



REFLECTING ON OUR BUSINESS

We are proud of our market-leading specialty property and casualty insurance and annuity businesses. In 2015, over 60% of the P&C Group's gross written premium was produced by top 10-ranked businesses. Our annuity business has been consistently ranked in the top 10 overall and within the top three for sales of fixed-indexed annuities through financial institutions. A sampling of those businesses appears below.

HUMAN SERVICES **EQUINE MORTALITY** FIXED AND FIXED-INDEXED
EXECUTIVE LIABILITY NATIONAL INTERSTATE **CROP** FIDELITY / CRIME



ES **FIXED AND FIXED-INDEXED ANNUITIES** CROP TRUCKING EC
TRUCKING SPECIALTY HUMAN SERVICES **SURETY BONDS** FIXED A
MORTALITY EXECUTIVE LIABILITY **TRUCKING** FIDELITY / CRIME CRO



Carl H. Lindner III (left) and S. Craig Lindner, Co-Chief Executive Officers

TO OUR SHAREHOLDERS

We are proud of our Company's specialty insurance expertise and a history that dates back to 1872 with the founding of our flagship insurer, Great American Insurance Company. We are especially pleased to be one of the few insurers today with vibrant property and casualty (P&C) insurance and annuity businesses, an attribute that we believe distinguishes us in the marketplace and enables us to produce consistent, strong financial results from businesses that aren't closely correlated to each other, and in some cases, to the overall P&C insurance cycle.

While it takes patience and discipline to build a reputable business franchise, we also recognize that agility and flexibility enable us to anticipate opportunities and execute, positioning us for success in this dynamic industry. Our business model facilitates successful strategic shifts over time, as well as opportunistic responses to market dislocation or developments. We've capitalized on these market changes to further shape our portfolio of businesses, building market-leading operations and sharpening our focus on serving the markets that we know best. Today, over 60% of our specialty P&C gross written premium is generated from top 10-ranked P&C businesses. Similarly, our annuity business has been consistently ranked among the top 10 in sales of fixed annuities.

Our entrepreneurial business model, a culture of empowerment and effective alignment of incentives with business objectives form a strong foundation for success. We are pleased to share a few highlights from the year with you.

AFG PRODUCED RECORD CORE NET OPERATING EARNINGS PER SHARE OF \$5.44 FOR THE YEAR, AN INCREASE OF 13% FROM THE PRIOR YEAR.

\$5.44

2015 RESULTS

Net earnings were \$352 million or \$3.94 per share for the year. These results reflect strong core operating earnings in our specialty P&C and annuity businesses, and include realized gains and other non-core items. Included in those non-core items was a loss of \$1.21 per share on the sale of substantially all of AFG's long-term care insurance business; the disposition of this business will generate approximately \$100 million in excess capital for AFG and allow us to focus our efforts on our core P&C and annuity businesses.

AFG produced record core net operating earnings per share of \$5.44 for the year, an increase of 13% from the prior year. Strong underwriting profit in our specialty P&C insurance operations and record core net operating earnings in our annuity business drove these outstanding results.

Our portfolio of P&C businesses grew to 32 last year with the start-up of Great American Insurance Group's Singapore Branch and the start-up of our U.S.-based Mergers & Acquisitions (M&A) Liability Division, which complements our Lloyd's-based M&A liability underwriting capacity. Despite an increasingly competitive market, we have also grown several of our businesses in response to market opportunities while achieving or exceeding targeted returns. In other businesses, we preserved our underwriting profit margins in lieu of growth. Well-timed execution and disciplined decision making allowed us to earn after-tax returns on equity of approximately 14% in our specialty P&C business and approximately 11% in our annuity business during 2015.

AFG's adjusted book value per share grew to \$49.33 at the end of 2015. Total value creation, measured as the change in adjusted book value per share plus dividends, was \$2.60 per share during 2015. Superior underwriting results, exceptional investment management capabilities and intelligent deployment of our capital have allowed us to achieve compounded growth in AFG's adjusted book value plus dividends of approximately 9.5% over the past five years. Our balance sheet remains strong, with nearly \$50 billion in assets at December 31, 2015, and a debt to total capital ratio of 13%.

Property and Casualty Insurance

Results in our Specialty P&C Group were excellent in 2015. The combined operating ratio of 93.1% was an improvement of nearly a point from the previous year. Higher profitability across each of our Specialty P&C Group sub-segments, higher net investment income (due primarily to the investment of cash acquired in the 2014 acquisition of Summit) and lower net expenses contributed to core pretax operating earnings in our P&C Segment that were 19% higher year-over-year. We are pleased with the improved profitability within several of our Property and Transportation Group businesses, as well as a return to historical crop profitability in 2015. We continue to focus on achieving adequate pricing in several of these businesses. Our Specialty Financial Group reported superior profitability during 2015, with all businesses in this group reporting strong



performance. Results in our Specialty Casualty Group were also excellent, with continued strong profitability in our workers' compensation and excess and surplus businesses, which was partially offset by the impact of the slowdown in the energy sector and poor results in our international business. Following several years of disappointing results at Marketform, our U.K.-based Lloyd's insurer, we have made strategic changes to the leadership team and initiated a comprehensive review of our mix of business and underwriting appetite, with the goal of returning this business to profitability.

Over half of our specialty P&C businesses achieved pricing increases during 2015, with an average overall renewal rate increase of approximately 1% for the year. Excluding the impact of rate declines in our workers' compensation businesses, overall renewal rates increased by approximately 2%. Loss cost trends remained relatively benign, due in part to the low inflation environment. We are pleased that we were able to secure rate increases in the businesses where we need them the most, particularly in several businesses within our Property and Transportation Group.

We reported growth in net written premiums in most of our specialty P&C businesses during 2015. Net written premiums increased 8% during the year, with our Specialty Financial and Specialty Casualty Groups producing double-digit growth.

Annuities

It was a record year for our Annuity Segment in 2015. Considering the persistently low interest rate environment and market fluctuations throughout the year, we were especially pleased to achieve these excellent results. Core pretax operating earnings were a record \$331 million in 2015. Interest rate and stock market fluctuations have an impact on the accounting for fixed-indexed annuities; these accounting adjustments are recognized through AFG's reported core earnings. Although average annuity assets grew by 12% year-over-year, the benefit of this growth and the impact that fluctuations in interest rates had on the fair value accounting for fixed-indexed annuities were offset by the negative impact that the stock market decrease had on certain annuity reserves (compared to a stock market increase in 2014) and the run-off of higher yielding investments.

