

AMERICAN FINANCIAL GROUP INC  
Form DEF 14A  
March 27, 2009

SCHEDULE 14A  
(Rule 14a-101)  
INFORMATION REQUIRED IN PROXY STATEMENT  
SCHEDULE 14A INFORMATION  
Proxy Statement Pursuant to Section 14(a)  
of the Securities Exchange Act of 1934

Filed by the Registrant  [X]

Filed by a Party other than the Registrant  [ ]

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e) (2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Under Rule 14a-12

AMERICAN FINANCIAL GROUP, INC.  
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i) (1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined)

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4)

Date Filed:

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One East Fourth Street  
Cincinnati, Ohio 45202

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Notice of Annual Meeting of Shareholders  
and Proxy Statement

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To be Held on May 14, 2009

Dear Shareholder:

We invite you to attend our Annual Meeting of Shareholders on Thursday, May 14, 2009, in Cincinnati, Ohio. In connection with the meeting, we will report on our operations and you will have an opportunity to meet your Company's directors and senior executives.

This booklet includes the formal notice of the meeting and the proxy statement. The proxy statement tells you more about the agenda and procedures for the meeting. It also describes how your Board of Directors operates and provides information about the director candidates.

We are pleased once again to take advantage of U.S. Securities and Exchange Commission rules that allow companies to furnish their proxy materials over the Internet. As a result, we are mailing to most of our shareholders a Notice of Internet Availability of Proxy Materials (the "Notice") instead of a paper copy of this proxy statement and our 2008 Annual Report. The Notice contains instructions on how to access and review those documents over the Internet. The Notice also instructs you on how to submit your proxy over the Internet. We believe that this process will allow us to provide our shareholders with the information they need in a more timely manner, while reducing the environmental impact and lowering the costs of printing and distributing our proxy materials. If you received a Notice by mail and would like to receive a printed copy of our proxy materials, you should follow the instructions for requesting such materials included in the Notice.

We want your shares to be represented at the meeting and urge you to vote using our internet or telephone voting systems or by promptly returning a properly completed proxy card.

Sincerely,

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

Cincinnati, Ohio  
March 27, 2009



NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
OF AMERICAN FINANCIAL GROUP, INC.

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Date: Thursday, May 14, 2009

Time: 11:30 a.m. Eastern Daylight Saving Time

Place: The Cincinnati Hotel  
Second Floor — Filson Room  
601 Vine Street  
Cincinnati, Ohio 45202

Purpose: 1. Elect ten Directors  
2. Ratify Independent Registered Public Accounting Firm  
3. Approve the Annual Co-CEO Equity Bonus Plan  
4. Conduct other business if properly raised

R e c o r d March 17, 2009 - Shareholders registered in the records of the Company or  
Date: its agents on that date are entitled to receive notice of and to vote at the  
meeting.

M a i l i n g The approximate mailing date of the notice of availability of this proxy  
Date: statement and accompanying proxy card is April 3, 2009.

Your vote is important.

If you are a shareholder of record, you can vote your shares via the Internet or by using a toll-free telephone number by following the instructions on your proxy card. If voting by mail, please complete, date and sign your proxy card and return it as soon as possible in the enclosed postage-paid envelope.

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The Company makes available, free of charge on its website, all of its filings that are made electronically with the Securities and Exchange Commission (“SEC”), including Forms 10-K, 10-Q and 8-K. To access these filings, go to the Company’s website ([www.AFGinc.com](http://www.AFGinc.com)) and click on the “SEC Filings” tab at the left under the “Investor Relations” page. Copies of the Company’s Annual Report on Form 10-K for the year ended December 31, 2008, including financial statements and schedules thereto, filed with the SEC, are also available without charge to shareholders upon written request addressed to:

Investor Relations  
 American Financial Group, Inc.

580 Walnut Street, Floor 9 East  
Cincinnati, Ohio 45202

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## GENERAL INFORMATION

### Record Date; Shares Outstanding

As of March 17, 2009, the record date for determining shareholders entitled to notice of and to vote at the meeting, the Company had 115,721,254 shares of common stock deemed outstanding and eligible to vote. This number does not include 14,940,627 shares held by subsidiaries of AFG. Under Ohio law, shares held by subsidiaries are not entitled to vote and are therefore not considered to be outstanding for purposes of the meeting. Each share of outstanding common stock is entitled to one vote on each matter to be presented at the meeting. Abstentions (including instructions to withhold authority to vote for one or more nominees) and broker non-votes are counted for purposes of determining a quorum, but will have no effect on the outcome of any matter voted on at the meeting. Broker non-votes occur when a broker returns a proxy card but does not have authority to vote on a particular proposal.

