

American Financial Group, Inc. Compensation Committee Charter

Approved effective March 11, 2004

1. Purpose

The purpose of the Compensation Committee of the Board of Directors (the "Compensation Committee") is to review and approve the compensation to be paid to the Company's Chief Executive Officer and Co-Presidents, to review the compensation of other Company senior executive officers, to oversee the executive compensation policies of the Company, and to produce an annual report on executive compensation for inclusion in the Company's proxy statement in accordance with applicable rules and regulations.

2. Membership

The Compensation Committee shall consist of a minimum of three directors. The members of the Compensation Committee shall be appointed and may be removed by the Board. All members of the Compensation Committee shall be independent directors under the New York Stock Exchange standards and any standards of independence as may be prescribed for purposes of any federal securities or other laws relating to the Compensation Committee.

3. Responsibilities

- a. The Compensation Committee shall meet at least two times each year and shall perform each of the functions listed below at least once annually.
- b. The Compensation Committee's specific functions are:
 - i. To review and approve, at least annually, the corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives, and determine and approve the CEO's compensation level based on this evaluation. In determining any long-term incentive component of CEO compensation, the Compensation Committee shall consider all relevant factors, which may include the Company's performance and relative shareholder return, the value of similar incentive awards to CEO's at comparable companies, and the awards given to the CEO in past years.
 - ii. To review and recommend to the Board, or determine, compensation, equity-based compensation, and other benefits of the Company's Co-Presidents, including development of an appropriate balance between short-term pay and long-term incentives while focusing on long-term shareholder interests.
 - iii. To review with the Co-Presidents the performance and compensation of the Company's senior executive officers and make recommendations to the Board with respect to non-CEO compensation, incentive-compensation plans and equity-based plans.
 - iv. To perform such duties and responsibilities as may be assigned to the Board or the Compensation Committee under the terms of any executive compensation plan, incentive-compensation plan or equity-based plan.

- v. To prepare the annual Compensation Committee report describing the performance factors on which the Compensation Committee relied in determining the compensation of the CEO, as well as a discussion of the Compensation Committee's general policies with respect to executive compensation, as required by the proxy rules of the Securities and Exchange Commission.
- vi. To undertake an annual performance evaluation of the Compensation Committee.

4. Investigations and Studies; Outside Advisors

- a. The Compensation Committee may conduct or authorize investigations into or studies of matters within the scope of the Compensation Committee's duties and responsibilities, and may retain, at the Company's expense, such independent counsel or other advisors as it deems necessary.
- b. The Compensation Committee shall have the sole authority to retain or terminate a compensation consultant to assist the Compensation Committee in carrying out its responsibilities, including sole authority to approve reasonable fees and other retention terms, such fees to be borne by the Company.

\\afgnp03\vol1\Legal\BOARD\COMP\Comp Comm Charter 2004-1.DOC