Statutory annuity premiums were \$4.1 billion in 2015, the highest level of annuity premiums in the Company's history. As a result of a consistent pattern of strong sales over the past three years, particularly from sales of single premium annuities through financial institutions, AFG's fixed annuity reserves have grown from less than \$18 billion at the end of 2012 to nearly \$27 billion at year-end 2015. With a focus on sales of fixed and fixed-indexed annuities, our annuity business has achieved an 18% compounded annual growth rate in assets since our acquisition of Great American Life Insurance Company in 1973.



Investments

We view investment management as a core competency and have a highly skilled in-house team of investment professionals managing our investment portfolio. The professionals who manage our \$38 billion investment portfolio have followed a consistent strategy over many years and changing economic conditions, and have outperformed market indices while effectively managing portfolio risk.

Our portfolio consists primarily of investment grade securities that provide a relatively predictable, steady stream of income. For the eight years ended December 31, 2015, a time period that captures the beginning of the global financial crisis, our fixed income portfolio outperformed the insurance industry by an estimated 1.5% per year, or approximately \$2 billion. Opportunistic purchases of non-agency residential mortgage-backed securities were the primary driver of these returns, which significantly surpassed those of other fixed income indices over the same time period. In addition, our equity portfolio achieved a total return of approximately 14% per year, outperforming the S&P 500 Index by approximately 7% per year,

or approximately \$200 million during the same time period.

Although our investment in real estate comprises approximately 1% of our overall portfolio, AFG has a track record of success in buying under-performing or out-of-favor properties, improving them and selling them when they reach an attractive value. During 2015, sales of a hotel and an apartment property generated after-tax gains of \$36 million, or \$0.40 per share in non-core earnings for AFG.

CREATING LONG-TERM VALUE FOR SHAREHOLDERS

We believe that the considerable ownership of AFG's stock by our management team and employees aligns our interests with those of our public shareholders.

Intelligent deployment of our Company's capital is a top priority, and we strive to find the highest and best use of capital to create long-term value for our shareholders. We will do this through a combination of dividends, opportunistic share repurchases,

acquisitions and/or the addition of bolt-on or start-up businesses. We also look to grow our business organically when there is dislocation in the market or other opportunities that align with our existing businesses.

AFG's financial condition is strong, with \$950 million in excess capital (including cash at the parent company of approximately \$190 million) as of December 31, 2015. The capital in our insurance businesses exceeds, or is consistent with, amounts required for our ratings levels. Holding capital in excess of current ratings levels allows us to operate confidently in forming business plans while maintaining the financial strength to effectively compete in the marketplace. We will maintain financial leverage and capital adequacy at levels that are prudent for our business, and consistent with our commitments to ratings agencies, while maintaining a sufficient level of liquidity to respond to business needs and opportunities.

INTELLIGENT DEPLOYMENT OF OUR COMPANY'S CAPITAL IS A TOP PRIORITY, AND WE STRIVE TO FIND THE HIGHEST AND BEST USE OF CAPITAL TO CREATE LONG-TERM VALUE FOR OUR SHAREHOLDERS.

LONG-TERM

Our business model enables us to allocate capital to businesses with the greatest return potential, and scale back growth when we are unable to reach targeted returns. We will continue to evaluate business opportunities that have the potential to produce desired long-term returns. Alignment with

our existing businesses and cultural fit are other considerations when we evaluate opportunities to expand our specialty insurance portfolio.

We returned approximately \$300 million to shareholders in the form of dividends and share repurchases during 2015, and repurchased an additional \$65 million of AFG shares during 2016 through February 1. On a market value basis, the compounded annual growth rate of AFG's Common Stock plus dividends for the five-year period ended December 31, 2015 was approximately 21%, far exceeding comparable indices. These measures serve as benchmarks as we evaluate our effectiveness in value creation.

During 2015, we announced a 12% increase in AFG's regular quarterly dividend to an annual rate of \$1.12 per share. This marks the 10th consecutive annual dividend increase for the Company. In addition, we paid a special dividend of \$1.00 per share in December 2015. The five-year compounded annual growth in dividends paid to our shareholders was approximately 12%, excluding special dividends. Dividend payments and share repurchases have enabled us to return nearly \$1.8 billion to our shareholders over the past five years.



\$1.8B

LOOKING AHEAD

We are proud of our culture and the success we have enjoyed as an industry-leading specialty insurance company. Our business model rewards discipline and agility in managing our operations through changing

**SUPERIOR UNDERWRITING,
INVESTING AND CAPITAL
MANAGEMENT HAVE ALLOWED
US TO OUTPERFORM INDUSTRY
AVERAGES AND OUR PEERS.**

SUPERIOR

business and economic environments, including phases of the overall insurance cycle, the interest rate environment and the stock market. Superior underwriting, investing and capital management have allowed us to outperform industry averages

and our peers. Our business leaders understand the importance of providing superior service to policyholders and agents, and the value in maintaining our track record of financial strength.

Consistent, strong financial performance and the ability to earn healthy returns on equity will lead to growth in book value and sustained financial flexibility. We believe our business model positions us well to outperform the industry, identify opportunities and execute when we see ways to profitably grow our specialty businesses.

We thank God, our talented management team and our employees for a successful year and for helping us become a company that others want to work for, do business with and invest in. We also thank you, our shareholders, for your investment and confidence.



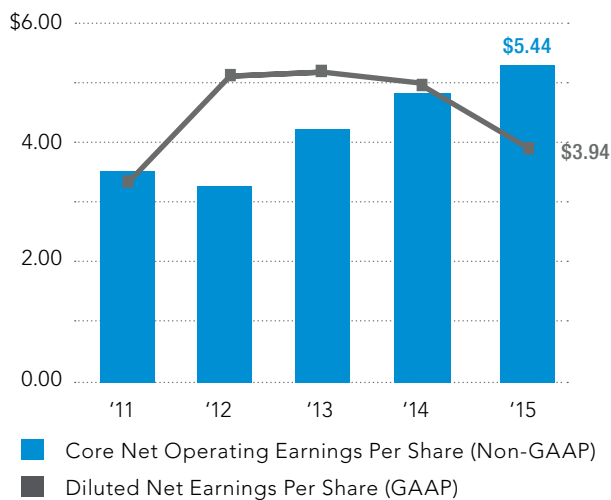
Carl H. Lindner III
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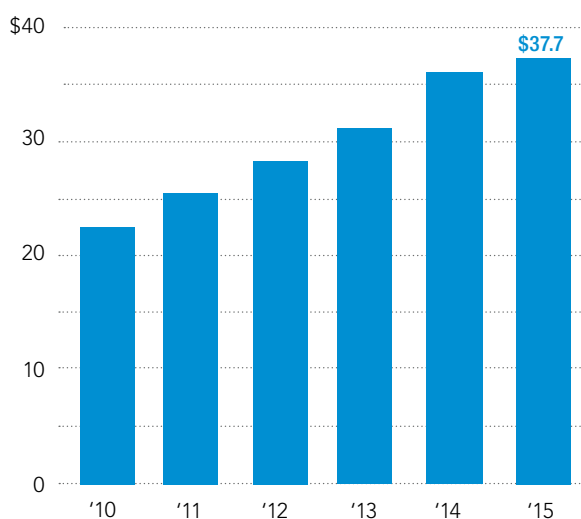
Earnings Per Share