### Proxies and Voting Procedures

Shareholders of record can vote by mail or via the Internet or by using the toll-free telephone number listed on the proxy card. Internet and telephone voting information is provided on the proxy card. If you vote via the Internet or by telephone, please do not return a signed proxy card. Shareholders who hold their shares through a bank or broker can vote by mail, or via the Internet or by telephone if these options are offered by the bank or broker. You may vote by telephone or Internet 24 hours a day, 7 days a week until 11:59 p.m. Eastern Daylight Saving Time, the day before the meeting. Your telephone or Internet vote authorizes the named proxies to vote your shares in the same manner as if you had executed a proxy card.

If voting by mail, please complete, sign, date and return your proxy card enclosed with the proxy statement in the accompanying postage-paid envelope.

If your shares are held in the name of your broker or bank and you wish to vote in person at the meeting, you should request your broker or bank to issue you a proxy covering your shares.

Solicitation of proxies through the mail, in person and otherwise, is being made by management at the direction of AFG's Board of Directors, without additional compensation. AFG will pay all costs of soliciting proxies. In addition, AFG will request brokers and other custodians, nominees and fiduciaries to forward proxy-soliciting material to the beneficial owners of shares held of record by such persons, and AFG will reimburse them for their expenses.

If a choice is specified on a properly executed proxy card, the shares will be voted accordingly. If a proxy card is signed without a preference indicated, those shares will be voted "FOR" the election of the ten nominees proposed by the Board of Directors, "FOR" the ratification of the Company's independent registered public accounting firm, and "FOR" the proposal to approve the Annual Co-CEO Equity Bonus Plan. The authority solicited by this proxy statement includes discretionary authority to cumulate votes in the election of directors. If any other matters properly come before the meeting or any postponement or adjournment thereof, each properly executed proxy card will be voted in the discretion of the proxies named therein.

With respect to Proposal No. 1, the ten nominees who receive the greatest number of votes will be elected. With respect to Proposal Nos. 2 and 3, the proposal will be adopted only if it receives approval by a majority of the votes cast.

### Retirement and Savings Plan Participants



If you are a participant in the Company's retirement and savings plan with a balance in the AFG Common Stock Fund, the accompanying proxy card shows the number of shares of common stock attributed to your account balance, calculated as of the record date. In order for your plan shares to be voted in your discretion, you must vote at least two business days prior to the day of the meeting (by the end of the day on May 11, 2009) either by Internet, telephone, or returned properly signed proxy card. If you choose not to vote or if you return an invalid or unvoted proxy card, the Administrative Plan Committee will vote your plan shares in the Committee's sole discretion. Individual plan participants' votes will be processed by the plan trustee, and will not be disclosed to the Company.

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### Revoking a Proxy

Whether you vote by mail, via the Internet or by telephone, you may revoke your proxy at any time before it is voted by submitting a new proxy with a later date, voting via the Internet or by telephone at a later time, delivering a written notice of revocation to the Company's corporate secretary, or voting in person at the meeting.

### Cumulative Voting

Shareholders have cumulative voting rights in the election of directors and one vote per share on all other matters. Cumulative voting allows a shareholder to multiply the number of shares owned on the record date by the number of directors to be elected and to cast the total for one nominee or distribute the votes among the nominees as the shareholder desires. The ten nominees who receive the greatest number of votes will be elected. In order to invoke cumulative voting, notice of cumulative voting must be given in writing to the Company's corporate secretary not less than 48 hours before the time fixed for the holding of the meeting.

### Adjournment and Other Matters

Approval of a motion for adjournment, postponement or other matters brought before the meeting requires the affirmative vote of a majority of the shares voting at the meeting. Management has not received proper notice of other matters to be presented at the meeting other than those stated in this document.

## MATTERS TO BE CONSIDERED

### Proposal No. 1      Elect Ten Directors

The Board of Directors oversees the management of the Company on your behalf. The Board reviews AFG's long-term strategic plans and exercises direct decision-making authority in key areas such as choosing the Co-Chief Executive Officers, setting the scope of their authority to manage the Company's business day-to-day, and evaluating senior management performance.

