisfree M&A Incorporated to serve as the Information Agent, and American Stock Transfer & Trust Company, LLC, to serve as the Depositary in connection with the Offer. The Information Agent may contact holders of Shares by personal interview, mail, telephone and other methods of electronic communication and may request brokers, dealers, commercial banks, trust companies and other nominees to forward the Offer materials to beneficial holders. Each of the Information Agent and the Depositary will receive reasonable and customary compensation for their services, be reimbursed for certain reasonable out-of-pocket expenses and be indemnified against certain liabilities in connection with their services, including certain liabilities and expenses under the federal securities laws.

Except as discussed above, neither AFG nor Purchaser will pay any fees or commissions to any broker or dealer or other person or entity in connection with the solicitation of tenders of Shares pursuant to the Offer. Brokers, dealers, banks and trust companies will be reimbursed by Purchaser for customary mailing and handling expenses incurred by them in forwarding the Offer materials to their customers.

The following is an estimate of fees and expenses to be incurred by AFG and Purchaser in connection with the Offer:

Filing Fees	\$ 36,790
Paying Agent and Depositary Fees	\$ 50,000
Information Agent	\$ 60,000
Legal, Printing and Mailing and other Miscellaneous Fees and Expenses	\$ 400,000
Total	\$ 546,790

In addition, National Interstate will incur its own fees and expenses in connection with the Offer.

15. Miscellaneous

The Offer is being made solely by this Offer to Purchase and the related Letter of Transmittal and is being made to the holders of Shares other than AFG and its subsidiaries, including Purchaser. Purchaser is not aware of any state where the making of the Offer is prohibited by administrative or judicial action pursuant to any valid state statute. If Purchaser becomes aware of any valid state statute prohibiting the making of the Offer or the acceptance of the Shares pursuant thereto, Purchaser will make a good faith effort to comply with such statute or seek to have such statute declared inapplicable to the Offer. If, after such good faith effort, Purchaser cannot comply with such state statute, the Offer will not be made to (nor will tenders be accepted from or on behalf of) holders of Shares in such state.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION ON BEHALF OF AFG OR PURCHASER NOT CONTAINED HEREIN OR IN THE LETTER OF TRANSMITTAL AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED. NO BROKER, DEALER, BANK, TRUST COMPANY, FIDUCIARY OR OTHER PERSON SHALL BE DEEMED TO BE THE AGENT OF AFG, PURCHASER, THE DEPOSITARY OR THE INFORMATION AGENT FOR THE PURPOSE OF THE OFFER.

Purchaser and AFG have filed with the SEC a Tender Offer Statement on Schedule TO and Transaction Statement on Schedule 13E-3 pursuant to Rules 14d-3 and 13e-3 under the Exchange Act, together with all exhibits thereto, furnishing certain additional information with respect to the Offer. Such Schedule TO and Schedule 13E-3 and any amendments thereto, including exhibits, should be available for inspection and copies should be obtainable in the same manner described in “The Offer—Section 7. Certain Information Concerning National Interstate—Available Information.”

GREAT AMERICAN INSURANCE COMPANY

February 21, 2014

SCHEDULE A

INFORMATION CONCERNING DIRECTORS AND EXECUTIVE OFFICERS OF AFG

1. *Directors and Executive Officers of AFG.* The following table sets forth the name and present principal occupation or employment, and material occupations, positions, offices or employments for the past five years, of each director and executive officer of AFG. Unless otherwise indicated, each such person is a U.S. citizen, the business address of each such person is c/o American Financial Group, Inc., Great American Insurance Group Tower, 18th Floor, 301 East Fourth Street, Cincinnati, Ohio 45202, and the telephone number of each such person is (513) 412-4802 and each such person has been engaged in AFG's or its subsidiaries' business actively and continuously for the past five years. Neither AFG nor any of the listed persons, during the past five years, has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or was a party to a civil proceeding of a judicial or administrative body of competent jurisdiction as a result of which such person was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting activities subject to, federal or state securities laws or finding any violation of such laws.

<u>Name</u>	<u>Position with Reporting Person</u>	<u>Principal Occupation or Employment; Material Positions Held During the Past Five Years</u>
Carl H. Lindner III	Co-Chief Executive Officer, Co-President and Director	Co-Chief Executive Officer since January 2005, and since 1996, Co-President. Until 2010, for over ten years, served as President, and since 2010, has served as Chairman of Great American Insurance Company, a subsidiary of the Company, and has been principally responsible for the Company's property and casualty insurance operations.
S. Craig Lindner	Co-Chief Executive Officer, Co-President and Director	Co-Chief Executive Officer since January 2005, and since 1996, Co-President. For more than ten years, President of Great American Financial Resources, Inc., a subsidiary of AFG, and has been principally responsible for the Company's annuity operations. Until 2011, for over ten years, served as President of American Money Management Corporation ("AMMC"), a subsidiary of AFG that provides investment services for AFG and certain of its affiliated companies.
Kenneth C. Ambrecht	Director	Since December, 2005, Mr. Ambrecht has been a Principal of KCA Associates, LLC, an investment banking firm
John B. Berding	President of American Money Management Corporation and Director	President of AMMC since January 2011. Prior to election as President, held a number of investment-related executive positions with AMMC and other AFG subsidiaries, most recently serving as Executive Vice President of AMMC since 2009.

Name	Position with Reporting Person	Principal Occupation or Employment; Material Positions Held During the Past Five Years
Joseph E. (Jeff) Consolino	Executive Vice President, Chief Financial Officer, and Director	Executive Vice President and Chief Financial Officer of the Company since February 2013. Also serves, since February 2013, as Chairman of the Board of National Interstate. Prior to joining the Company, served as president and chief financial officer of Validus Holdings, Ltd., a Bermuda-based property and casualty reinsurance company. Prior to joining Validus in March 2006, served as a managing director in Merrill Lynch's investment banking division.
Virginia "Gina" C. Drosos	Director	President of Assurex Health, a personalized medicine company specializing in pharmacogenomics for neuropsychiatric and other disorders
James E. Evans	Executive Consultant and Director	Executive consultant to the Company. From 1994 through 2013, served as Senior Vice President of the Company and also served as General Counsel until March 2012 when elected Executive Counsel.
Terry S. Jacobs	Director	Chairman and Chief Executive Officer, JFP Group, LLC, a real estate development company, and Chairman Emeritus, Jamos Capital, LLC, a private equity firm specializing in alternative investment strategies
Gregory G. Joseph	Director	Executive Vice President and Principal, Joseph Automotive Group, an automobile dealership and real estate management company
William W. Verity	Director	President, Verity & Verity, LLC, an investment management company
John I. Von Lehman	Director	Retired Executive Vice President, Chief Financial Officer and Secretary, The Midland Company, an Ohio-based provider of specialty insurance products
Michelle A. Gillis	Senior Vice President and Chief Administrative Officer	Senior Vice President since March 2013 and serves in such role in addition to serving as Chief Administrative Officer. Since March 2012, has served as Vice President and Chief Administrative Officer. Since joining the Company in 2004, has held various senior human resource management positions with Great American Insurance Company and AFG.
Vito C. Peraino	Senior Vice President and General Counsel	Senior Vice President and General Counsel since March 2012. Previously served as Senior Vice President of Great American Insurance Company since 2002 and Assistant General Counsel of Great American Insurance Company since 2004. Also serves on the Board of National Interstate Corporation.

2. *Directors and Executive Officers of Purchaser.* The following table sets forth the name and present principal occupation or employment, and material occupations, positions, offices or employments for the past five years, of each director and executive officer of Purchaser. Purchaser considers that the persons having the following titles are executive officers: chief executive officer, president, chief operating officer, and executive vice president. Unless otherwise indicated, each such person is a U.S. citizen, the business address of each such person is c/o American Financial Group, Inc., Great American Insurance Group Tower, 18th Floor, 301 East Fourth Street, Cincinnati, Ohio 45202, and the telephone number of each such person is (513) 369-5000 and each such person has been engaged in Purchaser's or its subsidiaries' business actively and continuously for the past five years. Neither Purchaser nor any of the listed persons, during the past five years, has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or was a party to a civil proceeding of a judicial or administrative body of competent jurisdiction as a result of which such person was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting activities subject to, federal or state securities laws or finding any violation of such laws.

<u>Name</u>	<u>Position</u>	<u>Principal Occupation or Employment; Material Positions Held During the Past Five Years</u>
Carl H. Lindner III	Chairman of the Board and Chief Executive Officer	Co-Chief Executive Officer of AFG since January 2005, and since 1996, Co-President of AFG. Until 2010, for over ten years, served as President, and since 2010, has served as Chairman of Purchaser.
Donald D. Larson	Director, President, and Chief Operating Officer	Since 1973, has held various positions with Purchaser and its affiliates, currently serving as President and Chief Operating Officer of Purchaser.
Ronald J. Brichler	Director and Executive Vice President	Since 1977, has held various positions with Purchaser and its affiliates, currently serving as Executive Vice President of Purchaser.
Gary J. Gruber	Director and Executive Vice President	Since 1977, has held various positions with Purchaser and its affiliates, currently serving as Executive Vice President of Purchaser.
Vincent McLenaghan	Executive Vice President	Executive Vice President since July 2012. From 1995-2011 held various positions with QBE Insurance Group, most recently as CEO, Australia Asia Pacific Division.
Aaron B. Latto	Director, Senior Vice President, and Assistant General Counsel	Senior Vice President since March 2012. Previously Senior Divisional Vice President from 2010 to 2012. From 2000 to 2010, served in various capacities for Travelers Insurance (formerly St. Paul Insurance), including most recently as Vice President.
Michael D. Pierce	Director and Senior Vice President	Since 1986, has held various positions with Purchaser and its affiliates, currently serving as Senior Vice President of Purchaser.
Eve Cutler Rosen	Director, Senior Vice President, General Counsel, and Secretary	Since 1987, has held various positions with Purchaser and its affiliates, currently serving as Senior Vice President, General Counsel and Secretary of Purchaser.
Piyush K. Singh	Director, Senior Vice President, and Chief Information Officer	Since 2006, has held various positions with Purchaser and its affiliates, currently serving as Senior Vice President and Chief Information Officer of Purchaser.

Name	Position	Principal Occupation or Employment; Material Positions Held During the Past Five Years
Michael E. Sullivan, Jr.	Director and Senior Vice President	Since 2006, has held various positions with Purchaser and its affiliates, currently serving as Senior Vice President of Purchaser.
David J. Witzgall	Director, Senior Vice President, and Chief Financial Officer	Since 2001, has held various positions with Purchaser and its affiliates, currently serving as Senior Vice President and Chief Financial Officer of Purchaser.