For the year ended December 31



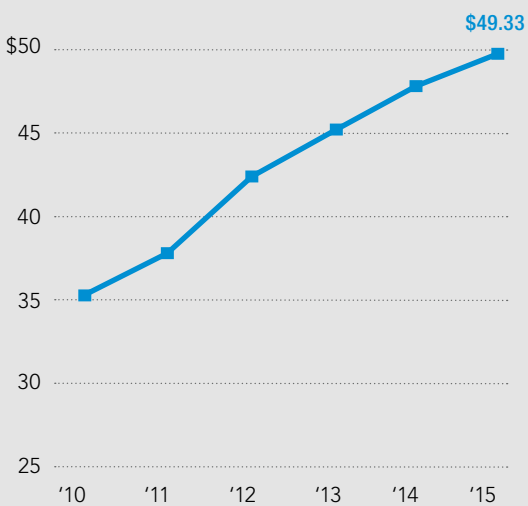
Invested Assets

As of December 31 (dollars in billions)



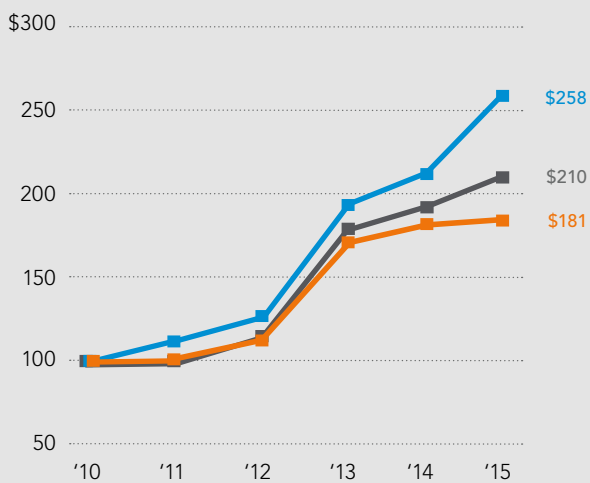
Adjusted Book Value Per Share

As of December 31 (excluding appropriated retained earnings and unrealized gains and losses on fixed maturities)



5 Year Cumulative Total Shareholder Return

On AFG Common Stock vs S&P Indices, as of December 31



- AFG Common Stock
- S&P 500 Index
- S&P 500 Property & Casualty Insurance Index



FINANCIAL STRENGTH RATINGS

Specialty Property & Casualty Insurance Group

Great American Insurance Company
 American Empire Surplus Lines Insurance Company
 Mid-Continent Casualty Company
 National Interstate Insurance Company
 Vanliner Insurance Company
 Republic Indemnity Company of America
 Bridgefield Casualty Insurance Company
 Bridgefield Employers Insurance Company
 Marketform/Lloyd's Syndicate

A.M. Best*

Standard & Poor's*

A+ (Superior)	A+
A+ (Superior)	A+
A+ (Superior)	A+
A (Excellent)	Not Rated
A (Excellent)	Not Rated
A (Excellent)	A+
A (Excellent)	A+
A (Excellent)	A+
A (Excellent)	A+

Annuity Group

Great American Life Insurance Company
 Annuity Investors Life Insurance Company

A (Excellent)	A+
A (Excellent)	A+

*Information above reflects ratings in effect as of March 14, 2016.

In millions, except per share amounts

BALANCE SHEET DATA

	2015	2014	2013
Cash and investments	\$37,736	\$36,210	\$31,313
Total assets	49,859	47,535	42,087
Long-term debt	1,020	1,061	913
Shareholders' equity	4,592	4,879	4,599
Book value per share ^A	\$52.50	\$55.65	\$50.83
Adjusted shareholders' equity ^B	4,314	4,277	4,109
Adjusted book value per share ^B	\$49.33	\$48.76	\$45.90
Cash dividends per share ^C	\$2.030	\$1.910	\$1.805
Ratio of debt to total capital ^D			
Including subordinated debt and debt secured by real estate	18.5%	19.2%	17.6%
Excluding subordinated debt and debt secured by real estate	13.1%	15.6%	16.6%
Shares outstanding	87.5	87.7	89.5

SUMMARY OF OPERATIONS

	2015	2014	2013
Total revenues	\$6,145	\$5,733	\$5,103
Components of net earnings:			
Core net operating earnings ^E	\$486	\$439	\$385
Loss on sale of long-term care insurance business	(108)	–	–
Gain on sale of hotel and apartment property	36	–	–
Other realized gains (losses)	(8)	32	138
Special A&E charges	(52)	(19)	(49)
Loss on early retirement of debt	(2)	–	–
Other	–	–	(3)
Net earnings attributable to shareholders – GAAP	\$352	\$452	\$471
Return on shareholders' equity:			
Core net operating earnings ^F	12%	11%	10%
Net earnings ^F	8%	11%	12%
Components of diluted earnings per share:			
Core net operating earnings ^E	\$5.44	\$4.82	\$4.22
Loss on sale of long-term care insurance business	(1.21)	–	–
Gain on sale of hotel and apartment property	0.40	–	–
Other realized gains (losses)	(0.08)	0.36	1.52
Special A&E charges	(0.58)	(0.21)	(0.54)
Loss on early retirement of debt	(0.03)	–	–
Other	–	–	(0.04)
Diluted earnings per share	\$3.94	\$4.97	\$5.16

A Excludes appropriated retained earnings.

B Excludes appropriated retained earnings and unrealized gains and losses on fixed maturity investments.

C Includes special cash dividends of \$1.00 per share paid in December 2015, 2014 and 2013.

D The ratio is calculated by dividing AFG's long-term debt by its total capital, which includes long-term debt, noncontrolling interests and shareholders' equity (excluding unrealized gains (losses) related to fixed maturity investments and appropriated retained earnings related to managed investment entities).