Upon the recommendation of the Corporate Governance Committee (the "Governance Committee"), the Board of Directors has nominated ten individuals to hold office until the next annual meeting of shareholders and until their successors are elected and qualified. If any of the nominees should become unable to serve as a director, the proxies will be voted for any substitute nominee designated by the Board of Directors but, in any event, no proxy may be voted for more than ten nominees.

The nominees for election to the Board of Directors are:

Carl H. Lindner Director since 1959	For more than five years, Mr. Lindner has served as the Chairman of the Board, and until January 2005, also served as Chief Executive Officer of the Company.
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Carl H. Lindner III  
Director since 1991

He has been Co-Chief Executive Officer since January 2005, and for more than five years, Mr. Lindner has served as Co-President of the Company. For more than ten years, Mr. Lindner has been President of Great American Insurance Company and has been principally responsible for the Company's property and casualty insurance operations.

S. Craig Lindner  
Director since 1985

He has been Co-Chief Executive Officer since January 2005, and for more than five years, Mr. Lindner has served as Co-President of the Company. For more than ten years, Mr. Lindner has been President of our Great American Financial Resources, Inc. subsidiary, and has been principally responsible for the Company's annuity and supplemental health insurance operations. He is also President of American Money Management Corporation, a subsidiary that provides investment services for the Company and certain of its affiliated companies.

- Kenneth C. Ambrecht (Member of the Compensation Committee; Member of the Corporate Governance Committee) Mr. Ambrecht has extensive corporate finance experience having worked in the U.S. capital markets for over 30 years. In December 2005, Mr. Ambrecht organized KCA Associates LLC, through which he serves as a consultant to several companies, advising them with respect to financings and financial transactions. From July 2004 to December 2005, he served as a Managing Director with the investment banking firm First Albany Capital. For more than five years prior, Mr. Ambrecht was a Managing Director with Royal Bank Canada Capital Markets. Prior to that post, Mr. Ambrecht worked with the investment bank Lehman Brothers as Managing Director of its capital markets division. Mr. Ambrecht is also a member of the Boards of Directors of Fortescue Metals Group Limited, an Australian mining company and Dominion Petroleum Ltd., a Bermuda domiciled company dedicated to exploration of oil and gas reserves in east and central Africa.
- Theodore H. Emmerich (Chairman of the Audit Committee) Prior to his retirement in 1986, Mr. Emmerich was managing partner of the Cincinnati office of the independent accounting firm of Ernst & Whinney. He serves on the Board of Trustees of The Christ Hospital in Cincinnati, Ohio, and a number of charitable organizations.
- James E. Evans For more than five years, Mr. Evans has served as Senior Vice President and General Counsel of the Company.
- Terry S. Jacobs (Chairman of the Compensation Committee; Member of the Audit Committee) Mr. Jacobs has served as Chairman and Chief Executive Officer of The JFP Group, LLC, a real estate development company, since September 2005. Since September 2008, he has served as Chairman and Chief Executive Officer of Jamos Capital, LLC, a private equity firm specializing in alternative investment strategies. From its founding in September 1996 until September 2005, Mr. Jacobs served as Chairman of the Board and Chief Executive Officer of Regent Communications, Inc. Mr. Jacobs is a Fellow of the Casualty Actuarial Society and a Member of the American Academy of Actuaries. He also serves as a director of Global Entertainment Corp and serves on the Board and Executive Committee of the National Football Foundation and College Hall of Fame, Inc.
- Gregory G. Joseph (Member of the Audit Committee; Member of the Corporate Governance Committee) For more than five years, Mr. Joseph has been Executive Vice President, an attorney, and a principal of Joseph Automotive Group, a Cincinnati, Ohio-based company that manages a number of automobile dealerships and certain real estate holdings. Until May 2008, he served as the lead director of Infinity Property & Casualty Corporation (“IPCC”), an insurance company primarily offering personal automobile insurance. Since 2005, Mr. Joseph has served on the Board of Trustees

of Xavier University, a private college located in Cincinnati, Ohio.

William W. Verity (Chairman of the Corporate Governance Committee; Member of the  
Director since 2002 Compensation Committee) Mr. Verity has been President of Verity &  
Verity, LLC, an investment management company, since January 1,  
2002, and prior to that, he was a partner of Pathway Guidance L.L.C., an  
executive consulting firm, from October 2000. Previously, Mr. Verity  
was Chairman and Chief Executive Officer of ENCOR Holdings, Inc., a  
developer and manufacturer of plastic molded components.