SCHEDULE B**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS**

The following table sets forth, to the best knowledge of AFG and Purchaser, the current ownership of Shares by AFG and Purchaser and their respective directors and executive officers and by the directors and executive officers of National Interstate as of December 31, 2013. Such ownership information is based on data furnished by the persons named. Unless otherwise indicated, beneficial ownership of the equity securities held by each individual consists of sole voting power and sole investment power or of voting power and investment power that is shared with the individual's spouse or family member.

Name	Number of Shares(1)	Percent
Great American Insurance Company	10,200,000	51.7%
David W. Michelson (2)	233,580	1.3%
Julie A. McGraw (2)	41,238	*
Terry E. Phillips (2)	66,079	*
Gary N. Monda (2)	65,238	*
Arthur J. Gonzales	24,000	*
Anthony J. Mercurio (2)	46,880	*
Joseph E. (Jeff) Consolino	9,479	*
Gary J. Gruber	1,000	*
Keith A. Jensen	1,679	*
Donald D. Larson	1,000	*
Vito C. Peraino	1,000	*
Joel Schiavone	59,475	*
Donald W. Schwegman	—	*
Alan R. Spachman	1,694,125	8.6%
Michael A. Spachman	83,715	*

* Less than 1%

- (1) Beneficial ownership is determined in accordance with Rule 13d-3 of the Securities Exchange Act and generally includes voting and investment power with respect to securities, subject to community property laws, where applicable. The table also includes the number of common shares that may be acquired pursuant to options that are currently exercisable or will be exercisable within 60 days of December 31, 2013.
- (2) Includes shares of service—based restricted stock, in which the owners have sole voting power.

SECTION 1701.85 OF THE OHIO REVISED CODE

Qualifications of and procedures for dissenting shareholders

(A)(1) A shareholder of a domestic corporation is entitled to relief as a dissenting shareholder in respect of the proposals described in sections 1701.74, 1701.76, and 1701.84 of the Revised Code, only in compliance with this section.

(2) If the proposal must be submitted to the shareholders of the corporation involved, the dissenting shareholder shall be a record holder of the shares of the corporation as to which the dissenting shareholder seeks relief as of the date fixed for the determination of shareholders entitled to notice of a meeting of the shareholders at which the proposal is to be submitted, and such shares shall not have been voted in favor of the proposal. Not later than ten days after the date on which the vote on the proposal was taken at the meeting of the shareholders, the dissenting shareholder shall deliver to the corporation a written demand for payment to the dissenting shareholder of the fair cash value of the shares as to which the dissenting shareholder seeks relief, which demand shall state the dissenting shareholder's address, the number and class of such shares, and the amount claimed by the dissenting shareholder as the fair cash value of the shares.

(3) The dissenting shareholder entitled to relief under division (C) of section 1701.84 of the Revised Code in the case of a merger pursuant to section 1701.80 of the Revised Code and a dissenting shareholder entitled to relief under division (E) of section 1701.84 of the Revised Code in the case of a merger pursuant to section 1701.801 of the Revised Code shall be a record holder of the shares of the corporation as to which the dissenting shareholder seeks relief as of the date on which the agreement of merger was adopted by the directors of that corporation. Within twenty days after the dissenting shareholder has been sent the notice provided in section 1701.80 or 1701.801 of the Revised Code, the dissenting shareholder shall deliver to the corporation a written demand for payment with the same information as that provided for in division (A)(2) of this section.

(4) In the case of a merger or consolidation, a demand served on the constituent corporation involved constitutes service on the surviving or the new entity, whether the demand is served before, on, or after the effective date of the merger or consolidation. In the case of a conversion, a demand served on the converting corporation constitutes service on the converted entity, whether the demand is served before, on, or after the effective date of the conversion.

(5) If the corporation sends to the dissenting shareholder, at the address specified in the dissenting shareholder's demand, a request for the certificates representing the shares as to which the dissenting shareholder seeks relief, the dissenting shareholder, within fifteen days from the date of the sending of such request, shall deliver to the corporation the certificates requested so that the corporation may endorse on them a legend to the effect that demand for the fair cash value of such shares has been made. The corporation promptly shall return the endorsed certificates to the dissenting shareholder. A dissenting shareholder's failure to deliver the certificates terminates the dissenting shareholder's rights as a dissenting shareholder, at the option of the corporation, exercised by written notice sent to the dissenting shareholder within twenty days after the lapse of the fifteen-day period, unless a court for good cause shown otherwise directs. If shares represented by a certificate on which such a legend has been endorsed are transferred, each new certificate issued for them shall bear a similar legend, together with the name of the original dissenting holder of the shares. Upon receiving a demand for payment from a dissenting shareholder who is the record holder of uncertificated securities, the corporation shall make an appropriate notation of the demand for payment in its shareholder records. If uncertificated shares for which payment has been demanded are to be transferred, any new certificate issued for the shares shall bear the legend required for certificated securities as provided in this paragraph. A transferee of the shares so endorsed, or of uncertificated securities where such notation has been made, acquires only the rights in the corporation as the original dissenting holder of such shares had immediately after the service of a demand for payment of the fair cash value of the shares. A request under this paragraph by the

corporation is not an admission by the corporation that the shareholder is entitled to relief under this section.

(B) Unless the corporation and the dissenting shareholder have come to an agreement on the fair cash value per share of the shares as to which the dissenting shareholder seeks relief, the dissenting shareholder or the corporation, which in case of a merger or consolidation may be the surviving or new entity, or in the case of a conversion may be the converted entity, within three months after the service of the demand by the dissenting shareholder, may file a complaint in the court of common pleas of the county in which the principal office of the corporation that issued the shares is located or was located when the proposal was adopted by the shareholders of the corporation, or, if the proposal was not required to be submitted to the shareholders, was approved by the directors. Other dissenting shareholders, within that three month period, may join as plaintiffs or may be joined as defendants in any such proceeding, and any two or more such proceedings may be consolidated. The complaint shall contain a brief statement of the facts, including the vote and the facts entitling the dissenting shareholder to the relief demanded. No answer to a complaint is required. Upon the filing of a complaint, the court, on motion of the petitioner, shall enter an order fixing a date for a hearing on the complaint and requiring that a copy of the complaint and a notice of the filing and of the date for hearing be given to the respondent or defendant in the manner in which summons is required to be served or substituted service is required to be made in other cases. On the day fixed for the hearing on the complaint or any adjournment of it, the court shall determine from the complaint and from evidence submitted by either party whether the dissenting shareholder is entitled to be paid the fair cash value of any shares and, if so, the number and class of such shares. If the court finds that the dissenting shareholder is so entitled, the court may appoint one or more persons as appraisers to receive evidence and to recommend a decision on the amount of the fair cash value. The appraisers have power and authority specified in the order of their appointment. The court thereupon shall make a finding as to the fair cash value of a share and shall render judgment against the corporation for the payment of it, with interest at a rate and from a date as the court considers equitable. The costs of the proceeding, including reasonable compensation to the appraisers to be fixed by the court, shall be assessed or apportioned as the court considers equitable. The proceeding is a special proceeding and final orders in it may be vacated, modified, or reversed on appeal pursuant to the Rules of Appellate Procedure and, to the extent not in conflict with those rules, Chapter 2505. of the Revised Code. If, during the pendency of any proceeding instituted under this section, a suit or proceeding is or has been instituted to enjoin or otherwise to prevent the carrying out of the action as to which the shareholder has dissented, the proceeding instituted under this section shall be stayed until the final determination of the other suit or proceeding. Unless any provision in division (D) of this section is applicable, the fair cash value of the shares that is agreed upon by the parties or fixed under this section shall be paid within thirty days after the date of final determination of such value under this division, the effective date of the amendment to the articles, or the consummation of the other action involved, whichever occurs last. Upon the occurrence of the last such event, payment shall be made immediately to a holder of uncertificated securities entitled to payment. In the case of holders of shares represented by certificates, payment shall be made only upon and simultaneously with the surrender to the corporation of the certificates representing the shares for which the payment is made.

(C) If the proposal was required to be submitted to the shareholders of the corporation, fair cash value as to those shareholders shall be determined as of the day prior to the day on which the vote by the shareholders was taken and, in the case of a merger pursuant to section 1701.80 or 1701.801 of the Revised Code, fair cash value as to shareholders of a constituent subsidiary corporation shall be determined as of the day before the adoption of the agreement of merger by the directors of the particular subsidiary corporation. The fair cash value of a share for the purposes of this section is the amount that a willing seller who is under no compulsion to sell would be willing to accept and that a willing buyer who is under no compulsion to purchase would be willing to pay, but in no event shall the fair cash value of a share exceed the amount specified in the demand of the particular shareholder. In computing fair cash value, any appreciation or depreciation

in market value resulting from the proposal submitted to the directors or to the shareholders shall be excluded.

(D)(1) The right and obligation of a dissenting shareholder to receive fair cash value and to sell such shares as to which the dissenting shareholder seeks relief, and the right and obligation of the corporation to purchase such shares and to pay the fair cash value of them terminates if any of the following applies:

(a) The dissenting shareholder has not complied with this section, unless the corporation by its directors waives such failure;

(b) The corporation abandons the action involved or is finally enjoined or prevented from carrying it out, or the shareholders rescind their adoption of the action involved;

(c) The dissenting shareholder withdraws the dissenting shareholder's demand, with the consent of the corporation by its directors;

(d) The corporation and the dissenting shareholder have not come to an agreement as to the fair cash value per share, and neither the shareholder nor the corporation has filed or joined in a complaint under division (B) of this section within the period provided in that division.

(2) For purposes of division (D)(1) of this section, if the merger, consolidation, or conversion has become effective and the surviving, new, or converted entity is not a corporation, action required to be taken by the directors of the corporation shall be taken by the partners of a surviving, new, or converted partnership or the comparable representatives of any other surviving, new, or converted entity.

(E) From the time of the dissenting shareholder's giving of the demand until either the termination of the rights and obligations arising from it or the purchase of the shares by the corporation, all other rights accruing from such shares, including voting and dividend or distribution rights, are suspended. If during the suspension, any dividend or distribution is paid in money upon shares of such class or any dividend, distribution, or interest is paid in money upon any securities issued in extinguishment of or in substitution for such shares, an amount equal to the dividend, distribution, or interest which, except for the suspension, would have been payable upon such shares or securities, shall be paid to the holder of record as a credit upon the fair cash value of the shares. If the right to receive fair cash value is terminated other than by the purchase of the shares by the corporation, all rights of the holder shall be restored and all distributions which, except for the suspension, would have been made shall be made to the holder of record of the shares at the time of termination.