E Certain significant items that may not be indicative of ongoing core operations are excluded in deriving our core net operating earnings, a non-GAAP measure used for discussion and analytical purposes. Though it is not a generally accepted accounting principles ("GAAP") measure, it is a key performance measure used by analysts and ratings agencies.

F Excludes appropriated retained earnings and accumulated other comprehensive income.

SPECIALTY PROPERTY AND CASUALTY INSURANCE OPERATIONS

Property and Transportation Group

Agricultural-related

Federally reinsured multi-peril crop (allied lines) insurance covering most perils as well as crop-hail, equine mortality and other coverages for full-time operating farms/ranches and agribusiness operations on a nationwide basis.

Commercial Automobile

Coverage for vehicles (such as buses and trucks) in a broad range of businesses including the moving and storage and transportation industries, and a specialized physical damage product for the trucking industry.

Inland and Ocean Marine

Builders' risk, contractors' equipment, property, motor truck cargo, marine cargo, boat dealers, marina operators/dealers and excursion vessels.

Specialty Casualty Group

Excess and Surplus

Liability, umbrella and excess coverage for unique, volatile or hard to place risks, using rates and forms that generally do not have to be approved by state insurance regulators.

Executive and Professional Liability

Liability coverage for directors and officers of businesses and non-profit organizations; errors and omissions; mergers and acquisitions; and provides medical malpractice insurance.

General Liability

Coverage for contractor-related businesses, energy development and production risks, and environmental liability risks.

Targeted Programs

Coverage (primarily liability and property) for social service agencies, leisure, entertainment and non-profit organizations, customized solutions for other targeted markets and alternative risk programs using agency captives.

Umbrella and Excess Liability

Liability coverage in excess of primary layers.

Workers' Compensation

Coverage for prescribed benefits payable to employees who are injured on the job.

Specialty Financial Group

Fidelity and Surety

Fidelity and crime coverage for government, mercantile and financial institutions and surety coverage for various types of contractors and public and private corporations.

Lease and Loan Services

Coverage for insurance risk management programs for lending and leasing institutions, including equipment leasing and collateral and lender-placed mortgage property insurance.

ANNUITY OPERATIONS

Traditional Fixed and Fixed-Indexed Annuities

Sold primarily in the retail, financial institutions and education markets.

RUN-OFF OPERATIONS

Long-Term Care and Life Insurance

In-force blocks of business that are not actively marketed.

OPERATIONAL OVERVIEW

Strength through Specialization

Specialization is a core value at AFG. Business owners rely on us to help them manage the risks inherent in their unique industries and markets. Individuals count on us to develop and market annuity products that are simple to understand and help them achieve their objectives as they plan for secure financial futures. To do this well, we need to have deep specialty expertise in the markets we serve. Our business is founded on an entrepreneurial model with experienced professionals overseeing each of our specialty businesses focused on a particular industry, product or market. In fact, we have 32 unique specialty P&C businesses that handle their own decision making related to underwriting, marketing, claims and policy servicing, and an annuity team that oversees its consumer-friendly product design and pricing strategies within each of its distribution channels. Each of our businesses is empowered to design products, develop distribution strategies, and build and sustain lasting relationships in the markets it serves.

Centralized business support and investment management functions provide a framework to enable each business to focus on growth and serving its customers, important work that they know best. This organizational structure allows our teams to react quickly to changes in the marketplace and to efficiently meet our customers' needs.

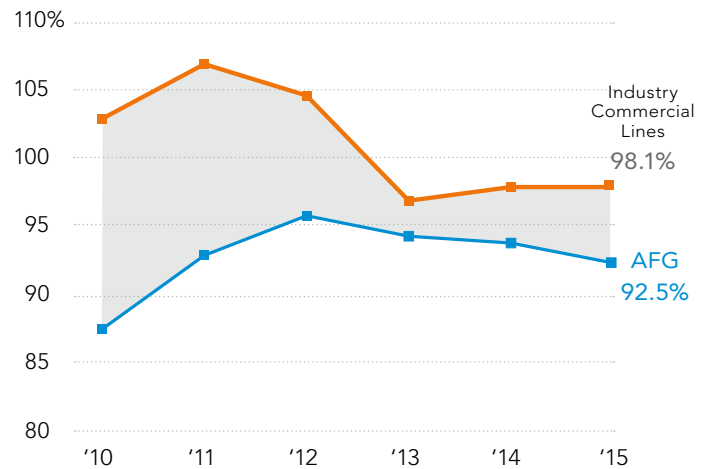
As one of the few insurers with leading specialty P&C and annuity businesses, our business model capitalizes on this diversity within a culture that embraces an entrepreneurial spirit, but also demands accountability. Performance benchmarks and operational and financial measures provide a clear line of sight into overall results. Business leaders are rewarded for strong performance through unique compensation programs, which offer incentives that align with the strategic and financial goals of AFG.

AFG continually evaluates expansion in existing markets and opportunities in new specialty markets that meet profitability objectives. Over the past 15 years, AFG has had a successful history of acquisitions, business bolt-ons and start-ups that have grown the diversity of our specialty P&C portfolio. Conversely, in our annuity operations, the disposition of non-core businesses allowed for increased focus on fixed and fixed-indexed annuities, leading to successful new product launches, expansion into growing annuity markets and tremendous organic growth. AFG's management recognizes that an opportunistic approach may prompt us to withdraw from markets that do not meet profit objectives or fit within our business strategy, such as the sale of our run-off long-term care insurance business. In December 2015, AFG completed the sale of United Teacher Associates Insurance Company and Continental General Insurance Company, the legal entities containing substantially all of

OUR BUSINESS IS FOUNDED ON AN ENTREPRENEURIAL MODEL WITH EXPERIENCED PROFESSIONALS OVERSEEING EACH OF OUR SPECIALTY BUSINESSES FOCUSED ON A PARTICULAR INDUSTRY, PRODUCT OR MARKET.

ENTREPRENEURIAL

Statutory Combined Ratio



Industry Commercial Lines based on data from A.M. Best

its run-off long-term care insurance business. The disposition of this business allows us to provide even sharper focus on our annuity business.

Our specialty P&C businesses are leaders in the markets they serve. Our commitment to disciplined underwriting and superior claims service has resulted in underwriting outperformance within the commercial property and casualty insurance industry in 28 of the past 30 years. Over the past 10 years, the combined operating ratio of AFG's property and casualty operations has been more favorable than the industry by over 10 points.