John I. Von Lehman (Member of the Audit Committee) For more than five years until his  
Director since 2008 retirement in 2007, Mr. Von Lehman served as Executive Vice President,  
Chief Financial Officer, Secretary and a director of The Midland  
Company, an Ohio-based provider of specialty insurance products. He  
serves on the Board of Trustees of Ohio National Mutual Funds and a  
number of Cincinnati-based charitable organizations.

Carl H. Lindner is the father of Carl H. Lindner III and S. Craig Lindner. All of the nominees other than Mr. Von  
Lehman were elected directors at the last annual meeting of shareholders of the Company held on May 15, 2008. See  
"Management" and "Compensation" below for additional information concerning the background, securities holdings,  
remuneration and other matters relating to the nominees.

The Board of Directors recommends that shareholders vote FOR the election of these ten nominees as directors.

Proposal No. 2      Ratification of the Company's Independent Registered Public Accounting Firm

The Company's Audit Committee Charter provides that the Audit Committee shall appoint annually an independent registered public accounting firm to serve as auditors. In February 2009, the Audit Committee appointed Ernst & Young LLP to serve as auditors for 2009. Ernst & Young (or its predecessor) has served as the Company's independent auditors since the Company's founding.

Although the Audit Committee has the sole authority to appoint auditors, shareholders are being asked to ratify this appointment. If the shareholders do not ratify the appointment, the Audit Committee will take that fact into consideration, but may, nevertheless, continue to retain Ernst & Young. However, the Audit Committee in its discretion may engage a different registered public accounting firm at any time during the year if the Audit Committee determines that such a change would be in the best interests of the Company.

Audit Fees and Non-Audit Fees

The following table presents fees for professional services performed by Ernst & Young for the years ended December 31, 2008 and December 31, 2007.

	2008	2007
Audit fees (1)	\$ 5,112,000	\$ 4,892,000
Audit related fees (2)	135,000	235,000
Tax fees (3)	35,000	47,000
All other fees	3,000	3,000
Total	\$ 5,285,000	\$ 5,177,000

(1) These aggregate fees were for audits of the financial statements (including services incurred to render an opinion under Section 404 of the Sarbanes-Oxley Act of 2002), subsidiary insurance company audits, reviews of SEC filings, and quarterly reviews.

(2) These fees related primarily to attestation services not required by regulation and services related to state insurance examinations.

(3) These fees relate primarily to review of federal and state tax returns.

Representatives of Ernst & Young are expected to be at the meeting and will be given the opportunity to make a statement if they so desire. They will also be available to respond to appropriate questions from shareholders.

The Board of Directors recommends that shareholders vote FOR the ratification of the Audit Committee's appointment of Ernst & Young as our independent registered public accounting firm for 2009.



Proposal No. 3      Proposal to Approve the Annual Co-CEO Equity Bonus Plan

Shareholders are being asked to approve the Annual Co-CEO Equity Bonus Plan (the "Equity Bonus Plan"). A copy of this Plan is attached to these proxy materials as Annex A. The following description of the material terms of the Equity Bonus Plan is qualified in its entirety by reference to the complete text set forth in Annex A.

The Compensation Committee of the Board of Directors established the Plan to formalize its practice of using equity awards to reward the Co-Chief Executive Officers for extraordinary performance in enhancing the profitability of the Company. The Plan is designed to reflect the current market for executive compensation and to promote extraordinary levels of corporate performance that the Committee believes will enhance long-term shareholder value. This Plan is being presented for shareholder approval so that the compensation expense for awards under the Plan will be, to the extent permissible, tax deductible for the Company and not subject to the \$1 million per year limitation on deductibility ("Deduction Limit") as outlined under Section 162(m) of the Internal Revenue Code of 1986, as amended ("Section 162(m)").

Under the Plan, the Company may grant bonus awards in the form of shares of common stock of the Company to the Co-Chief Executive Officers of the Company, the only participants in the Plan, based on the satisfaction of pre-established performance goals set forth in the Plan. The Committee believes that making bonus awards under the Plan payable only in shares of common stock of the Company further aligns the interests of the Co-Chief Executive Officers with those of our shareholders.

**Administration.** The Plan is administered by the Compensation Committee, which is composed solely of three "outside directors" as defined under Section 162(m). No member of the Committee is eligible to be granted a bonus under the Plan. The Committee has exclusive power to determine the conditions (including the specific annual performance goals consistent with the Plan) to which the payment of the bonuses under the Plan may be subject and to certify that performance goals are attained.

