

AMERICAN FINANCIAL GROUP INC
Form DEF 14A
April 04, 2014

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

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 Pursuant to Section 240.14a-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)

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TABLE OF CONTENTS

2014

**American Financial Group, Inc.
Annual Meeting of Shareholders**

**Meeting Notice
Proxy Statement**

TABLE OF CONTENTS

Cincinnati, Ohio

April 4, 2014

Dear Shareholder:

We invite you to attend our Annual Meeting of Shareholders on Wednesday, May 21, 2014, 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 2013 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.

Karl J. Grafe

Vice President and Secretary

TABLE OF CONTENTS

ANNUAL MEETING OF SHAREHOLDERS

Meeting Notice

AMERICAN FINANCIAL GROUP, INC.

301 East Fourth Street

Cincinnati, Ohio 45202

The approximate availability date of the proxy statement and the proxy card is April 4, 2014. **Your vote is important.** Whether or not you plan to attend the Annual Meeting, the Board of Directors urges you to vote via the Internet, by telephone or by returning a proxy card. **If you vote via the Internet or by telephone, do not return your proxy card.** You may revoke your proxy at any time before the vote is taken at the Annual Meeting provided that you comply with the procedures set forth in the proxy statement which accompanies this Notice of Annual Meeting of Shareholders. If you attend the Annual Meeting, you may either vote by proxy or vote in person.

A broker is not permitted to vote on the election of directors or the advisory resolution to approve named executive officer compensation or the shareholder proposal without instructions from the beneficial owner. Therefore, if your shares are held in the name of your broker, bank or other nominee, unless you vote your shares, your shares will not be voted regarding these proposals.

We encourage you to read the proxy statement and vote your shares as soon as possible.

TABLE OF CONTENTS

AMERICAN FINANCIAL GROUP, INC.

2014 Proxy Statement Summary

This summary highlights information contained elsewhere in this proxy statement. This summary does not contain all of the information you should consider. You should read the entire proxy statement carefully before voting.

General Information

Meeting: Annual Meeting of Shareholders

Date: May 21, 2014

Time: 11:00 a.m. Eastern Daylight Time

Location: Great American Insurance Group Tower, 18th Floor, 301 East Fourth Street, Cincinnati, Ohio

Record Date: March 25, 2014

Common Stock Outstanding: 89,660,296 shares (excluding 14,940,627 held by our subsidiaries which are not entitled to vote)

Stock Symbol: AFG

Exchange: NYSE and NASDAQ

State of Incorporation: Ohio

Corporate Website: www.AFGinc.com

Corporate Governance

Director Term: One year

Director Election Standard: Majority vote

Board Meetings in 2013: 7

Board Committees (Meetings in 2013):

Audit (9), Compensation (3), Governance (6)

Meeting Notice

Corporate Governance Materials:

www.AFGinc.com Company

Items to be Voted On

1. Election of 11 Directors

Director Nominees:

Carl H. Lindner III
S. Craig Lindner
Kenneth C. Ambrecht (Independent)
John B. Berding
Joseph E. (Jeff) Consolino
Virginia Gina C. Drosos (Independent)
James E. Evans
Terry S. Jacobs (Independent)
Gregory G. Joseph (Independent)
William W. Verity (Independent)
John I. Von Lehman (Independent)

2. **Ratification of Independent Registered Public Accounting Firm**
3. **Advisory Vote to Approve Compensation of Named Executive Officers (say on pay)**
4. **Approve Annual Senior Executive Bonus Plan**
5. **Consider Shareholder Proposal, if Properly Presented**

Company Communications

Company Secretary: By mail to:

Karl J. Grafe
Vice President, Assistant General
Counsel & Secretary
Great American Insurance Group Tower
American Financial Group, Inc.
301 East Fourth Street, 27th Floor
Cincinnati, Ohio 45202

Board:

Gregory G. Joseph
Chairman of the Audit Committee
American Financial Group, Inc.