In our annuity business, assets and reserves have grown by more than 50% over the past three years due to significant growth in annuity sales, especially in the financial institutions channel. We believe this growth is due to our consumer-friendly model, strong ratings and 40-year history in the annuity industry.

AFG and its Great American Insurance Group member companies employ approximately 7,900 employees in over 120 office locations globally, with about 5% of AFG's 2015 direct written premiums derived from non-U.S.-based insurers. We were pleased to grow our international footprint during 2015, with the opening of the Singapore Branch within our P&C Group.

Our business success is highly dependent on our ability to attract and retain qualified employees. AFG places a high priority on identifying and developing talent, and is committed to leadership development at all levels of our organization. We believe our people-focused culture, supported by a commitment to open and honest communication, and a healthy work/life balance, enables us to attract, retain and empower high caliber individuals. Our culture, coupled with a business model that allows high performers to excel, makes AFG a desirable place to work and build a career.

We are proud of our Great American Insurance Group brand, which has been earned over time from consistent positive experiences with customers, business associates and stakeholders, and embodies our culture and values.

Specialty Property and Casualty Insurance Operations

Great American Insurance Company, our flagship insurer in our P&C business, is rated "A+" (Superior) and is one of only five property and casualty insurers to have maintained a financial strength rating of "A" or better from A.M. Best Company for over 100 years. Our property and casualty insurance is distributed through thousands of independent insurance agents and brokers who rely on the financial strength that is signified by this rating. In fact, less than 10% of AFG's 2015 gross written premiums were produced by the three largest U.S. brokers.

Our diversified book of specialty insurance businesses, strong capital adequacy and commitment to disciplined pricing and low windstorm/earthquake and coastal exposures are central to AFG's specialty P&C strategy. The Company's net exposure to a catastrophic earthquake or windstorm that industry models indicate could occur once in every 500 years is estimated to be less than 3.5% of AFG's shareholders' equity.

AFG's P&C professionals are rewarded for profitable growth and achieving healthy returns on equity. As such, premium volume will vary based on market conditions, including the ability to achieve appropriate pricing and scale. We have acted on opportunities to grow our businesses organically in response to changing market conditions throughout insurance cycles, changes in the economic environment and periods of market dislocation. During 2015, in addition to the start-up of our Singapore Branch, we were pleased to launch a new Mergers & Acquisitions Liability Division in our P&C Group, increasing the number of specialty P&C businesses to 32.

The Specialty P&C Group generated an underwriting profit of \$295 million in 2015, up 24% from the prior year. Net written premiums were \$4.3 billion, up 8% from 2014, which includes nine months of premiums from Summit following its acquisition in April 2014. Excluding the impact of Summit, AFG's net written premiums increased by 5%. Although each of our specialty P&C groups reported growth in premiums, the increase was due primarily to higher premiums in our Specialty Casualty Group.

Overall renewal rates were up about 1% for the year. Loss cost trends appeared to be benign across our portfolio of businesses.

THE SPECIALTY P&C GROUP GENERATED AN UNDERWRITING PROFIT OF \$295 MILLION IN 2015, UP 24% FROM THE PRIOR YEAR.

+24%

Our **Property and Transportation Group** is comprised of several specialty insurance niche operations that are leaders in the markets they serve, including our 51%-owned National Interstate subsidiary and our crop insurance business, which is the fourth largest provider of multi-peril crop insurance in the United States. We are also the leading provider of coverage to the equine community through our equine mortality business and among the top providers of coverage for independent owner/operators in the trucking industry. Other businesses in this group offer ocean marine and property and inland marine insurance, as well as various forms of coverage for the agricultural industry.

This group reported an underwriting profit of \$48 million in 2015, compared to \$21 million in the prior year. This increase is primarily attributable to higher profitability in our agricultural operations

and improved year-over-year underwriting results at National Interstate, mainly the result of lower adverse prior year reserve development. These increases were partially offset by lower profitability in our property and inland marine, ocean marine and other transportation businesses. Gross written premiums for the full year of 2015 increased approximately 5%, reflecting new accounts in our transportation businesses, growth in our agricultural operations and the mid-year start-up of our Singapore Branch, partially offset by lower premiums in our property and inland marine businesses. Reinsurance premiums ceded as a percentage of gross written premiums were comparable in 2015 and 2014. Overall renewal rates for this group increased by approximately 4% during 2015, and include a 5% increase in National Interstate's renewal rates.

The Property and Transportation Group is expected to produce a combined operating ratio in the range of 93% to 97% in 2016. We expect this group's net written premiums to be up 4% to 8% from amounts reported in 2015, primarily as a result of rate increases in selected businesses where we are not meeting our profitability targets.

The largest group within our specialty P&C operations, our **Specialty Casualty Group** includes our workers' compensation, executive and professional liability, general liability, excess and surplus, international operations, as well as our non-profit social services business. This group also provides coverage to targeted markets, such as environmental insurance solutions, package products for the public sector and risk-sharing captive programs. Our Specialty Casualty Group reported an underwriting profit of \$146 million in 2015 compared to \$136 million reported in 2014, an increase of 7%. This increase is due primarily to higher profitability in our workers' compensation and targeted markets businesses, partially offset by higher adverse prior year reserve development within Marketform and

in our general liability and excess and surplus businesses, and lower favorable prior year reserve development in our executive liability business. The vast majority of businesses in this group produced strong underwriting profit margins during 2015.

Gross written premiums increased by 8% during 2015. Excluding the impact of Summit, growth in gross written premiums was approximately 4%. While most of the businesses in this group reported growth, the workers' compensation, excess and surplus lines and targeted markets businesses were primary drivers of the higher premiums. This growth was partially offset by lower premiums in our general liability business, primarily the result of competitive market conditions, re-underwriting efforts within the Florida homebuilders market and the slowdown within the energy sector. Reinsurance premiums ceded as a percentage of gross written premiums declined about 1% in 2015 compared



to 2014, reflecting the impact of the acquisition of Summit, which cedes only about 1% of its premiums. Average renewal rates for this group were down 1% in 2015 due primarily to lower pricing in our workers' compensation businesses. Excluding the workers' compensation business, average renewal rates in this group increased 1% during 2015.

We expect the Specialty Casualty Group to produce a combined operating ratio between 92% and 94%, and growth in net written premiums between 1% and 5% in 2016.