**Performance Criteria and Goals.** Performance criteria and goals are established annually based on financial measurements and operational metrics. The financial measurements may, among others, include book value growth, return on equity, earnings per share from insurance operations, operating earnings (pre-tax, pre-interest) of Great American Financial Resources, Inc., a wholly owned-subsiidiary of the Company ("GAFRI"), and per share price of common stock relative to prior periods and an industry benchmark. The operational metrics will include performance goals relating to, among other metrics, the combined ratio of the Company's Specialty Property & Casualty segment and investment portfolio performance (both including and excluding realized gains and losses).

The Committee evaluates the performance criteria, establishes a performance goal and allocates a bonus amount to be awarded upon attainment of each performance goal. Under the Plan in effect for 2009, \$350,000 payable in shares of AFG common stock has been allocated to each of the following financial measurements for each Co-Chief Executive Officer: core earnings per share, growth in adjusted book value compared to the immediately preceding year, growth in book value compared to the immediately preceding year, combined ratio, GAFRI earnings, return on equity and the increase in share price compared to the immediately preceding year and to an industry benchmark.

In order to receive the bonus amount allocated to a particular performance goal, that goal must have been fully met, or exceeded, for the plan year. If the Committee finds that a particular performance goal established for a participant has not been fully met, or exceeded, for the plan year, the participant will not receive any portion of the bonus amount allocated to that performance goal. For example, under the Plan in effect for 2009, the bonus amount allocated to the earnings per share goal will be awarded only if reported earnings per common share from insurance operations for 2009 ("core earnings") is equal to or exceeds \$3.95. If the earnings per common share goal is not met, the participant



will not receive any portion of the bonus amount allocated to such goal.

Further, under the Plan, neither the Board nor the Committee retains any discretion to pay an excess amount above the established bonus amounts or to award any portion of the bonus amount allocated to a performance goal which has not been met by a participant.

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As soon as practicable after the end of a calendar year, the Committee will certify in writing whether or not the performance goals of the participants have been attained and shall report to the Board the bonus amount, if any, to be awarded to each participant.

Once the bonus amount to be awarded to each participant is determined, it shall be paid in shares of common stock of the Company. Accordingly, up to two million shares have been authorized for issuance under the Plan, which number may be adjusted by the Committee in the event of certain corporate changes affecting AFG common stock. The calculation and payment of shares shall take place by March 31st following the plan year, with the value of a share for purposes of determining the number of shares to be awarded to be determined by taking the average of the average high and low prices of a share for each of the ten trading days immediately prior to and including the date of grant.

Each year, typically within 90 days after the end of the previous year, the Committee intends to establish new bonus amounts, performance criteria and performance goals under the Plan. Bonus amounts, performance criteria and performance goals for 2009 were established in February 2009.

The Committee attempted, to the extent practicable, to structure the Plan as an incentive compensation program that would satisfy the requirements for the “performance-based compensation” exception to the Deduction Limit and, accordingly, preserve the deductibility of compensation paid under the Plan. As a consequence, the Plan and the material terms of the performance goals described are being submitted to our shareholders for approval in accordance with the requirements for the “performance-based compensation” exception to the Deduction Limit. If so approved, the Plan will remain in effect from year to year until terminated by the Committee. While we will attempt to qualify compensation paid under the Plan to participants as “performance-based compensation” so that it will not be subject to the Deduction Limit, there can be no assurance in this regard.

If our shareholders do not approve the Plan, the Committee may still approve cash incentive compensation for our Co-Chief Executive Officers’ achievement of the objectives set forth in the Plan in order to maintain the market competitiveness of the Company’s executive compensation program. However, some of the amounts awarded under a plan not approved by shareholders may be subject to the Deduction Limit. By triggering the Deduction Limit, the Company’s corporate tax liability would be increased.

**Amendment and Termination.** The Board may at any time terminate the Plan. The Board may at any time, or from time to time, amend or suspend and, if suspended, reinstate the Plan in whole or in part. Any amendment or revision to the Plan and/or performance goals therein that requires shareholder approval pursuant to Section 162(m) may be submitted to our shareholders for approval. Notwithstanding the foregoing, the Plan shall continue in effect to the extent necessary to settle all matters relating to the payment of bonuses awarded prior to any such termination or suspension. In no event shall the Board or Committee have the discretion to increase compensation under the Plan after performance goals are established and the period of service has commenced.