The Letter of Transmittal, Share Certificates and any other required documents should be sent or delivered by each shareholder of National Interstate or such shareholder's broker, dealer, commercial bank, trust company or other nominee to the Depositary, at the applicable address set forth below:

The Depositary for the Offer is:

American Stock Transfer & Trust Company, LLC

By Mail:

American Stock Transfer & Trust Company, LLC

Operations Center

Attn: Reorganization Department

P.O. Box 2042

New York, New York 10272-2042

By Hand or Overnight Courier:

American Stock Transfer & Trust Company, LLC

Operations Center

Attn: Reorganization Department

6201 15th Avenue

Brooklyn, New York 11219

Questions and requests for assistance may be directed to the Information Agent at its address and telephone number set forth below. Requests for additional copies of this Offer to Purchase, the Letter of Transmittal, the Notice of Guaranteed Delivery and other tender offer materials may be directed to the Information Agent. A shareholder may also contact such shareholder's broker, dealer, commercial bank, trust company or other nominee for assistance.

The Information Agent for the Offer is:



M&A Incorporated

501 Madison Avenue, 20th floor

New York, New York 10022

Shareholders may call toll free: (888) 750-5834

Banks and Brokers may call collect: (212) 750-5833

AMENDED AND RESTATED
LETTER OF TRANSMITTAL TO TENDER SHARES OF COMMON STOCK
OF

NATIONAL INTERSTATE CORPORATION

AT \$30.00 NET PER SHARE IN CASH PURSUANT TO THE AMENDED AND RESTATED OFFER TO PURCHASE DATED FEBRUARY 21, 2014 BY GREAT AMERICAN INSURANCE COMPANY
A WHOLLY-OWNED SUBSIDIARY OF

AMERICAN FINANCIAL GROUP, INC.

The undersigned represents that I (we) have full authority to surrender without restriction the certificate(s) listed below. You are hereby authorized and instructed to deliver to the address indicated below (unless otherwise instructed in the boxes in the following page) a check representing a cash payment for shares of common stock, par value \$0.01 per share, of National Interstate Corporation ("National Interstate") (collectively, the "Shares") tendered pursuant to this Letter of Transmittal, at a price of \$30.00 per share, net to the seller in cash, without interest and less any applicable withholding taxes, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated February 21, 2014 (as it may be amended or supplemented from time to time, the "Offer to Purchase" and, together with this Letter of Transmittal, as it may be amended or supplemented from time to time, the "Offer").

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, EASTERN TIME, ON MARCH 6, 2014, UNLESS THE OFFER IS EXTENDED (SUCH DATE AND TIME, AS IT MAY BE EXTENDED, THE "EXPIRATION DATE") OR EARLIER TERMINATED.

Method of delivery of the certificate(s) is at the option and risk of the owner thereof. See Instruction 2.

Mail or deliver this Letter of Transmittal, together with the certificate(s) representing your shares, to:



If delivering by mail, hand, express mail, courier, or other expedited service:

American Stock Transfer & Trust Company, LLC
Operations Center
Attn: Reorganization Department
6201 15th Avenue
Brooklyn, New York 11219

Pursuant to the offer of Great American Insurance Company ("Purchaser") to purchase all outstanding Shares of National Interstate, the undersigned encloses herewith and surrenders the following certificate(s) representing Shares of National Interstate:

Table with columns: Name(s) and Address(es) of Registered Owner(s), Shares Surrendered (attached additional list if necessary), and sub-columns for Certificated Shares** (Certificate Number(s)*, Total Number of Shares Represented by Certificate(s)*, Number of Shares Surrendered**, Book Entry Shares Surrendered). Includes a Total Shares row and footnotes.

PLEASE READ THE INSTRUCTIONS ACCOMPANYING THIS LETTER OF TRANSMITTAL CAREFULLY BEFORE COMPLETING THIS LETTER OF TRANSMITTAL.

IF YOU WOULD LIKE ADDITIONAL COPIES OF THIS LETTER OF TRANSMITTAL OR ANY OF THE OTHER OFFERING DOCUMENTS, YOU SHOULD CONTACT THE INFORMATION AGENT, INNISFREE M&A INCORPORATED, AT (888) 750-5834.

You have received this Letter of Transmittal in connection with the offer of Great American Insurance Company, an Ohio corporation (“Purchaser”), and a wholly-owned subsidiary of American Financial Group, Inc., an Ohio corporation (“AFG”), to purchase all outstanding shares of common stock, par value \$0.01 per share, of National Interstate Group, Inc., an Ohio corporation (“National Interstate”), of National Interstate (collectively, the “Shares”), at a price of \$30.00 per Share, net to the seller in cash, without interest and less any applicable withholding taxes, as described in the Offer to Purchase, dated February 5, 2014 (as amended and supplemented by the Amended and Restated Offer to Purchase, dated February 21, 2014 and as it may be amended or supplemented from time to time, the “Offer to Purchase” and, together with this Letter of Transmittal, as it may be amended or supplemented from time to time, the “Offer”).

You should use this Letter of Transmittal to deliver to American Stock Transfer & Trust Company (the “Depository”) Shares represented by stock certificates, or held in book-entry form on the books of National Interstate, for tender. If you are delivering your Shares by book-entry transfer to an account maintained by the Depository at The Depository Trust Company (“DTC”), you must use an Agent’s Message (as defined in Instruction 2 below). In this Letter of Transmittal, stockholders who deliver certificates representing their Shares are referred to as “Certificate Stockholders,” and stockholders who deliver their Shares through book-entry transfer are referred to as “Book-Entry Stockholders.”

If certificates for your Shares are not immediately available or you cannot deliver your certificates and all other required documents to the Depository prior to the Expiration Date or you cannot complete the book-entry transfer procedures prior to the Expiration Date, you may nevertheless tender your Shares according to the guaranteed delivery procedures set forth in Section 3 of the Offer to Purchase. See Instruction 2 below. **Delivery of documents to DTC will not constitute delivery to the Depository.**

£ **CHECK HERE IF TENDERED SHARES ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER TO THE ACCOUNT MAINTAINED BY THE DEPOSITARY WITH DTC AND COMPLETE THE FOLLOWING (ONLY FINANCIAL INSTITUTIONS THAT ARE PARTICIPANTS IN DTC MAY DELIVER SHARES BY BOOK-ENTRY TRANSFER):**

Name of Tendering

Institution: _____

DTC Participant

Number: _____

Transaction Code

Number: _____

£ **CHECK HERE IF TENDERED SHARES ARE BEING DELIVERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY PREVIOUSLY SENT TO THE DEPOSITARY AND COMPLETE THE FOLLOWING (PLEASE ENCLOSE A PHOTOCOPY OF SUCH NOTICE OF GUARANTEED DELIVERY):**

Name(s) of Registered Owner(s): _____

Window Ticket Number (if any)

or DTC Participant Number: _____

Date of Execution of

Notice of Guaranteed Delivery: _____

Name of Institution which

Guaranteed Delivery: _____

**NOTE: SIGNATURES MUST BE PROVIDED BELOW.
PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY.**

Ladies and Gentlemen:

The undersigned hereby tenders to Great American Insurance Company, an Ohio corporation (“Purchaser”) and a wholly-owned subsidiary of American Financial Group, an Ohio corporation (“AFG”), the above-described shares (the “Shares”) of common stock, par value \$0.01 per share, of National Interstate Corporation, an Ohio corporation (“National Interstate”), at a price of \$30.00 per Share, net to the seller in cash, without interest and less any applicable withholding taxes, on the terms and subject to the conditions set forth in the Offer to Purchase, receipt of which is hereby acknowledged, and this Letter of Transmittal (as it may be amended or supplemented from time to time, this “Letter of Transmittal” and, together with the Offer to Purchase, as it may be amended or supplemented from time to time, the “Offer”). The undersigned understands that Purchaser reserves the right to transfer or assign, from time to time, in whole or in part, to one or more of its affiliates, the right to purchase the Shares tendered herewith.

On the terms and subject to the conditions of the Offer (including, if the Offer is extended or amended, the terms and conditions of such extension or amendment), subject to, and effective upon, acceptance for payment and payment for the Shares validly tendered herewith, and not properly withdrawn, prior to the Expiration Date (unless the tender is made during a Subsequent Offering Period (as defined in the Offer to Purchase), if one is provided, in which case the Shares, the Letter of Transmittal and other documents must be accepted for payment and payment validly tendered, and not properly withdrawn, prior to the expiration of the Subsequent Offering Period) in accordance with the terms of the Offer, the undersigned hereby sells, assigns and transfers to, or upon the order of, Purchaser, all right, title and interest in and to all of the Shares being tendered hereby and any and all cash dividends, distributions, rights, other Shares or other securities issued or issuable in respect of such Shares on or after March 7, 2014 (collectively, “Distributions”). By tendering shares in accordance with the procedures set forth herein, the undersigned also tenders the preferred stock purchase rights associated with the Shares. In addition, the undersigned hereby irrevocably appoints American Stock Transfer & Trust Company (the “Depository”) the true and lawful agent and attorney-in-fact and proxy of the undersigned with respect to such Shares and any Distributions with full power of substitution (such proxies and power of attorney being deemed to be an irrevocable power coupled with an interest in the tendered shares) to the full extent of such stockholder’s rights with respect to such Shares and any Distributions (a) to deliver certificates representing Shares (the “Share Certificates”) and any Distributions, or transfer of ownership of such Shares and any Distributions on the account books maintained by DTC, together, in either such case, with all accompanying evidence of transfer and authenticity, to or upon the order of Purchaser, (b) to present such Shares and any Distributions for transfer on the books of National Interstate, and (c) to receive all benefits and otherwise exercise all rights of beneficial ownership of such Shares and any Distributions, all in accordance with the terms and subject to the conditions of the Offer.

The undersigned hereby irrevocably appoints each of the designees of Purchaser the attorneys-in-fact and proxies of the undersigned, each with full power of substitution, to the full extent of such stockholder’s rights with respect to the Shares tendered hereby which have been accepted for payment and with respect to any Distributions. The designees of Purchaser will, with respect to the Shares and any associated Distributions for which the appointment is effective, be empowered to exercise all voting and any other rights of such stockholder, as they, in their sole discretion, may deem proper at any annual, special, adjourned or postponed meeting of National Interstate’s stockholders, by written consent in lieu of any such meeting or otherwise. This proxy and power of attorney shall be irrevocable and coupled with an interest in the tendered Shares. Such appointment is effective when, and only to the extent that, Purchaser accepts the Shares tendered with this Letter of Transmittal for payment pursuant to the Offer. Upon the effectiveness of such appointment, without further action, all prior powers of attorney, proxies and consents given by the undersigned with respect to such Shares and any associated Distributions will be revoked and no subsequent powers of attorney, proxies, consents or revocations may be given (and, if given, will not be deemed effective). Purchaser reserves the right to require that, in order for Shares to be deemed validly tendered, immediately upon Purchaser’s acceptance for payment of such Shares, Purchaser must be able to exercise full voting, consent and other rights, to the extent permitted under applicable law, with respect to such Shares and any associated Distributions, including voting at any meeting of stockholders or executing a written consent concerning any matter.