The **Specialty Financial Group** includes our financial institutions business, the largest business unit in this group, which offers a wide variety of insurance coverages to lending and leasing institutions. Also included in this group are our fidelity and crime and trade credit operations, as well as our surety business. The Specialty Financial Group reported an underwriting profit of \$87 million for 2015, compared to \$64 million in 2014, an increase of 36%. This increase was driven by higher favorable prior year reserve development across the group and higher current year underwriting profitability in our fidelity and financial institutions businesses. Higher catastrophe losses in 2015 partially offset the increase in profitability. The businesses in this group continued to produce excellent underwriting profit margins during 2015, with an overall combined operating ratio of 83%.

Gross written premiums increased \$32 million, or 5%, in 2015 compared to 2014 due primarily to higher gross written premiums in our surety, financial institutions and equipment leasing businesses. Reinsurance premiums ceded as a percentage of gross written premiums decreased 4% in 2015 compared to 2014, reflecting a decline in auto dealer business, which is heavily reinsured. Average renewal rates for this group were flat in 2015.

We expect the Specialty Financial Group's 2016 combined operating ratio to be between 84% and 88%, and 2016 net written premiums to be up 3% to 7%.



Annuity Operations

Through the annuity operations of Great American Insurance Group, AFG sells traditional fixed and fixed-indexed annuities in the retail, financial institutions and education markets. The ratings assigned by independent insurance ratings agencies are an important competitive factor because agents, potential policyholders, financial institutions and school districts often use a company's rating as an initial screening measure when considering annuity products. We believe AFG's strong ratings have allowed it to successfully compete in the annuity marketplace. Today, single premium annuities sold through independent agents and financial institutions represent about 95% of this group's statutory annuity premiums. Our education market focuses on sales of 403(b) fixed annuities, primarily to educators in the K-12 market.

AFG sells single premium annuities through a retail network of approximately 60 national marketing organizations and managing general agents who, in turn, direct nearly 1,400 actively producing agents. AFG also sells single premium annuities through direct relationships with certain financial institutions and through independent agents and brokers. For the full year 2015, AFG ranked second in sales of fixed-indexed annuities through financial institutions and in the top six for sales of fixed annuities overall.

As a consistent, experienced participant in these markets, we continue to look for ways to best serve the needs of our policyholders and distribution partners. We are committed to the development

of products that are consumer-friendly, utilizing a simpler product design and generally shorter surrender periods than many other companies. We believe this approach provides policyholders with greater transparency and helps to increase their confidence in selecting a product that will help them protect their financial futures. Growth in our annuity reserves, accompanied by pricing discipline and exceptional investment results, have been instrumental in achieving compounded annual growth in core pretax operating earnings of about 16% in AFG's annuity business over the past five years.

Core pretax operating earnings for our annuity business in 2015 were a record \$331 million, compared to \$328 million reported in 2014. Interest rate and stock market fluctuations have an impact on the accounting for fixed-indexed annuities, and these impacts are recognized through AFG's reported core earnings. The impact of fair value accounting in 2015 was a decrease to core pretax operating earnings of \$23 million versus a decrease of \$34 million in 2014. Excluding the impact of fair value accounting on fixed-indexed annuities, core pretax operating earnings decreased by 2% during 2015.

The focus of our annuity business is to maintain appropriate spreads on our base of invested assets. Leaders in our annuity business and our in-house investment management team, American Money Management Corporation, closely monitor market conditions and economic

trends to ensure adequate pricing and effective investment management strategies that support our consumer-friendly annuity products.

Over the last year, average fixed annuity investments, at amortized cost, grew by 12% and average fixed annuity reserves were up 13% compared to 2014.

Our “net interest spread,” which represents the difference between net investment income earned and interest credited, was 2.69% for 2015, a decrease of nine basis points from the prior year. This decrease was due primarily to the run-off of higher-yielding investments, partially offset by lower crediting rates.

The “net spread earned” represents our net interest spread less expenses, plus or minus any impact that fluctuations in the stock market or interest rates have on the accounting for our fixed-indexed annuity assets and liabilities. During 2015, the net spread earned was 1.26%, a decrease of 15 basis points from 2014. This decrease was the result of the decline in the net interest spread and the decrease in the stock market in 2015 compared to an increase in the stock market in 2014, partially offset by fluctuations in the impact of interest rates on the accounting for fixed-indexed annuities between periods. In addition, AFG’s periodic detailed review (“unlocking”) of the major actuarial assumptions underlying its annuity operations resulted in a net annuity expense reduction of \$10 million in 2015 compared to \$1 million in 2014.

Annuity premiums for 2015 were \$4.1 billion, the highest in AFG’s history. Sales of fixed annuities through financial institutions continue to be a valuable source of annuity sales for AFG and now represent nearly half of total annuity premiums.

As we look to 2016, we expect average fixed annuity investments and average fixed annuity reserves to grow by 10% to 12% and our net spread earned to be between 1.10% and 1.25%, somewhat lower than the 1.26% achieved for the

full year of 2015. Our annuity sales in the first several months of 2016 continue to be very strong. As a result, we continue to expect that AFG will again see record annuity sales for the full year.

Significant changes in market interest rates and/or the stock market could lead to significant positive or negative impacts on results in our annuity operations.

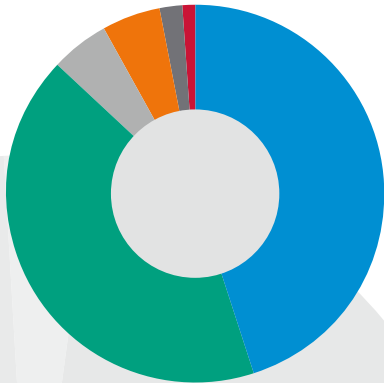
Investments

Our investment philosophy is to focus on high-quality investments that maximize returns on a long-term basis, rather than focusing on short-term performance. Fixed income investments, primarily investment grade bonds and mortgage-backed securities, account for approximately 92% of our total investments. Approximately 89% of our fixed maturity investments are rated investment grade, and 97% have an NAIC designation of 1 or 2, the highest two levels. Stocks, real estate and other investments make up the remaining 8% of our portfolio. Our unrealized after-tax gain on investments was \$332 million as of December 31, 2015.

Our real estate investment strategy is based upon our history of buying under-performing or out-of-favor assets, developing and managing them in house, and selling them when we believe the value has been maximized. During 2015, we recorded pretax gains of approximately \$81 million on the sale of several investments in our real estate portfolio. Over the past 10 years, we have realized net pretax gains of approximately \$250 million on sales of real estate properties.

For 2016, we expect property and casualty pretax net investment income to be approximately 4% higher than 2015 results. We continue to look for attractive investment opportunities and will capitalize on our strong internal investment capabilities that will give us a competitive advantage. We believe that our investment returns will continue to be a major contributor to our earnings and book value growth.