By mail to the Company Secretary at the above address or:

Great American Insurance Group Tower
301 East Fourth Street
Cincinnati, Ohio 45202

i

TABLE OF CONTENTS

ANNUAL MEETING OF SHAREHOLDERS

Proxy Statement

Table of Contents

<u>Information about the Annual Meeting and Voting</u>	1
Proposals	
<u>Proposal No. 1 Election of 11 Directors</u>	4
<u>Proposal No. 2 Ratification of Independent Public Accounting Firm</u>	9
<u>Proposal No. 3 Advisory Vote on Compensation of our Named Executive Officers</u>	9
<u>Proposal No. 4 Approval of Annual Senior Executive Bonus Plan</u>	10
<u>Proposal No. 5 Shareholder Proposal Regarding Certain Employment Matters</u>	11
Company Information	
<u>Management</u>	13
<u>Board of Directors and Committees</u>	13
<u>Committees of the Board</u>	13
<u>Audit Committee Report</u>	15
<u>Director Compensation</u>	16
<u>Corporate Governance</u>	16
<u>Security Ownership of Certain Beneficial Owners and Management</u>	19
<u>Compensation Discussion and Analysis</u>	21
Executive Compensation	
<u>Summary Compensation Table</u>	31
<u>Potential Payments upon Termination or Change in Control</u>	32
<u>Grants of Plan-Based Awards</u>	33
<u>Outstanding Equity Awards at Fiscal Year-End</u>	34
<u>Option Exercises and Stock Vested</u>	35
<u>Nonqualified Defined Contribution and Other Nonqualified Deferred Compensation Plans</u>	35
<u>Compensation Committee Report</u>	36
<u>Equity Compensation Plan Information</u>	36
Other Matters	
<u>Electronic Access to Proxy Materials and Annual Report</u>	37
<u>Copies of Annual Report on Form 10-K</u>	37
<u>Submitting Shareholder Proposals for the 2015 Annual Meeting of Shareholders</u>	37

TABLE OF CONTENTS

Information about the Annual Meeting and Voting

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to Be Held on Wednesday, May 21, 2014. The Proxy Statement and Annual Report to Shareholders and Form 10-K (the Proxy Materials) are available at www.AFGinc.com.

Why did I receive these proxy materials?

You received these proxy materials because you are a shareholder of the Company. The Board is providing these proxy materials to you in connection with our annual meeting to be held on May 21, 2014. As a shareholder of the Company, you are entitled to vote on the important proposals described in this proxy statement. Since it is not practical for all shareholders to attend the annual meeting and vote in person, the Board is seeking your proxy to vote on these matters.

What is a proxy?

A proxy is your legal designation of another person to vote the common shares you own at the annual meeting. By completing and returning the proxy card(s), which identifies the individuals or trustees authorized to act as your proxy, you are giving each of those individuals authority to vote your common shares as you have instructed. By voting via proxy, each shareholder is able to cast his or her vote without having to attend the annual meeting in person.

Why did I receive more than one proxy card?

You will receive multiple proxy cards if you hold your common shares in different ways (*e.g.*, trusts, custodial accounts, joint tenancy) or in multiple accounts. If your common shares are held by a broker or bank (*i.e.*, in street name), you will receive your proxy card and other voting information from your broker, bank, trust, or other nominee. It is important that you complete, sign, date, and return each proxy card you receive, or vote using the telephone, or by using the Internet (as described in the instructions included with your proxy card(s) or in the Notice of Internet Availability of Proxy Materials).

Why didn't I receive paper copies of the proxy materials?

As permitted by the Securities and Exchange Commission, we are making this proxy statement and our annual report available to our shareholders electronically via the Internet. We believe this delivery method expedites your receipt of materials, while also lowering costs and reducing the environmental impact of our annual meeting. The notice of electronic availability contains instructions on how to access this proxy statement and our annual report and how to vote online.