The undersigned hereby represents and warrants that the undersigned has full power and authority to tender, sell, assign and transfer the Shares and any Distributions tendered hereby and, when the same are accepted for payment by Purchaser, Purchaser will acquire good, marketable and unencumbered title thereto, free and clear of all liens, restrictions, charges and encumbrances and the same will not be subject to any adverse claim. The undersigned hereby represents and warrants that the undersigned is the registered owner of the Shares, or the Share Certificate(s) have been endorsed to the undersigned in blank, or the undersigned is a participant in DTC whose name appears on a security position listing as the owner of the Shares. The undersigned will, upon request, execute and deliver any additional documents deemed by the Depository or Purchaser to be necessary or desirable to complete the sale, assignment and transfer of the Shares and any Distributions tendered hereby. In addition, the undersigned shall promptly remit and transfer to the Depository for the account of Purchaser any and all Distributions in respect of the Shares tendered hereby, accompanied by appropriate documentation of transfer and, pending such remittance or appropriate assurance thereof, Purchaser shall be entitled to all rights and privileges as owner of any such Distributions and may withhold the entire purchase price or deduct from the purchase price the amount or value thereof, as determined by Purchaser in its sole discretion.

It is understood that the undersigned will not receive payment for the Shares unless and until the Shares are accepted for payment and until the Share Certificate(s) owned by the undersigned are received by the Depository at the address set forth above, together with such additional documents as the Depository may require, or, in the case of Shares held in book-entry form, ownership of Shares is validly transferred on the account books maintained by DTC, and until the same are processed for payment by the Depository.

IT IS UNDERSTOOD THAT THE METHOD OF DELIVERY OF THE SHARES, THE SHARE CERTIFICATE(S) AND ALL OTHER REQUIRED DOCUMENTS (INCLUDING DELIVERY THROUGH DTC) IS AT THE OPTION AND RISK OF THE UNDERSIGNED AND THAT THE RISK OF LOSS OF SUCH SHARES, SHARE CERTIFICATE(S) AND OTHER DOCUMENTS SHALL PASS ONLY AFTER THE DEPOSITARY HAS ACTUALLY RECEIVED THE SHARES OR SHARE CERTIFICATE(S) (INCLUDING, IN THE CASE OF A BOOK-ENTRY TRANSFER, BY BOOK-ENTRY CONFIRMATION (AS DEFINED BELOW)). IF DELIVERY IS BY MAIL, IT IS RECOMMENDED THAT ALL SUCH DOCUMENTS BE SENT BY PROPERLY INSURED REGISTERED MAIL WITH RETURN RECEIPT REQUESTED. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ENSURE TIMELY DELIVERY.

All authority conferred or agreed to be conferred pursuant to this Letter of Transmittal shall not be affected by, and shall survive, the death or incapacity of the undersigned and any obligation of the undersigned hereunder shall be binding upon the heirs, executors, administrators, trustees in bankruptcy, personal representatives, successors and assigns of the undersigned. Except as stated in the Offer to Purchase, this tender is irrevocable.

The undersigned understands that the acceptance for payment by Purchaser of Shares tendered pursuant to one of the procedures described in Section 3 of the Offer to Purchase and in the instructions hereto will constitute a binding agreement between the undersigned and Purchaser upon the terms and subject to the conditions of the Offer.

Unless otherwise indicated herein under "Special Payment Instructions," please issue the check for the purchase price in the name(s) of, and/or return any Share Certificates representing Shares not tendered or accepted for payment to, the registered owner(s) appearing under "Description of Shares Tendered." Similarly, unless otherwise indicated under "Special Delivery Instructions," please mail the check for the purchase price and/or return any Share Certificates representing Shares not tendered or accepted for payment (and accompanying documents, as appropriate) to the address(es) of the registered owner(s) appearing under "Description of Shares Tendered." In the event that both the Special Delivery Instructions and the Special Payment Instructions are completed, please issue the check for the purchase price and/or issue any Share Certificates representing Shares not tendered or accepted for payment (and any accompanying documents, as appropriate) in the name of, and deliver such check and/or return such Share Certificates (and any accompanying documents,

as appropriate) to, the person or persons so indicated. Unless otherwise indicated herein in the box titled "Special Payment Instructions," please credit any Shares tendered hereby or by an Agent's Message and delivered by book-entry transfer, but which are not purchased, by crediting the account at DTC designated above. The undersigned recognizes that Purchaser has no obligation pursuant to the Special Payment Instructions to transfer any Shares from the name of the registered owner thereof if Purchaser does not accept for payment any of the Shares so tendered.

SPECIAL PAYMENT INSTRUCTIONS
(See Instructions 1, 4, 5 and 7)

To be completed ONLY if Share Certificate(s) not tendered or not accepted for payment and/or the check for the purchase price in consideration of Shares accepted for payment are to be issued in the name of someone other than the undersigned or if Shares tendered by book-entry transfer which are not accepted for payment are to be returned by credit to an account maintained at DTC other than that designated above.

Issue: £ Check and/or £ Share Certificates to:

Name: _____
(Please Print)

Address: _____

(Include Zip Code)

(Tax Identification or Social Security Number)

£ Credit Shares tendered by book-entry transfer that are not accepted for payment to the DTC account set forth below.

(DTC Account Number)

SPECIAL DELIVERY INSTRUCTIONS
(See Instructions 1, 4, 5 and 7)

To be completed ONLY if Share Certificate(s) not tendered or not accepted for payment and/or the check for the purchase price of Shares accepted for payment are to be sent to someone other than the undersigned or to the undersigned at an address other than that shown in the box titled "Description of Shares Tendered" above.

Deliver: £ Check(s) and/or £ Share Certificates to:

Name: _____
(Please Print)

Address: _____

(Include Zip Code)



IMPORTANT—SIGN HERE
(U.S. Holders Please Also Complete the Enclosed IRS Form W-9)
(Non-U.S. Holders Please Obtain and Complete IRS Form W-8BEN or
Other Applicable IRS Form W-8)

(Signature(s) of Stockholder(s))

Dated: _____, 2014

(Must be signed by registered owner(s) exactly as name(s) appear(s) on Share Certificate(s) or on a security position listing or by person(s) authorized to become registered owner(s) by certificates and documents transmitted herewith. If signature is by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, please set forth full title and see Instruction 5. For information concerning signature guarantees, see Instruction 1.)

Name(s): _____
(Please Print)

Capacity (full title): _____

Address: _____

(Include Zip Code)

Area Code and Telephone Number: _____

Tax Identification or
Social Security No.: _____

GUARANTEE OF SIGNATURE(S)
(For use by Eligible Institutions only;
see Instructions 1 and 5)

Name of Firm: _____

(Include Zip Code)

Authorized Signature: _____

Name: _____

(Please Type or Print)

Area Code and Telephone Number: _____

Dated: _____, 2014

Place medallion guarantee in space below:

INSTRUCTIONS
Forming Part of the Terms and Conditions of the Offer

1. **Guarantee of Signatures.** Except as otherwise provided below, all signatures on this Letter of Transmittal must be guaranteed by a financial institution (including most commercial banks, savings and loan associations and brokerage houses) that is a member in good standing of a recognized Medallion Program approved by the Securities Transfer Association, Inc., including the Security Transfer Agents Medallion Program, the New York Stock Exchange Medallion Signature Program and the Stock Exchanges Medallion Program (each, an “Eligible Institution”). Signatures on this Letter of Transmittal need not be guaranteed (a) if this Letter of Transmittal is signed by the registered owner(s) (which term, for purposes of this document, includes any participant in any of DTC’s systems whose name appears on a security position listing as the owner of the Shares) of Shares tendered herewith and such registered owner has not completed the box titled “Special Payment Instructions” or the box titled “Special Delivery Instructions” on this Letter of Transmittal or (b) if such Shares are tendered for the account of an Eligible Institution. See Instruction 5.

2. **Delivery of Letter of Transmittal and Certificates or Book-Entry Confirmations.** This Letter of Transmittal is to be completed by stockholders if Share Certificates are to be forwarded herewith. If tenders are to be made pursuant to the procedures for tender by book-entry transfer set forth in Section 3 of the Offer to Purchase, an Agent’s Message must be utilized. A manually executed facsimile of this document may be used in lieu of the original. Share Certificates representing all physically tendered Shares, or confirmation of any book-entry transfer into the Depository’s account at DTC of Shares tendered by book-entry transfer (“Book Entry Confirmation”), as well as this Letter of Transmittal properly completed and duly executed with any required signature guarantees, or an Agent’s Message in the case of a book-entry transfer, and any other documents required by this Letter of Transmittal, must be received by the Depository at its address set forth herein prior to the Expiration Date (unless the tender is made during a Subsequent Offering Period, if one is provided, in which case the Shares, the Letter of Transmittal and other documents must be received prior to the expiration of the Subsequent Offering Period) (as defined in Section 1 of the Offer to Purchase). Please do not send your Share Certificates directly to Purchaser, AFG, or National Interstate.

Stockholders whose Share Certificates are not immediately available or who cannot deliver all other required documents to the Depository prior to the Expiration Date or who cannot complete the procedures for book-entry transfer prior to the Expiration Date may nevertheless tender their Shares by properly completing and duly executing a Notice of Guaranteed Delivery pursuant to the guaranteed delivery procedure set forth in Section 3 of the Offer to Purchase. Pursuant to such procedure: (a) such tender must be made by or through an Eligible Institution, (b) a properly completed and duly executed Notice of Guaranteed Delivery substantially in the form provided by Purchaser must be received by the Depository prior to the Expiration Date (or prior to the expiration of the Subsequent Offering Period, as applicable), and (c) Share Certificates representing all tendered Shares, in proper form for transfer (or a Book Entry Confirmation with respect to such Shares), this Letter of Transmittal (or facsimile thereof), properly completed and duly executed with any required signature guarantees (or, in the case of a book-entry transfer, an Agent’s Message), and all other documents required by this Letter of Transmittal, if any, must be received by the Depository within three NASDAQ Global Select Market trading days after the date of execution of such Notice of Guaranteed Delivery.

A properly completed and duly executed Letter of Transmittal (or facsimile thereof) must accompany each such delivery of Share Certificates to the Depository.

The term “Agent’s Message” means a message, transmitted through electronic means by DTC to, and received by, the Depository and forming part of a Book-Entry Confirmation, which states that DTC has received an express acknowledgment from the participant in DTC tendering the Shares which are the subject of such Book-Entry Confirmation that such participant has received and agrees to be bound by the terms of this Letter of Transmittal and that Purchaser may enforce such agreement against the participant. The term “Agent’s Message” also includes any hard copy printout evidencing such message generated by a computer terminal maintained at the Depository’s office. For Shares to be validly tendered during any Subsequent Offering Period, the tendering stockholder must comply with the foregoing procedures, except that the required documents and certificates must be received before the expiration of the Subsequent Offering Period and no guaranteed delivery procedure will be available during a Subsequent Offering Period.