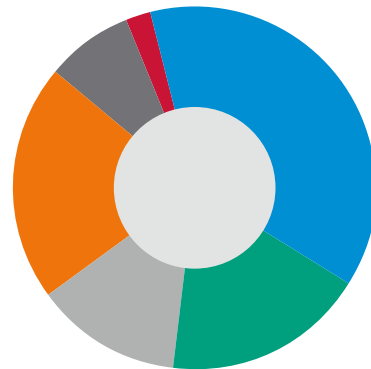
2015 Annuity Premiums – \$4.1 Billion



- 45% Retail Single Premium-Indexed
- 42% Financial Institutions-Indexed
- 5% Financial Institutions-Fixed
- 5% Education Market
- 2% Retail Single Premium-Fixed
- 1% Variable Annuities

Annuity Reserves (GAAP) – \$27.2 Billion

As of December 31, 2015

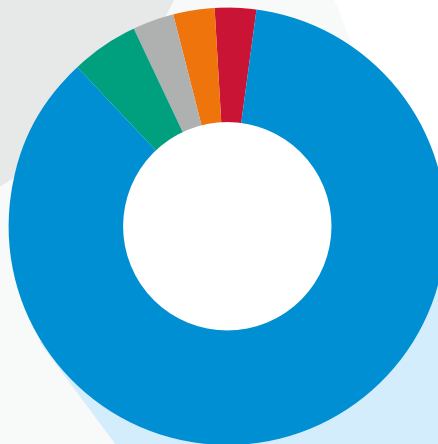


- 38% Retail Single Premium-Indexed
- 21% Education Market
- 18% Financial Institutions-Indexed
- 13% Financial Institutions-Fixed
- 8% Retail Single Premium-Fixed
- 2% Variable (Separate Account)

Investment Portfolio

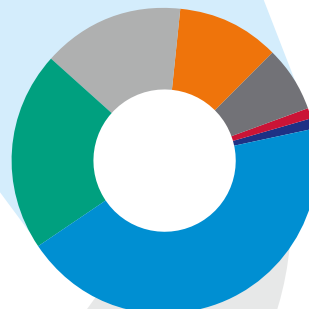
As of December 31, 2015

Carrying Value = \$37.7 Billion



- 86% Fixed Maturities
- 5% Equities
- 3% Cash & Cash Equivalents
- 3% Policy & Mortgage Loans
- 3% Real Estate & Other

Fixed Maturities Overview



- 44% Corporates
- 21% States & Municipalities
- 15% Asset-Backed
- 11% Residential MBS
- 7% Commercial MBS
- 1% U.S. Government
- 1% Foreign Government

SPECIALTY PROPERTY AND CASUALTY INSURANCE OPERATIONS



Property and Transportation Group

Year Ended December 31 (dollars in millions)

	2015	2014	2013
Gross Written Premiums	\$2,455	\$2,342	\$2,392
Net Written Premiums	\$1,636	\$1,566	\$1,547
GAAP Combined Ratio	96.9%	98.7%	99.2%

Specialty Casualty Group

Year Ended December 31 (dollars in millions)

	2015	2014	2013
Gross Written Premiums	\$2,739	\$2,529	\$1,790
Net Written Premiums	\$2,052	\$1,864	\$1,224
GAAP Combined Ratio	92.7%	92.3%	90.9%

Specialty Financial Group

Year Ended December 31 (dollars in millions)

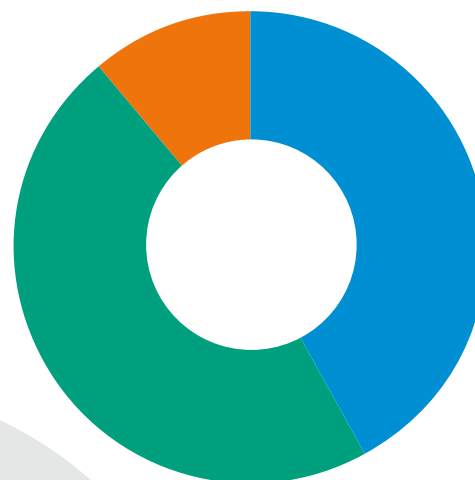
	2015	2014	2013
Gross Written Premiums	\$637	\$605	\$622
Net Written Premiums	\$540	\$488	\$486
GAAP Combined Ratio	83.1%	86.5%	85.6%

Specialty Property & Casualty Operations

Year Ended December 31 (dollars in millions)

	2015	2014	2013
Gross Written Premiums	\$5,832	\$5,477	\$4,805
Net Written Premiums	\$4,327	\$4,020	\$3,341
GAAP Combined Ratio	93.1%	93.9%	93.5%

2015 Gross Written Premiums \$5.8 Billion



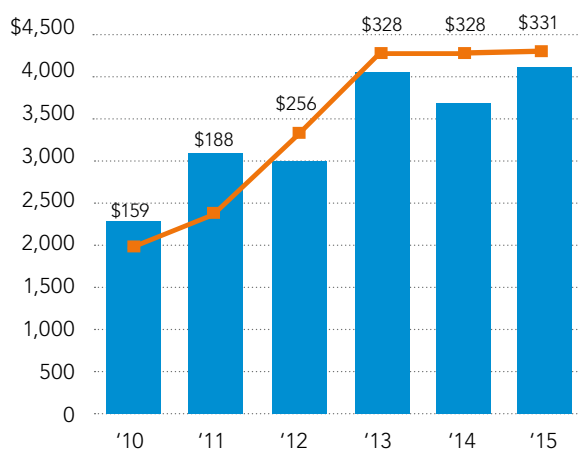
- 47% Specialty Casualty
- 42% Property and Transportation
- 11% Specialty Financial

ANNUITY OPERATIONS



Premium and Earnings Growth

Year Ended December 31 (dollars in millions)



- Statutory Annuity Premiums
- Core Pretax Annuity Earnings

Components of Earnings

Year Ended December 31 (dollars in millions)

	2015	2014	2013
Core operating earnings before impact of fair value accounting on FIAs	\$354	\$362	\$313
Impact of fair value accounting	(23)	(34)	15
Core operating earnings before income taxes	\$331	\$328	\$328

Net Spread on Fixed Annuities

Year Ended December 31 (dollars in millions)

	2015	2014	2013
Average fixed annuity investments	\$25,174	\$22,391	\$19,151
Average fixed annuity benefits accumulated	\$24,898	\$22,119	\$18,696
Net interest spread	2.69%	2.78%	2.94%
Net spread earned	1.26%	1.41%	1.60%



AMERICAN FINANCIAL GROUP BOARD OF DIRECTORS

Seated, left to right: Craig Lindner, Gina Drosos, Ken Ambrecht, John Von Lehman, Carl Lindner III.
Standing, left to right: Jim Evans, Jeff Consolino, Greg Joseph, Terry Jacobs, Will Verity, John Berding.