If you received a Notice of Internet Availability of Proxy Materials by mail, you will not receive a printed copy of the proxy materials unless you request one in accordance with the instructions provided in the notice. The Notice of Internet Availability of Proxy Materials has been mailed to shareholders on or about April 8, 2014, and provides

instructions on how you may access and review the proxy materials on the Internet.

What is the record date and what does it mean?

The Board established March 25, 2014 as the record date for the annual meeting of shareholders to be held on May 21, 2014. Shareholders who own common shares of the Company at the close of business on the record date are entitled to notice of and to vote at the annual meeting.

What is the difference between a registered shareholder and a street name shareholder ?

These terms describe how your common shares are held. If your common shares are registered directly in your name with American Stock Transfer & Trust Company, our transfer agent, you are a registered shareholder. If your common shares are held in the name of a brokerage, bank, trust, or other nominee as a custodian, you are a street name shareholder.

How many common shares are entitled to vote at the annual meeting?

As of the record date, there were 89,660,296 shares of common stock outstanding and eligible to vote. This number does not include 14,940,627 shares held by subsidiaries of AFG which, under Ohio law, are not entitled to vote and are not considered to be outstanding for purposes of the meeting.

How many votes must be present to hold the annual meeting?

A majority of the Company's outstanding common shares as of the record date must be present in order for us to hold the annual meeting. This is called a quorum. Broker non-votes and abstentions are counted as present for purposes of determining whether a quorum exists. A broker non-vote occurs when a nominee, such as a bank or broker holding shares for a beneficial owner, does not vote on a particular proposal because the nominee does not have discretionary voting power for the particular item.

2014 Proxy Statement | General Information

pg. 1

TABLE OF CONTENTS

and has not received instructions from the beneficial owner. Proposal 2 is the only routine matter on this year's ballot that may be voted on by brokers without instructions from beneficial owners.

What vote is required to approve each proposal?

Shareholders are entitled to one vote per share of common stock on all matters submitted for consideration at the Annual Meeting. The affirmative vote of a majority of the shares of common stock represented in person or by proxy at the Annual Meeting is required for the election of directors, approval of the advisory resolution to approve named executive officers' compensation and the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the year ending December 31, 2014 and the approval of the shareholder proposal, if properly presented at the meeting.

Abstentions will not count as a vote for or against any of these proposals.

What if a nominee for director fails to receive more votes in favor of election than votes withheld?

Beginning with our 2013 annual meeting, we adopted majority voting procedures for the election of directors in uncontested elections. If one of our incumbent nominees fails to receive more votes in favor than votes withheld, our Regulations require the nominee to promptly tender his or her resignation to the Board. Our Corporate Governance Committee will then make a recommendation to the full Board of Directors as to whether to accept or reject the tendered resignation, or whether other action should be taken. Our Board of Directors will then decide whether to accept or reject the resignation, taking into account the Corporate Governance Committee's recommendation. The determination of our Board of Directors and the rationale behind the decision will be publicly disclosed (by a press release, a filing with the Securities and Exchange Commission or other broadly disseminated means of communication) within 90 days from the date of the certification of the election results of our meeting. If the incumbent director's resignation is not accepted by our Board of Directors, the director will continue to serve until his or her successor is duly elected, or his or her earlier resignation or removal. If a director's resignation is accepted by our Board of Directors, then our Board of Directors may fill any resulting vacancy or decrease the size of the Board of Directors.

Where will I be able to find voting results of the annual meeting?

We will announce preliminary voting results at the annual meeting. We will also publish final voting results in a Current Report on Form 8-K to be filed with the SEC within four business days after the annual meeting.

How do I vote my common shares?

(1) *On the Internet:* Go to www.proxyvote.com to vote via the Internet. You will need to follow the instructions on your Notice of Internet Availability of Proxy Materials (Notice) or proxy card and the website. If you vote via the Internet, you may incur telephone and Internet access charges.