THE METHOD OF DELIVERY OF THE SHARES, THIS LETTER OF TRANSMITTAL AND ALL OTHER REQUIRED DOCUMENTS, INCLUDING DELIVERY THROUGH DTC, IS AT THE ELECTION AND RISK OF THE TENDERING STOCKHOLDER. DELIVERY OF ALL SUCH DOCUMENTS WILL BE DEEMED MADE AND RISK OF LOSS OF THE SHARE CERTIFICATES SHALL PASS ONLY WHEN

ACTUALLY RECEIVED BY THE DEPOSITARY (INCLUDING, IN THE CASE OF A BOOK-ENTRY TRANSFER, BY BOOK-ENTRY CONFIRMATION). IF SUCH DELIVERY IS BY MAIL, IT IS RECOMMENDED THAT ALL SUCH DOCUMENTS BE SENT BY PROPERLY INSURED REGISTERED MAIL WITH RETURN RECEIPT REQUESTED. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ENSURE TIMELY DELIVERY.

No alternative, conditional or contingent tenders will be accepted and no fractional Shares will be purchased. All tendering stockholders, by execution of this Letter of Transmittal (or facsimile thereof), waive any right to receive any notice of the acceptance of their Shares for payment.

All questions as to validity, form and eligibility (including time of receipt) of the surrender of any Share Certificate hereunder, including questions as to the proper completion or execution of any Letter of Transmittal, Notice of Guaranteed Delivery or other required documents and as to the proper form for transfer of any certificate of Shares, will be determined by Purchaser in its sole and absolute discretion (which may delegate power in whole or in part to the Depositary) which determination will be final and binding. Purchaser reserves the absolute right to reject any and all tenders determined by it not to be in proper form or the acceptance for payment of or payment for which may be unlawful. Purchaser also reserves the absolute right to waive any defect or irregularity in the surrender of any Shares or Share Certificate(s) whether or not similar defects or irregularities are waived in the case of any other stockholder. A surrender will not be deemed to have been validly made until all defects and irregularities have been cured or waived. Purchaser and the Depositary shall make reasonable efforts to notify any person of any defect in any Letter of Transmittal submitted to the Depositary.

3. Inadequate Space. If the space provided herein is inadequate, the certificate numbers and/or the number of Shares should be listed on a separate schedule attached hereto and separately signed on each page thereof in the same manner as this Letter of Transmittal is signed.

4. Partial Tenders (Applicable to Certificate Stockholders Only). If fewer than all the Shares evidenced by any Share Certificate delivered to the Depositary are to be tendered, fill in the number of Shares which are to be tendered in the column titled "Number of Shares Tendered" in the box titled "Description of Shares Tendered." In such cases, new certificate(s) for the remainder of the Shares that were evidenced by the old certificate(s) but not tendered will be sent to the registered owner, unless otherwise provided in the appropriate box on this Letter of Transmittal, as soon as practicable after the Expiration Date. All Shares represented by Share Certificates delivered to the Depositary will be deemed to have been tendered unless otherwise indicated.

5. Signatures on Letter of Transmittal; Stock Powers and Endorsements. If this Letter of Transmittal is signed by the registered owner(s) of the Shares tendered hereby, the signature(s) must correspond with the name(s) as written on the face of the Share Certificate(s) without alteration or any other change whatsoever.

If any Shares tendered hereby are owned of record by two or more joint owners, all such owners must sign this Letter of Transmittal.

If any tendered Shares are registered in the names of different holder(s), it will be necessary to complete, sign and submit as many separate Letters of Transmittal (or facsimiles thereof) as there are different registrations of such Shares.

If this Letter of Transmittal or any certificates or stock powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing, and proper evidence satisfactory to Purchaser of their authority so to act must be submitted.

If this Letter of Transmittal is signed by the registered owner(s) of the Shares listed and transmitted hereby, no endorsements of Share Certificates or separate stock powers are required unless payment is to be made to, or Share Certificates representing Shares not tendered or accepted for payment are to be issued in the name of, a person other than the registered owner(s), in which case the Share Certificates representing the Shares tendered by this Letter of Transmittal must be endorsed or accompanied by appropriate stock powers, in either case, signed exactly as the name(s) of the registered owner(s) or holder(s) appear(s) on the Share Certificates. Signatures on such Share Certificates or stock powers must be guaranteed by an Eligible Institution.

If this Letter of Transmittal is signed by a person other than the registered owner(s) of the Share(s) listed, the Share Certificate(s) must be endorsed or accompanied by the appropriate stock powers, in either case, signed exactly as the name or names of the registered owner(s) or holder(s) appear(s) on the Share Certificate(s). Signatures on such Share Certificates or stock powers must be guaranteed by an Eligible Institution.

6. Transfer Taxes. Purchaser will pay any transfer taxes with respect to the transfer and sale of Shares to it or to its order pursuant to the Offer (for the avoidance of doubt, transfer taxes do not include United States federal

income or backup withholding taxes). If, however, payment of the purchase price is to be made to, or (in the circumstances permitted hereby) if Share Certificates not tendered or accepted for payment are to be registered in the name of, any person other than the registered owner(s), or if tendered Share Certificates are registered in the name of any person other than the person signing this Letter of Transmittal, the amount of any transfer taxes (whether imposed on the registered owner(s) or such person) payable on account of the transfer to such person will be deducted from the purchase price unless satisfactory evidence of the payment of such taxes, or exemption therefrom, is submitted.

Except as provided in this Instruction 6, it will not be necessary for transfer tax stamps to be affixed to the Share Certificates listed in this Letter of Transmittal.

7. Special Payment and Delivery Instructions. If a check for the purchase price is to be issued, and/or Share Certificates representing Shares not tendered or accepted for payment are to be issued or returned to, a person other than the signer(s) of this Letter of Transmittal or to an address other than that shown in the box titled "Description of Shares Tendered" above, the appropriate boxes on this Letter of Transmittal should be completed. Stockholders delivering Shares tendered hereby or by Agent's Message by book-entry transfer may request that Shares not purchased be credited to an account maintained at DTC as such stockholder may designate in the box titled "Special Payment Instructions" herein. If no such instructions are given, all such Shares not purchased will be returned by crediting the same account at DTC as the account from which such Shares were delivered.

8. Requests for Assistance or Additional Copies. Questions or requests for assistance may be directed to the Information Agent at their the address and telephone number set forth below or to your broker, dealer, commercial bank or trust company. Additional copies of the Offer to Purchase, this Letter of Transmittal, the Notice of Guaranteed Delivery and other tender offer materials may be obtained from the Information Agent as set forth below, and will be furnished at Purchaser's expense.

9. Backup Withholding. Under U.S. federal income tax laws, the Depository will be required to withhold a portion of the amount of any payments made to certain stockholders pursuant to the Offer or the Merger, as applicable. In order to avoid such backup withholding, each tendering stockholder or payee that is a United States person (for U.S. federal income tax purposes), must provide the Depository with such stockholder's or payee's correct taxpayer identification number ("TIN") and certify that such stockholder or payee is not subject to such backup withholding by completing the attached Form W-9. Certain stockholders or payees (including, among others, corporations, non-resident foreign individuals and foreign entities) are not subject to these backup withholding and reporting requirements. A tendering stockholder who is a foreign individual or a foreign entity should complete, sign, and submit to the Depository the appropriate Form W-8. A Form W-8BEN may be obtained from the Depository or downloaded from the Internal Revenue Service's website at the following address: <http://www.irs.gov>. Failure to complete the Form W-9 will not, by itself, cause Shares to be deemed invalidly tendered, but may require the Depository to withhold a portion of the amount of any payments made of the Offer Price pursuant to the Offer.

NOTE: FAILURE TO COMPLETE AND RETURN THE FORM W-9 MAY RESULT IN BACKUP WITHHOLDING OF A PORTION OF ANY PAYMENTS MADE TO YOU PURSUANT TO THE OFFER. PLEASE REVIEW THE "IMPORTANT TAX INFORMATION" SECTION BELOW.

10. Lost, Destroyed, Mutilated or Stolen Share Certificates. If any Share Certificate has been lost, destroyed, mutilated or stolen, the stockholder should promptly notify National Interstate's stock transfer agent, American Stock Transfer & Trust Company, LLC at (800) 937-5449. The stockholder will then be instructed as to the steps that must be taken in order to replace the Share Certificate. This Letter of Transmittal and related documents cannot be processed until the procedures for replacing lost, mutilated, destroyed or stolen Share Certificates have been followed.

11. Waiver of Conditions. Subject to the terms and conditions of the Merger Agreement (as defined in the Offer to Purchase) and the applicable rules and regulations of the Securities and Exchange Commission, the conditions of the Offer may be waived by Purchaser in whole or in part at any time and from time to time in its sole discretion.

IMPORTANT: THIS LETTER OF TRANSMITTAL (OR A MANUALLY EXECUTED FACSIMILE COPY THEREOF) OR AN AGENT'S MESSAGE, TOGETHER WITH SHARE CERTIFICATE(S) OR BOOK-ENTRY CONFIRMATION OR A PROPERLY COMPLETED AND DULY EXECUTED NOTICE OF GUARANTEED DELIVERY AND ALL OTHER REQUIRED DOCUMENTS, MUST BE RECEIVED BY THE DEPOSITARY PRIOR TO THE EXPIRATION DATE.

IMPORTANT TAX INFORMATION

Under United States federal income tax law, a stockholder that is a non-exempt United States person (for U.S. federal income tax purposes) whose tendered Shares are accepted for payment, or whose Shares are converted in the Merger, is required by law to provide the Depositary (as payer) with such stockholder's correct TIN on Form W-9 below. If such stockholder is an individual, the TIN is such stockholder's social security number. If the Depositary is not provided with the correct TIN, the stockholder may be subject to penalties imposed by the Internal Revenue Service ("IRS") and payments that are made to such stockholder with respect to Shares purchased pursuant to the Offer, or converted in the Merger, may be subject to backup withholding.

If backup withholding applies, the Depositary is required to withhold 28% of any payments of the purchase price made to the stockholder. Backup withholding is not an additional tax. Rather, the tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund or credit may be obtained from the IRS provided that the required information is furnished to the IRS.

Form W-9

To prevent backup withholding on payments that are made to a United States stockholder with respect to Shares purchased pursuant to the Offer or converted in the Merger, as applicable, the stockholder is required to notify the Depositary of such stockholder's correct TIN by completing Form W-9 certifying, under penalties of perjury, (i) that the TIN provided on Form W-9 is correct (or that such stockholder is awaiting a TIN), (ii) that such stockholder is not subject to backup withholding because (a) such stockholder has not been notified by the IRS that such stockholder is subject to backup withholding as a result of a failure to report all interest or dividends, (b) the IRS has notified such stockholder that such stockholder is no longer subject to backup withholding or (c) such stockholder is exempt from backup withholding, and (iii) that such stockholder is a U.S. person.