If a participant’s employment with the Company or a subsidiary is terminated for any reason other than discharge for cause, and he would otherwise be entitled to a bonus under the Plan, the Committee, may, in its sole discretion, award such a bonus. In the event of a participant’s discharge for cause from the employ of the Company, he shall not be entitled to any amount of bonus, unless the Committee, in its sole discretion, determines otherwise.

The Plan has been adopted and approved by the Committee and will remain effective for each year thereafter unless and until determined by the Committee.

**Recoupment of Awards.** The Board will have discretion to review bonus amounts paid to each participant under the Plan and may authorize the Company to recoup such bonus amounts awarded in the event of an accounting

restatement by the Company that was caused by that participant's fraud or misconduct, and where the performance goals on which the bonus amount was based would not have been met under the restated results.

Federal Income Tax Consequences. The Company believes that under present law the following are the federal income tax consequences generally arising with respect to awards granted under the Plan. This summary is for shareholder informative purposes and is not intended to provide tax advice to Plan participants.

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It is intended that the Plan will either be exempt from the application of, or comply with, the requirements of Section 409A of the Code, and thus, the Plan will be construed, administered, and governed in a manner that reflects such intent, and the Committee shall not take any action that would be inconsistent with such intent. For this reason, the shares shall not be deferred, accelerated, extended, paid out, settled, adjusted, substituted, exchanged or modified in a manner that would cause the award to fail to satisfy the conditions of an applicable exception from the requirements of Section 409A of the Code or otherwise would subject the participants to the additional tax imposed under Section 409A of the Code. The amounts payable pursuant to the Plan are intended to be separate payments that qualify for the "short-term deferral" exception to Section 409A of the Code to the maximum extent possible.

Plan participants must generally recognize ordinary income equal to the cash value of awards received. Subject to Section 162(m), the Company will be entitled to a deduction for the same amount. The foregoing provides only a general description of the application of federal income tax laws to certain types of awards under the Plan. The summary does not address the effects of foreign, state and local tax laws. Because of the complexities of the tax laws, Plan participants are encouraged to consult a tax advisor as to their individual circumstances.

New Plan Benefits. Grants of awards under the Plan are subject to the certification and discretion of the Committee and are, therefore, not determinable at this time. The following table reflects the attainment of all performance goals established by the Committee under the Plan for 2009. The bonus amounts for future years may be higher, lower or the same as bonus amounts in effect for 2009.

Name and Position	2009 Bonus Amounts (1)
Carl H. Lindner III, Co-Chief Executive Officer	\$ 2,450,000
S. Craig Lindner, Co-Chief Executive Officer	2,450,000
All executive officers as a group	4,900,000
Non-executive directors as a group	n/a
Non-executive officers as a group	n/a

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(1) Awards may range from \$0 to \$2,450,000 for each participant depending on whether the established performance goals have been attained.

The Board of Directors of the Company unanimously recommends that you vote "FOR" the approval of the Annual Co-CEO Equity Bonus Plan.

## PRINCIPAL SHAREHOLDERS

The following shareholders are the only persons known by the Company to own beneficially 5% or more of its outstanding common stock as of February 27, 2009:

Name and Address Of Beneficial Owner	Amount and Nature of Beneficial Ownership			Total	Percent of Class
	Common Stock Held (1)	Obtainable upon Exercise of Options (2)			
Carl H. Lindner One East Fourth Street Cincinnati, Ohio 45202	7,613,866(3)	---		7,613,866	6.6%
Carl H. Lindner III One East Fourth Street Cincinnati, Ohio 45202	11,353,816(4)	573,000		11,926,816	10.3%
S. Craig Lindner One East Fourth Street Cincinnati, Ohio 45202	10,107,110(5)	573,000		10,680,110	9.2%
The American Financial Group, Inc. Retirement and Savings Plan One East Fourth Street Cincinnati, Ohio 45202	7,241,376(6)	---		7,241,376	6.3%