(2) *By Telephone:* Call the toll-free telephone number on the proxy card or the website to vote by telephone. You will need to follow the instructions and the voice prompts.

How many votes must be present to hold the annual meeting?

(3) *By Mail:* Request, complete and return a paper proxy card, following the instructions on your Notice.

(4) *In Person:* Attend the Annual Meeting, or send a personal representative with an appropriate proxy, to vote by ballot.

If you vote via the Internet or by telephone, your electronic vote authorizes the named proxies in the same manner as if you signed, dated and returned your proxy card. If you vote via the Internet or by telephone, do not return your proxy card.

If your shares are held in street name (that is, in the name of a bank, broker or other holder of record), you will receive instructions from the holder of record that you must follow in order for your shares to be voted, or you may request the record holder to issue you a proxy covering your shares.

Can I change my vote after I have mailed in my proxy card(s) or submitted my vote using the Internet or telephone?

Yes, 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 Secretary, at the address set forth under 2014 Proxy Statement Summary Company Communications or by voting in person at the meeting.

What if I hold shares through the Company's Retirement and Savings Plan?

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 16, 2014) either by Internet, telephone, or returned properly signed proxy card. If you choose not to vote or if you return an invalid or

2014 Proxy Statement | General Information

pg. 2

TABLE OF CONTENTS

unvoted proxy card, the Administrative Plan Committee, consisting of four current or former senior executive officers of the Company, will vote your plan shares in the Committee's sole discretion. Plan participants' votes will be processed by the plan trustee, and will not be disclosed to the Company.

How will my proxy be voted?

If you complete, sign, date, and return your proxy card(s) or vote by telephone or by using the Internet, your proxy will be voted in accordance with your instructions. If you sign and date your proxy card(s) but do not indicate how you want to vote, your common shares will be voted for each of the proposals as the Board recommends.

What if my common shares are held in street name by my broker?

You should instruct your broker how you would like to vote your shares by using the written instruction form and envelope provided by your broker. If you do not provide your broker with instructions, under the rules of the New York Stock Exchange (NYSE), your broker may, but is not required to, vote your common shares with respect to certain routine matters. However, on other matters, when the broker has not received voting instructions from its customers, the broker cannot vote the shares on the matter and a broker non-vote occurs. Proposal 2 is the only routine matter on this year's ballot to be voted on by the shareholders. **Proposals 1, 3, 4 and 5 are not considered routine matters under the NYSE rules. This means that brokers may not vote your common shares on such proposals if you have not given your broker specific instructions as to how to vote. Please be sure to give specific voting instructions to your broker so that your vote can be counted.** If you hold your common shares in your broker's name and wish to vote in person at the annual meeting, you must contact your broker and request a document called a legal proxy. You must bring this legal proxy to the annual meeting in order to vote in person.

What are the Board's recommendations on how I should vote my common shares?

The Board recommends that you vote your common shares as follows:

FOR the election of the 11 nominees proposed for the Board of Directors;

FOR the ratification of the Company's independent registered public accounting firm;

FOR the approval, on an advisory basis, of compensation of our named executive officers as disclosed in this proxy statement; and

AGAINST the shareholder proposal, if properly presented.

Does the Company have cumulative voting?

Yes. 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. If cumulative voting is invoked, the 11 nominees who receive the greatest number of votes will be elected, subject to the tender of resignation and related procedures set forth above with respect to incumbent directors who fail to receive more votes in favor than votes withheld. 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. The authority solicited by this proxy statement includes discretionary authority to

cumulate votes in the election of directors.

Who may attend the annual meeting?

All shareholders are eligible to attend the annual meeting. However, only those shareholders of record at the close of business on March 25, 2014 are entitled to vote at the annual meeting.

2014 Proxy Statement | General Information

pg. 3

TABLE OF CONTENTS

Proposals

Proposal No. 1 Election of 11 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 Board of Directors has nominated 11 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