What Number to Give the Depositary

Each United States stockholder is generally required to give the Depositary its social security number or employer identification number. If the tendering stockholder has not been issued a TIN and has applied for a number or intends to apply for a number in the near future, the stockholder should write "Applied For" in Part I, sign and date the Form W-9. Notwithstanding that "Applied For" is written in Part I, the Depositary will withhold 28% of all payments of the purchase price to such stockholder until a TIN is provided to the Depositary. Such amounts will be refunded to such surrendering stockholder if a TIN is provided to the Depositary within 60 days. We note that your Form W-9, including your TIN, may be transferred from the Depositary to the Paying Agent, in certain circumstances.

Please consult your accountant or tax advisor for further guidance regarding the completion of IRS Form W-9, IRS Form W-8BEN, or another version of IRS Form W-8 to claim exemption from backup withholding, or contact the Depositary.

PAYER'S NAME: AMERICAN STOCK TRANSFER & TRUST COMPANY, LLC

**SUBSTITUTE
FORM W-9**
Department of the Treasury
Internal Revenue Service

Part 1—PLEASE PROVIDE YOUR TIN IN THE BOX AT RIGHT AND CERTIFY BY SIGNING AND DATING BELOW

Social Security Number
OR

Employer Identification
Number

Part 2 —FOR PAYEES EXEMPT FROM BACKUP WITHHOLDING
(See Page 2 of enclosed Guidelines)

**Payer's Request for
Taxpayer Identification
Number (TIN) and
Certification**

Part 3—Certification Under Penalties of Perjury, I certify that:

- (1) The number shown on this form is my current taxpayer identification number (or I am waiting for a number to be issued to me),
- (2) I am not subject to backup withholding either because I have not been notified by the Internal Revenue Service (the "IRS") that I am subject to backup withholding as a result of failure to report all interest or dividends, or the IRS has notified me that I am no longer subject to backup withholding and
- (3) I am a U.S. person (including a U.S. resident alien).

Part 4—
Awaiting TIN £

Certification instructions—You must cross out item (2) in Part 3 above if you have been notified by the IRS that you are subject to backup withholding because of underreporting interest or dividends on your tax return. However, if after being notified by the IRS that you are subject to backup withholding you receive another notification from the IRS stating that you are no longer subject to backup withholding, do not cross out item (2).

SIGNATURE _____ DATE _____

NAME _____

ADDRESS _____

CITY _____ STATE _____ ZIP CODE _____

**YOU MUST COMPLETE THE FOLLOWING CERTIFICATE IF YOU
CHECK THE BOX IN PART 4 OF SUBSTITUTE FORM W-9**

**PAYER'S NAME: American Stock Transfer & Trust Company, LLC
CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER**

I certify, under penalties of perjury, that a taxpayer identification number has not been issued to me, and either (a) I have mailed or delivered an application to receive a taxpayer identification number to the appropriate Internal Revenue Service Center or Social Security Administration Office or (b) I intend to mail or deliver an application in the near future. I understand that if I do not provide a taxpayer identification number before payment is made, a portion of such reportable payment will be withheld.

Signature

Date

NOTE: FAILURE TO COMPLETE AND RETURN THIS FORM MAY RESULT IN BACKUP WITHHOLDING OF A PORTION OF ANY PAYMENT MADE TO YOU PURSUANT TO THE MERGER. PLEASE REVIEW THE ENCLOSED GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9 FOR ADDITIONAL DETAILS.

IMPORTANT TAX INFORMATION

Under current U.S. federal income tax law, a Stockholder who tenders National Interstate stock certificates that are accepted for exchange may be subject to backup withholding. In order to avoid such backup withholding, the Stockholder must provide the Exchange Agent with such Stockholder's correct taxpayer identification number and certify that such Stockholder is not subject to such backup withholding by completing the Substitute Form W-9 provided herewith. In general, if a Stockholder is an individual, the taxpayer identification number is the Social Security number of such individual. If the Exchange Agent is not provided with the correct taxpayer identification number, the Stockholder may be subject to a \$50 penalty imposed by the Internal Revenue Service. For further information concerning backup withholding and instructions for completing the Substitute Form W-9 (including how to obtain a taxpayer identification number if you do not have one and how to complete the Substitute Form W-9 if the National Interstate stock certificates are held in more than one name), consult the enclosed Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.

Certain Stockholders (including, among others, all corporations and certain foreign individuals) are not subject to these backup withholding and reporting requirements. In order to satisfy the Exchange Agent that a foreign individual qualifies as an exempt recipient, such Stockholder must submit a statement, signed under penalties of perjury, attesting to that individual's exempt status, on a properly completed Form W-8BEN, or successor form. Such statements can be obtained from the Exchange Agent.

Failure to complete the Substitute Form W-9 will not, by itself, cause the National Interstate stock certificates to be deemed invalidly tendered, but may require the Exchange Agent to withhold a portion of the amount of any payments made pursuant to the merger. Backup withholding is not an additional federal income tax. Rather, the federal income tax liability of a person subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund may be obtained provided that the required information is furnished to the Internal Revenue Service.

NOTE: FAILURE TO COMPLETE AND RETURN THE SUBSTITUTE FORM W-9 MAY RESULT IN BACKUP WITHHOLDING OF A PORTION OF ANY PAYMENTS MADE TO YOU PURSUANT TO THE MERGER. PLEASE REVIEW THE ENCLOSED GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9 FOR ADDITIONAL DETAILS.

**GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION
NUMBER ON SUBSTITUTE FORM W-9**

Guidelines for Determining the Proper Identification Number to Give the Payer — Social Security Numbers have nine digits separated by two hyphens: i.e., 000-00-0000. Employer Identification Numbers have nine digits separated by only one hyphen: i.e., 00-0000000. The table below will help determine the number to give the payer.

<u>For this type of account:</u>	<u>Give the SOCIAL SECURITY number of—</u>	<u>For this type of account:</u>	<u>Give the EMPLOYER IDENTIFICATION number of—</u>
1. An individual's account	The individual	8. Sole proprietorship account	The owner(4)
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account(1)	9. A valid trust, estate or pension trust	The legal entity(5)
3. Husband and wife (joint account)	The actual owner of the account or, if joint funds, the first individual on the account (1)	10. Corporate account	The corporation
4. Custodian account of a minor (Uniform Gift to Minors Act)	The minor(2)	11. Religious, charitable, or educational organization account	The organization
5. Adult and minor (joint account)	The adult or, if the minor is the only contributor, the minor(1)	12. Partnership account held in the name of the business	The partnership
6. Account in the name of guardian or committee for a designated ward, minor, or incompetent person	The ward, minor, or incompetent person(3)	13. Association, club, or other tax-exempt organization	The organization
7. a. The usual revocable savings trust account (grantor is also trustee)	The grantor-trustee(1)	14. A broker or registered nominee	The broker or nominee
b. So-called trust account that is not a legal or valid trust under state law	The actual owner(1)	15. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity

- (1) List first and circle the name of the person whose number you furnish. If only one person on a joint account has a social security number, that person's number must be furnished.
- (2) Circle the minor's name and furnish the minor's social security number.
- (3) Circle the ward's, minor's or incompetent person's name and furnish such person's social security number.
- (4) You must show your individual name, but you may also enter your business or "doing business as" name. You may use either your social security number or employer identification number (if you have one).
- (5) List first and circle the name of the legal trust, estate, or pension trust. Do not furnish the taxpayer identification number of the personal representative or trustee unless the legal entity itself is not designated in the account title.

Note: *If no name is circled when there is more than one name, the number will be considered to be that of the first name listed.*

Obtaining a Number

If you do not have a taxpayer identification number or if you do not know your number, obtain Form SS-5, Application for Social Security Card, or Form SS-4, Application for Employer Identification Number, at the local office of the Social Security Administration or the Internal Revenue Service (the "IRS") and apply for a number. Section references in these guidelines refer to sections under the Internal Revenue Code of 1986, as amended.

Payees specifically exempted from backup withholding include:

- An organization exempt from tax under Section 501(a), an individual retirement account (IRA), or a custodial account under Section 403(b)(7), if the account satisfies the requirements of Section 401(f)(2).
- The United States or a state thereof, the District of Columbia, a possession of the United States, or a political subdivision or wholly-owned agency or instrumentality of any one or more of the foregoing.
- An international organization or any agency or instrumentality thereof.
- A foreign government or any political subdivision, agency or instrumentality thereof.

Payees that may be exempt from backup withholding include:

- A corporation.
- A financial institution.
- A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States.
- A real estate investment trust.
- A common trust fund operated by a bank under Section 584(a).
- An entity registered at all times during the tax year under the Investment Company Act of 1940, as amended.
- A middleman known in the investment community as a nominee or custodian.
- A futures commission merchant registered with the Commodity Futures Trading Commission.
- A foreign central bank of issue.
- A trust exempt from tax under Section 664 or described in Section 4947.

Payments of dividends and patronage dividends not generally subject to backup withholding include the following:

- Payments to nonresident aliens subject to withholding under Section 1441.
- Payments to partnerships not engaged in a trade or business in the U.S. and which have at least one nonresident alien partner.
- Payments of patronage dividends where the amount received is not paid in money.
- Payments made by certain foreign organizations.
- Section 404(k) payments made by an ESOP.

Payments of interest not generally subject to backup withholding include the following:

- Payments of interest on obligations issued by individuals. Note: You may be subject to backup withholding if this interest is \$600 or more and is paid in the course of the payer's trade or business and you have not provided your correct taxpayer identification number to the payer.
- Payments of tax-exempt interest (including exempt-interest dividends under Section 852).
- Payments described in Section 6049(b)(5) to nonresident aliens.
- Payments on tax-free covenant bonds under Section 1451.
- Payments made by certain foreign organizations.
- Mortgage or student loan interest paid to you.

Exempt payees described above should file Form W-9 to avoid possible erroneous backup withholding. FILE THIS FORM WITH THE PAYER, FURNISH YOUR TAXPAYER IDENTIFICATION NUMBER, WRITE "EXEMPT" IN PART 2 OF THE FORM, SIGN AND DATE THE FORM AND RETURN IT TO THE PAYER.

Certain payments other than interest, dividends, and patronage dividends, which are not subject to information reporting are also not subject to backup withholding. For details, see the regulations under Sections 6041, 6041A, 6045, 6050A and 6050N.

Privacy Act Notice.—Section 6109 requires most recipients of dividend, interest, or certain other income to give taxpayer identification numbers to payers who must report the payments to the IRS. The IRS uses the numbers for identification purposes and to help verify the accuracy of tax returns. The IRS may also provide this information to the Department of Justice for civil and criminal litigation and to cities, states and the District of Columbia to carry out their tax laws. The IRS may also disclose this information to other countries under a tax treaty, or to Federal and state agencies to enforce Federal nontax criminal laws and to combat terrorism. Payers must be given the numbers whether or not recipients are required to file tax returns. Payers must generally withhold a portion of taxable interest, dividend, and certain other payments to a payee who does not furnish a taxpayer identification number to a payer. Certain penalties may also apply.