- (1) Unless otherwise noted, the holder has sole voting and dispositive power with respect to the shares listed.
- (2) Represents shares of common stock that may be acquired within 60 days of February 27, 2009 through the exercise of options granted under the Company's Stock Option Plan.
- (3) Includes 3,230,383 shares held by his spouse individually and as trustee with voting and dispositive power and 369,379 shares held in a charitable foundation over which Mr. Lindner has sole voting and dispositive power but no pecuniary interest.
- (4) Includes 33,188 shares held by his spouse in a trust over which she has voting and dispositive power, 35,230 shares held by one of his children, 2,376 shares held as custodian for one of his nieces, 1,468,500 shares held by a limited liability company over which he holds dispositive but not voting power, 1,465,455 shares held in a trust over which his spouse has dispositive power, and 3,000,000 shares owned by a limited liability company over which he shares voting and dispositive power with his brother. Includes 25,549 shares beneficially owned through a Company retirement plan over which he has voting and dispositive power.
- (5) Includes 27,685 shares held by his spouse as custodian for their minor child, 108,449 shares held in trust for the benefit of his spouse over which shares she has voting and dispositive power, 1,340,379 shares held in trust for the benefit of his children, over which shares his spouse has dispositive power, 1,485,000 shares held by a limited

liability company over which he holds dispositive but not voting power, and 3,000,000 shares owned by a limited liability company over which he shares voting and dispositive power with his brother. Includes 105,558 shares held in a charitable foundation over which he has sole voting and dispositive power but no pecuniary interest. Includes 26,870 shares beneficially owned through a Company retirement plan over which he has voting and dispositive power. Mr. Lindner has pledged 3,400,761 shares as collateral under loan agreements.

(6) The members of the Administrative Plan Committee of the American Financial Group, Inc. Retirement and Savings Plan (the "RASP"), Sandra W. Heimann, Thomas E. Mischell and Mark

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F. Muething direct the disposition of the securities held by the RASP and may direct the voting of Plan shares for which valid voting instructions have not been received by Plan participants at least two days prior to the meeting. Mrs. Heimann and Mr. Mischell are senior executives of the Company, and Mr. Muething is a senior executive of the Company's Great American Financial Resources, Inc. subsidiary. See "General Information – Retirement and Savings Plan Participants" on page 1 of this proxy statement.

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## MANAGEMENT

The directors, nominees for director and executive officers of the Company are:

	Age (1)	Position	Director or Executive Since
Carl H. Lindner	89	Chairman of the Board	1959
Carl H. Lindner III	55	Co-Chief Executive Officer, Co-President and a Director	1979
S. Craig Lindner	54	Co-Chief Executive Officer, Co-President and a Director	1980
Kenneth C. Ambrecht	63	Director	2005
Theodore H. Emmerich	82	Director	1988
James E. Evans	63	Senior Vice President, General Counsel and Director	1976
Terry S. Jacobs	66	Director	2003
Gregory G. Joseph	46	Director	2008
William W. Verity	50	Director	2002
John I. Von Lehman	56	Director	2008
Keith A. Jensen	58	Senior Vice President	1999
Thomas E. Mischell	61	Senior Vice President - Taxes	1985

(1) As of March 31, 2009.

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

Thomas E. Mischell has served as Senior Vice President - Taxes of the Company for over five years.

Information regarding all directors of the Company is set forth above under "Matters to be Considered - Proposal No. 1 - Elect Ten Directors."

#### Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires AFG's executive officers, directors and persons who own more than ten percent of AFG's common stock to file reports of ownership with the Securities and Exchange Commission and to furnish AFG with copies of these reports. Based on a review of these reports, the Company believes that all filing requirements were met during 2008.



## Securities Ownership

The following table sets forth information, as of February 27, 2009, concerning the beneficial ownership of equity securities of the Company and its subsidiaries by each director, nominee for director, the executive officers named in the Summary Compensation Table (see "Compensation" below) and by all of these individuals as a group. Except as set forth in the footnotes below or under "Principal Shareholders" on page 8 of this proxy statement, no director or executive officer beneficially owned 1% or more of any class of equity security of the Company or any of its subsidiaries outstanding at February 27, 2009. Unless otherwise indicated, the persons named have sole voting and dispositive power over the shares reported.

Name of Beneficial Owner	Shares of Common Stock Held	Amount and Nature of Beneficial Ownership (1)
		Shares of Common Stock Obtainable on Exercise of Options or Beneficially Owned Through Employee Retirement Plans (2)
Carl H. Lindner (3)	7,613,866	-
Carl H. Lindner III (3)	11,328,267	598,549
S. Craig Lindner (3)	10,080,240	599,870
Kenneth C. Ambrecht	10,495	-
Theodore H. Emmerich	39,236	14,250
James E. Evans (4)	198,521	389,788