As of March 14, 2016

Carl H. Lindner III

Co-Chief Executive Officer, American Financial Group, Inc.,
 Chairman, Great American Insurance Company

S. Craig Lindner

Co-Chief Executive Officer, American Financial Group, Inc.,
 President and Chief Executive Officer, Great American Financial Resources, Inc.,
 Chairman, American Money Management Corporation

Kenneth C. Ambrecht ^{2, 3}

Principal, KCA Associates, LLC, a consulting firm to participants in the capital markets

John B. Berding

President, American Money Management Corporation

Joseph E. (Jeff) Consolino

Executive Vice President and Chief Financial Officer,
 American Financial Group, Inc.,
 Chairman, National Interstate Corporation

Virginia (Gina) C. Drosos ^{1, 3}

President and Chief Executive Officer, Assurex Health,
 a personalized medicine company specializing in
 pharmacogenomics

James E. Evans

Former Senior Executive Officer and currently Executive Consultant to American Financial Group, Inc.

Terry S. Jacobs ^{1, 2*}

Chairman and Chief Executive Officer, The JFP Group, LLC, a real estate development company

Gregory G. Joseph ^{1*}

Executive Vice President and Principal, Joseph Automotive Group, an automobile dealership and real estate management company

William W. Verity ^{2, 3*}

President, Verity & Verity, LLC, an investment management company

John I. Von Lehman ^{1, 3}

Retired Executive Vice President, Chief Financial Officer and Secretary, The Midland Company, an Ohio-based provider of specialty insurance products

Board of Directors Committees:

¹ Audit Committee

² Compensation Committee

³ Corporate Governance Committee

* Chairman of Committee

SENIOR MANAGEMENT

As of March 14, 2016

American Financial Group

Carl H. Lindner III
Co-Chief Executive Officer

S. Craig Lindner
Co-Chief Executive Officer

Joseph E. (Jeff) Consolino
Executive Vice President and
Chief Financial Officer

Michelle A. Gillis
Senior Vice President and
Chief Administrative Officer

Vito C. Peraino
Senior Vice President and
General Counsel

H. Kim Baird
Vice President – Tax

Robert E. Dobbs
Vice President – Internal Audit

Karl J. Grafe
Vice President, Assistant General Counsel
and Secretary

Brian S. Hertzman
Vice President and Controller

Mark A. Weiss
Vice President and Assistant General Counsel

David J. Witzgall
Vice President and Treasurer

American Money Management Corporation

John B. Berding
President

Annuity Operations

Mark F. Muething
Executive Vice President and
Chief Operating Officer

Christopher P. Miliano
Executive Vice President and
Chief Financial Officer

Michael J. Prager
Executive Vice President and Chief Actuary

Property and Casualty Operations

Donald D. Larson
President and Chief Operating Officer

Ronald J. Brichler
Executive Vice President

Gary J. Gruber
Executive Vice President

Vincent McLenaghan
Executive Vice President

Annual Shareholders' Meeting

The Annual Shareholders' Meeting will be held at our Company's headquarters, Great American Insurance Group Tower, in Cincinnati on May 17, 2016. Notices will be mailed to all holders of the Company's Common Stock.

Common Stock Market Information

American Financial Group's Common Stock is traded on the New York Stock Exchange under the symbol AFG. On February 1, 2016, approximately 5,700 holders of record own our shares.

Dividend Reinvestment Plan

This plan allows registered shareholders to automatically reinvest the dividends on their AFG Common Stock toward the purchase of additional shares of AFG Common Stock at a 4% discount to the current market price. Dividend Reinvestment Plan information and enrollment forms may be obtained from the Company's Transfer Agent.

Additional Information

Investors or analysts requesting additional information, including copies of the American Financial Group, Inc. Form 10-K as filed with the Securities and Exchange Commission, may contact:

Investor Relations
American Financial Group, Inc.
Great American Insurance Group Tower
301 E. Fourth Street
Cincinnati, Ohio 45202
(513) 579-6739
AFGInvestorRelations@amfin.com

SEC filings, news releases and other information may also be accessed on American Financial Group's website at www.AFGinc.com.

Forward-Looking Statements

The disclosures in this 2015 Annual Report and in the accompanying Form 10-K contain certain forward-looking statements that are subject to numerous assumptions, risks or uncertainties. The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements. Some of the forward-looking statements can be identified by the use of words such as "anticipates", "believes", "expects", "projects", "estimates", "intends", "plans", "seeks", "could", "may", "should", "will" or the negative version of those words or other comparable terminology. Such forward-looking statements include statements relating to: expectations concerning market and other conditions and their effect on future premiums, revenues, earnings, investment activities, and the amount and timing of share repurchases; recoverability of asset values; expected losses and the adequacy of reserves for asbestos, environmental pollution and mass tort claims; rate changes; and improved loss experience.

Actual results and/or financial condition could differ materially from those contained in or implied by such forward-looking statements for a variety of reasons including but not limited to the following and those discussed in our filings with the Securities and Exchange Commission:

- changes in financial, political and economic conditions, including changes in interest and inflation rates, currency fluctuations and extended economic recessions or expansions in the U.S. and/or abroad;
- performance of securities markets;
- AFG's ability to estimate accurately the likelihood, magnitude and timing of any losses in connection with investments in the non-agency residential mortgage market;
- new legislation or declines in credit quality or credit ratings that could have a material impact on the valuation of securities in AFG's investment portfolio;
- the availability of capital;
- regulatory actions (including changes in statutory accounting rules);
- changes in the legal environment affecting AFG or its customers;
- tax law and accounting changes;
- levels of natural catastrophes and severe weather, terrorist activities (including any nuclear, biological, chemical or radiological events), incidents of war or losses resulting from civil unrest and other major losses;
- development of insurance loss reserves and establishment of other reserves, particularly with respect to amounts associated with asbestos and environmental claims;
- availability of reinsurance and ability of reinsurers to pay their obligations;
- trends in persistency, mortality and morbidity;
- competitive pressures;
- the ability to obtain adequate rates and policy terms; and
- changes in AFG's credit ratings or the financial strength ratings assigned by major ratings agencies to AFG's operating subsidiaries.

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