Penalties

(1) Penalty for Failure to Furnish Taxpayer Identification Number.—If you fail to furnish your taxpayer identification number to a payer, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

(2) Civil Penalty for False Information With Respect to Withholding.—If you make a false statement with no reasonable basis which results in no imposition of backup withholding, you are subject to a penalty of \$500.

(3) Criminal Penalty for Falsifying Information.—Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

(4) Misuse of Taxpayer Identification Numbers.—If the requester discloses or uses taxpayer identification numbers in violation of federal law, the requester may be subject to civil and criminal penalties.

FOR ADDITIONAL INFORMATION CONTACT YOUR TAX CONSULTANT OR THE INTERNAL REVENUE SERVICE.

The Depositary for the Offer to Purchase is:



If delivering by mail:

American Stock Transfer & Trust Company, LLC
Operations Center
Attn: Reorganization Department
P.O. Box 2042
New York, New York 10272-2042

If delivering by hand or courier:

American Stock Transfer & Trust Company, LLC
Operations Center
Attn: Reorganization Department
6201 15th Avenue
Brooklyn, New York 11219

DELIVERY OF THIS LETTER OF TRANSMITTAL TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY TO THE DEPOSITARY.

Any questions or requests for assistance may be directed to the Information Agent at its telephone number and location listed below. Requests for additional copies of this Offer to Purchase and the Letter of Transmittal may be directed to the Information Agent at its telephone number and location listed below. You may also contact your broker, dealer, commercial bank or trust company or other nominee for assistance concerning the Offer.

The Information Agent for the Offer is:



501 Madison Avenue, 20th floor
New York, New York 10022

Shareholders may call toll free: (888) 750-5834
Banks and Brokers may call collect: (212) 750-5833

Amended and Restated
NOTICE OF GUARANTEED DELIVERY
For Tender of Shares of Common Stock
of
NATIONAL INTERSTATE CORPORATION
at
\$30.00 Net Per Share
by
GREAT AMERICAN INSURANCE COMPANY
a Wholly-Owned Subsidiary of
AMERICAN FINANCIAL GROUP, INC.
(Not to be used for signature guarantees)

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, EASTERN TIME, ON MARCH 6, 2014,
UNLESS THE OFFER IS EXTENDED

This Notice of Guaranteed Delivery, or a form substantially equivalent hereto, must be used to accept the Offer (as defined below) if certificates for Shares (as defined below) are not immediately available, if the procedure for book-entry transfer cannot be completed on a timely basis or if time will not permit all required documents to reach American Stock Transfer & Trust Company, LLC (the “**Depository**”) on or prior to the Expiration Date, which is 12:00 Midnight, Eastern Time, on March 6, 2014, unless we extend the period of time for which the Offer is open, in which case the Expiration Date will be the latest time and date on which the Offer, as so extended, expires. **Note:** This form may be delivered by hand, transmitted by facsimile transmission or mailed (to the Depository). See “The Offer—Section 3. Procedures for Accepting the Offer and Tendering Shares” of the Offer to Purchase (as defined below).

The Depository for the Offer is:

American Stock Transfer & Trust Company, LLC

By Mail:

American Stock Transfer & Trust
Company, LLC
Operations Center
Attn: Reorganization Department
P.O. Box 2042
New York, New York 10272-2042

By Facsimile Transmission:

American Stock Transfer & Trust
Company, LLC
Operations Center
1-718-234-5001

By Hand or Overnight Courier:

American Stock Transfer &
Trust Company, LLC
Operations Center
Attn: Reorganization Department
6201 15th Avenue
Brooklyn, New York 11219

Confirm Facsimile by Telephone: 1-877-248-6417
 (For Confirmation Only)

DELIVERY OF THIS NOTICE OF GUARANTEED DELIVERY TO AN ADDRESS OTHER THAN ONE SET FORTH ABOVE OR TRANSMISSION OF INSTRUCTIONS VIA FACSIMILE NUMBER OTHER THAN THE FACSIMILE NUMBER SET FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY TO THE DEPOSITARY.

THIS NOTICE OF GUARANTEED DELIVERY TO THE DEPOSITARY IS NOT TO BE USED TO GUARANTEE SIGNATURES. IF A SIGNATURE ON A LETTER OF TRANSMITTAL IS REQUIRED TO BE GUARANTEED BY AN “ELIGIBLE INSTITUTION” (AS DEFINED IN THE OFFER TO PURCHASE) UNDER THE INSTRUCTIONS THERETO, SUCH SIGNATURE GUARANTEES MUST APPEAR IN THE APPLICABLE SPACE PROVIDED IN THE SIGNATURE BOX ON THE LETTER OF TRANSMITTAL.

The Eligible Institution that completes this form must communicate the guarantee of delivery to the Depository and must deliver the Letter of Transmittal or an Agent’s Message (as defined in “The Offer—Section 3. Procedures for Accepting the Offer and Tendering Shares” of the Offer to Purchase) and certificates for Shares to the Depository within the time period shown herein. Failure to do so could result in a financial loss to such Eligible Institution.

THE GUARANTEE ON THE REVERSE SIDE MUST BE COMPLETED.

THE GUARANTEE SET FORTH BELOW MUST BE COMPLETED.

Ladies and Gentlemen:

The undersigned hereby tenders to Great American Insurance Company, an Ohio corporation (or any permitted assignee thereof, **“Purchaser”**) and a wholly-owned subsidiary of American Financial Group, Inc. (**“AFG”**), upon the terms and subject to the conditions set forth in the Offer to Purchase, dated February 5, 2014 (as amended and supplemented by the Amended and Restated Offer to Purchase, dated February 21, 2014, and as it may be amended or supplemented from time to time, the **“Offer to Purchase”**), and the related Letter of Transmittal (which, together with any amendments or supplements thereto, constitute the **“Offer”**), receipt of which is hereby acknowledged, the number of shares of common stock, par value \$0.01 per share (the **“Shares”**), of National Interstate Corporation, an Ohio corporation, set forth below, pursuant to the guaranteed delivery procedures set forth in the Offer to Purchase. The undersigned further acknowledges that Purchaser may assign any of its rights hereunder to any other subsidiary of AFG.

Number of Shares: _____

Certificate No(s) (if available): _____

£ Check if securities will be tendered by book-entry transfer _____

Name of Tendering Institution: Account No.: _____

Dated: _____, 2014

SIGN HERE: _____

Name(s) of Record Holder(s): _____

(Please Print)

Address(es): _____

(Include Zip Code)

Area Code and Telephone No(s): _____

Signature(s): _____

GUARANTEE

(Not to be used for signature guarantee)

The undersigned, a firm which is a member in the Securities Transfer Agents Medallion Program, the New York Stock Exchange Medallion Signature Program or the Stock Exchange Medallion Program or by any other "eligible guarantor institution," as such term is defined in Rule 17Ad-15 under the Securities Exchange Act of 1934, as amended, (a) represents that the tender of Shares hereby complies with Rule 14e-4 under the Securities Exchange Act of 1934, as amended and (b) guarantees to deliver to the Depository either the certificates evidencing all tendered Shares, in proper form for transfer, or to deliver Shares pursuant to the procedure for book-entry transfer into the Depository's account at The Depository Trust Company (the "**Book-Entry Transfer Facility**"), in either case together with the Letter of Transmittal (or a facsimile thereof) properly completed and duly executed, with any required signature guarantees or an Agent's Message (as defined in "The Offer—Section 3. Procedures for Accepting the Offer and Tendering Shares" of the Offer to Purchase) in the case of a book-entry delivery, and any other required documents, all within three New York Stock Exchange trading days after the date hereof.

Name of Firm: _____

Address: _____
(Include Zip Code)

Area Code and Tel. No.: _____
(Authorized Signature)

Title: _____

Name: _____
(Please Type or Print)

Dated: _____, 2014

NOTE: DO NOT SEND CERTIFICATES FOR SHARES WITH THIS NOTICE. CERTIFICATES FOR SHARES SHOULD BE SENT WITH YOUR LETTER OF TRANSMITTAL.

**Amended and Restated
Offer to Purchase for Cash
All Outstanding Shares of Common Stock
of
NATIONAL INTERSTATE CORPORATION
at
\$30.00 Net Per Share
by
GREAT AMERICAN INSURANCE COMPANY
a Wholly-Owned Subsidiary of
AMERICAN FINANCIAL GROUP, INC.**

**THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, EASTERN TIME, ON MARCH 6, 2014,
UNLESS THE OFFER IS EXTENDED**

February 21, 2014

To Our Clients:

Enclosed for your consideration is the Offer to Purchase, dated February 5, 2014 (as amended and supplemented by the Amended and Restated Offer to Purchase, dated February 21, 2014, the **“Offer to Purchase”**), and a related Letter of Transmittal (which, together with any amendments or supplements thereto, collectively constitute the **“Offer”**) in connection with the Offer by Great American Insurance Company, an Ohio corporation (or any permitted assignee thereof, **“Purchaser”**) and a wholly-owned subsidiary of American Financial Group, Inc. (**“AFG”**), to purchase all outstanding shares of common stock, par value \$0.01 per share (the **“Shares”**), of National Interstate Corporation, an Ohio corporation, other than Shares currently owned by Purchaser, at a purchase price of \$30.00 per Share, net to the seller in cash, without interest thereon and less any applicable withholding of taxes, upon the terms and subject to the conditions set forth in the Offer to Purchase and in the Letter of Transmittal enclosed herewith.

We are the holder of record of Shares for your account. A tender of such Shares can be made only by us as the holder of record and pursuant to your instructions. The enclosed Letter of Transmittal is furnished to you for your information only and cannot be used by you to tender Shares held by us for your account.

We request instructions as to whether you wish us to tender any or all of the Shares held by us for your account, upon the terms and subject to the conditions set forth in the Offer to Purchase and the Letter of Transmittal. Your attention is invited to the following:

1. The offer price is \$30.00 per Share, net to you in cash, without interest and less any applicable withholding of taxes.
 2. The Offer is being made for all Shares, other than Shares owned by Purchaser.
 3. The Offer and withdrawal rights will expire at 12:00 Midnight, Eastern Time, on March 6, 2014 (the **“Expiration Date”**), unless and until Purchaser shall have extended the period of time during which the Offer is open, in which event the term **“Expiration Date”** shall mean the latest time and date at which the Offer, as so extended by Purchaser, shall expire.
 4. Any stock transfer taxes applicable to the sale of Shares to Purchaser pursuant to the Offer will be paid by Purchaser, except as otherwise provided in Instruction 6 of the Letter of Transmittal. However, U.S. federal income tax may be withheld at the applicable backup withholding rate of 28%, unless the required taxpayer identification information is provided and certain certification
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requirements are met, or unless an exemption is established. See Instruction 8 of the Letter of Transmittal.

Please carefully read the Offer to Purchase and the Letter of Transmittal in their entirety before completing the enclosed instructions.

The Offer is conditioned upon, among other things, the waivable “Minimum Tender Condition” being satisfied, meaning there being validly tendered and not withdrawn prior to the expiration of the Offer a number of Shares that, when combined with the Shares currently owned by Purchaser, will constitute at least 90% of the outstanding Shares (on a fully diluted basis) as of the date the Shares are accepted for payment pursuant to the Offer. The Offer is also subject to a number of other conditions described in the Offer to Purchase. The Offer is not subject to a financing condition. See “The Offer—Section 11. Conditions to the Offer” of the Offer to Purchase.

The Offer is made solely by the Offer to Purchase and the related Letter of Transmittal and is being made to all holders of Shares, other than Shares owned by AFG and its subsidiaries. Purchaser is not aware of any state where the making of the Offer is prohibited by administrative or judicial action pursuant to any valid state statute. If Purchaser becomes aware of any valid state statute prohibiting the making of the Offer or the acceptance of Shares pursuant thereto, Purchaser shall make a good faith effort to comply with such state statute or seek to have such statute declared inapplicable to the Offer. If, after such good faith effort, Purchaser cannot comply with such state statute, the Offer will not be made to (nor will tenders be accepted from or on behalf of) holders of Shares in such state. In those jurisdictions where the securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer, the Offer will be deemed to be made on behalf of Purchaser by one or more registered brokers or dealers licensed under the laws of such jurisdiction.

Payment for Shares pursuant to the Offer will in all cases be made only after timely receipt by American Stock Transfer & Trust Company, LLC (the “**Depository**”) of (i) certificates representing the Shares tendered or timely confirmation of the book-entry transfer of such shares into the account maintained by the Depository at the Depository Trust Company (the “**Book-Entry Transfer Facility**”), pursuant to the procedures set forth under “The Offer—Section 3. Procedure for Tendering Shares” of the Offer to Purchase, (ii) the Letter of Transmittal properly completed and duly executed, with any required signature guarantees, or an Agent’s Message (as defined in the Offer to Purchase) in connection with a book-entry delivery and (iii) any other documents required by the Letter of Transmittal. Accordingly, payment may not be made to all tendering stockholders at the same time depending upon when certificates for such Shares, or confirmation of book-entry transfer of such Shares to the Depository’s account at the Book-Entry Transfer Facility, are actually received by the Depository.

If you wish to have us tender any or all of your Shares, please so instruct us by completing, executing and returning to us the instruction form set forth on the reverse side of this letter. An envelope to return your instructions to us is also enclosed. If you authorize the tender of your Shares, all such Shares will be tendered unless otherwise specified on the reverse side of this letter. Your prompt action is requested. **Your instructions must be forwarded to us in ample time to permit us to submit a tender on your behalf prior to the Expiration Date.**

The Offer is not being made to, nor will tenders be accepted from or on behalf of, holders of Shares residing in any jurisdiction in which the making of the Offer or acceptance thereof would not be in compliance with the laws of that jurisdiction.

**Instructions with Respect to the
Tender of Shares of Common Stock
of
NATIONAL INTERSTATE CORPORATION
at
\$30.00 Net Per Share
by
GREAT AMERICAN INSURANCE COMPANY
a Wholly-Owned Subsidiary of
AMERICAN FINANCIAL GROUP, INC.**

The undersigned acknowledge(s) receipt of your letter and the enclosed Offer to Purchase, dated February 5, 2014, as amended and supplemented by the Amended and Restated Offer to Purchase, dated February 21, 2014 (the **“Offer to Purchase”**), and the related Letter of Transmittal in connection with the offer by Great American Insurance Company, an Ohio corporation (including any permitted assignee thereof, **“Purchaser”**) and a wholly-owned subsidiary of American Financial Group, Inc. (**“AFG”**), to purchase all outstanding shares of common stock, par value \$0.01 per share, (the **“Shares”**), of National Interstate Corporation, an Ohio corporation, other than Shares currently owned by Purchaser, at a purchase price of \$30.00 per Share, net to the seller in cash, without interest thereon and less applicable withholding of taxes, upon the terms and subject to the conditions set forth in the Offer to Purchase and the related Letter of Transmittal.

This will instruct you to tender to Purchaser the number of Shares indicated below (or, if no number is indicated below, all Shares) that are held by you or your nominee for the account of the undersigned, upon the terms and subject to the conditions set forth in the Offer to Purchase and the related Letter of Transmittal.

SIGN HERE:

Number of Shares to Be Tendered*: _____

Account No.: _____

Dated: _____, 2014

Signature(s) _____

Print Name(s) and Address(es) _____

Area Code and Telephone Number(s) _____

Taxpayer Identification or Social Security Number(s) _____

* Unless otherwise indicated, it will be assumed that all Shares held by us for your account are to be tendered.

Amended and Restated
Offer to Purchase for Cash
All Outstanding Shares of Common Stock
of
NATIONAL INTERSTATE CORPORATION
at
\$30.00 Net Per Share
by
GREAT AMERICAN INSURANCE COMPANY
a Wholly-Owned Subsidiary of
AMERICAN FINANCIAL GROUP, INC.

**THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, EASTERN TIME, ON MARCH 6, 2014,
UNLESS THE OFFER IS EXTENDED**

February 21, 2014

To Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees:

We have been appointed by American Financial Group, Inc. (“**AFG**”) to act as Dealer Manager in connection with the offer by Great American Insurance Company, an Ohio corporation (or any permitted assignee thereof, “**Purchaser**”) and a wholly-owned subsidiary of AFG, to purchase all outstanding shares of common stock, par value \$0.01 per share (the “**Shares**”), of National Interstate Corporation, an Ohio corporation (“**National Interstate**”), other than Shares currently owned by Purchaser, at a purchase price of \$30.00 per Share, net to the seller in cash, without interest thereon and less any applicable withholding of taxes, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated February 5, 2014 (as amended and supplemented by the Amended and Restated Offer to Purchase, dated February 21, 2014, the “**Offer to Purchase**”), and the related Letter of Transmittal (which, together with any amendments or supplements thereto, collectively constitute the “**Offer**”) enclosed herewith.

Holders of Shares whose certificates for such Shares (the “**Share Certificates**”) are not immediately available, who cannot complete the procedures for book-entry transfer on a timely basis, or who cannot deliver all other required documents to American Stock Transfer & Trust Company, LLC (the “**Depository**”) prior to the Expiration Date (as defined in the Offer to Purchase) must, if they wish to tender their Shares, tender their Shares according to the guaranteed delivery procedures set forth in “The Offer—Section 3. Procedures for Accepting the Offer and Tendering Shares” of the Offer to Purchase.

The Offer is conditioned upon, among other things, a waivable “Minimum Tender Condition” that there shall have been validly tendered and not withdrawn prior to the expiration of the Offer a number of Shares that, when combined with the Shares currently owned by Purchaser, will constitute at least 90% of the outstanding Shares (on a fully diluted basis) as of the date the Shares are accepted for payment pursuant to the Offer. The Offer is also subject to certain other conditions set forth in the Offer to Purchase. See “The Offer—Section 11. Conditions to the Offer” of the Offer to Purchase.

Please furnish copies of the following enclosed materials to those of your clients for whose accounts you hold Shares registered in your name or in the name of your nominee:

1. The Offer to Purchase;
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2. The Letter of Transmittal for your use in accepting the Offer and tendering Shares and for the information of your clients (manually signed facsimile copies of the Letter of Transmittal may be used to tender Shares);

3. The Notice of Guaranteed Delivery to be used to accept the Offer if Share Certificates are not immediately available or if such certificates and all other required documents cannot be delivered to the Depository, or if the procedures for book-entry transfer cannot be completed, on a timely basis;

4. A printed form of letter that may be sent to your clients for whose accounts you hold Shares registered in your name or in the name of your nominee, with space provided for obtaining such clients' instructions with regard to the Offer; and.

5. A return envelope addressed to American Stock Transfer & Trust Company, LLC, as Depository.

In order to tender Shares in the Offer, (i) a duly executed and properly completed Letter of Transmittal and any required signature guarantees, or an Agent's Message (as defined in "The Offer—Section 3. Procedures for Accepting the Offer and Tendering Shares" of the Offer to Purchase) in connection with a book-entry delivery of Shares, and other required documents should be sent to the Depository and (ii) Share Certificates representing the tendered Shares should be delivered to the Depository, or such Shares should be tendered by book-entry transfer into the Depository's account maintained at the Book-Entry Transfer Facility (as described in the Offer to Purchase), all in accordance with the instructions set forth in the Letter of Transmittal and the Offer to Purchase.

Purchaser will not pay any fees or commissions to any broker or dealer or other person (other than the Depository and the Information Agent as described in the Offer to Purchase) for soliciting tenders of Shares pursuant to the Offer. Purchaser will, however, upon request, reimburse you for customary mailing and handling costs incurred by you in forwarding the enclosed materials to your customers.

Purchaser will pay or cause to be paid all stock transfer taxes applicable to its purchase of Shares pursuant to the Offer, except as otherwise provided in Instruction 6 of the Letter of Transmittal.

PLEASE CONTACT YOUR CLIENTS AS PROMPTLY AS POSSIBLE. PLEASE NOTE THAT THE OFFER AND WITHDRAWAL RIGHTS EXPIRE AT 12:00 MIDNIGHT, EASTERN TIME, ON MARCH 6, 2014, UNLESS THE OFFER IS EXTENDED.

Questions and requests for assistance may be directed to the Information Agent in connection with the Offer or to us at the respective addresses and telephone numbers set forth on the back cover of the Offer to Purchase. Requests for additional copies of the Offer to Purchase, the Letter of Transmittal, the Notice of Guaranteed Delivery and other tender offer materials may be directed to the Information Agent, and copies will be furnished promptly at Purchaser's expense.

Very truly yours,

NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL CONSTITUTE YOU OR ANY OTHER PERSON AS AN AGENT OF AFG, PURCHASER, NATIONAL INTERSTATE, THE INFORMATION AGENT, THE DEPOSITARY OR ANY AFFILIATE OF ANY OF THE FOREGOING OR AUTHORIZE YOU OR ANY OTHER PERSON TO USE ANY DOCUMENT OR MAKE ANY STATEMENT ON BEHALF OF ANY OF THEM IN CONNECTION WITH THE OFFER OTHER THAN THE DOCUMENTS ENCLOSED HERewith AND THE STATEMENTS CONTAINED THEREIN.

