SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

For the Quarterly Period Ended March 31, 2000	Commission File No. 1-13653

AMERICAN FINANCIAL GROUP, INC.

Incorporated under the Laws of Ohio	IRS Employer I.D. No. 31-1544320

One East Fourth Street, Cincinnati, Ohio 45202
(513) 579-2121

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes X No

As of May 1, 2000, there were 58,550,029 shares of the Registrant's Common Stock outstanding, excluding 18,666,614 shares owned by subsidiaries.

PART I

FINANCIAL INFORMATION

AMERICAN FINANCIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

(Dollars In Thousands)

	March 31, 2000	December 31, 1999
Assets:		
Cash and short-term investments	$ 287,229	$ 390,630
Investments:		
Fixed maturities - at market (amortized cost - $10,306,984 and $10,101,105)	10,039,884	9,862,205
Other stocks - at market (cost - $233,168 and $229,201)	399,568	409,701
Investment in investee corporation	171,019	159,984
Policy loans	215,247	217,171
Real estate and other investments	274,059	269,032
Total investments	11,099,777	10,918,093
Recoverables from reinsurers and prepaid reinsurance premiums	1,898,066	2,105,818
Agents' balances and premiums receivable	708,443	656,924
Deferred acquisition costs	705,695	660,672
Other receivables	256,820	223,753
Variable annuity assets (separate accounts)	466,359	354,371
Prepaid expenses, deferred charges and other assets	403,220	411,742
Cost in excess of net assets acquired	328,689	332,072
	$16,154,298	$16,054,075
Liabilities and Capital:		
Unpaid losses and loss adjustment expenses	$ 4,656,193	$ 4,795,449
Unearned premiums	1,410,459	1,325,766
Annuity benefits accumulated	5,494,318	5,519,528
Life, accident and health reserves	525,750	520,644
Long-term debt:		
Holding companies	535,417	492,923
Subsidiaries	240,850	239,733
Variable annuity liabilities (separate accounts)	466,359	354,371
Accounts payable, accrued expenses and other liabilities	993,424	976,413

Total liabilities	14,322,770	14,224,827

Minority interest	483,115	489,270
Shareholders' Equity:		
Common Stock, no par value		
- 200,000,000 shares authorized		
- 58,543,543 and 58,419,952 shares outstanding	58,544	58,420
Capital surplus	743,257	742,220
Retained earnings	587,812	557,538
Unrealized loss on marketable securities, net	(41,200)	(18,200)
Total shareholders' equity	1,348,413	1,339,978
	$16,154,298	$16,054,075

AMERICAN FINANCIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF EARNINGS
(In Thousands, Except Per Share Data)

	Three months ended March 31, 2000	Three months ended March 31, 1999
Income:		
Property and casualty insurance premiums	$572,137	$537,466
Life, accident and health premiums	49,919	25,588
Investment income	209,480	203,910
Realized gains (losses) on sales of securities	(1,433)	4,449
Other income	48,193	26,057
	878,296	797,470
Costs and Expenses:		
Property and casualty insurance:		
Losses and loss adjustment expenses	417,651	365,829
Commissions and other underwriting expenses	178,432	168,221
Annuity benefits	66,161	64,941
Life, accident and health benefits	36,724	18,879
Interest charges on borrowed money	16,026	13,434
Other operating and general expenses	92,695	76,609
	807,689	707,913
Operating earnings before income taxes	70,607	89,557
Provision for income taxes	23,161	30,083
Net operating earnings	47,446	59,474
Minority interest expense, net of tax	(9,896)	(10,966)
Equity in net earnings of investee, net of tax	7,175	10,606
Earnings before accounting change	44,725	59,114
Cumulative effect of accounting change	-	(3,854)
Net Earnings	$ 44,725	$ 55,260

Basic earnings (loss) per Common Share:		
Before accounting change	$.76	$.97
Cumulative effect of accounting change	-	(.06)
Net earnings available to Common Shares	$.76	$.91
Diluted earnings (loss) per Common Share:		
Before accounting change	$.76	$.96
Cumulative effect of accounting change	-	(.06)
Net earnings available to Common Shares	$.76	$.90
Average number of Common Shares:		
Basic	58,466	60,962
Diluted	58,545	61,722
Cash dividends per Common Share	$.25	$.25

AMERICAN FINANCIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Dollars in Thousands)

	Common Shares	Common Stock and Capital Surplus	Retained Earnings	Unrealized Gain (Loss) on Securities	Total
Balance at January 1, 2000	58,419,952	$800,640	$557,538	($18,200)	$1,339,978
Net earnings	-	-	44,725	-	44,725
Change in unrealized	-	-	-	(23,000)	(23,000)
Comprehensive income					21,725
Dividends on Common Stock	-	-	(14,607)	-	(14,607)
Shares issued:					
Employee stock purchase plan	22,945	527	-	-	527
401-K plan company match	99,716	2,119	-	-	2,119
Directors fees paid in stock	930	24	-	-	24
Tax effect of intercompany dividends	-	(1,600)	-	-	(1,600)
Repurchase of trust preferred securities	-	-	156	-	156
Other	-	91	-	-	91
Balance at March 31, 2000	58,543,543	$801,801	$587,812	($41,200)	$1,348,413

	Common Shares	Common Stock and Capital Surplus	Retained Earnings	Unrealized Gain (Loss) on Securities	Total
Balance at January 1, 1999	60,928,322	$831,649	$527,028	$357,500	$1,716,177
Net earnings	-	-	55,260	-	55,260
Change in unrealized	-	-	-	(73,400)	(73,400)
Comprehensive income (loss)					(18,140)
Dividends on Common Stock	-	-	(15,229)	-	(15,229)
Shares issued:					
Exercise of stock options	55,000	1,532	-	-	1,532
Dividend reinvestment plan	2,276	84	-	-	84
Employee stock purchase plan	16,500	634	-	-	634
401-K plan company match	57,888	2,171	-	-	2,171
Directors fees paid in stock	577	22	-	-	22
Shares repurchased	(1,081,312)	(14,760)	(23,775)	-	(38,535)
Tax effect of intercompany dividends	-	(1,600)	-	-	(1,600)
Other	-	1,585	-	-	1,585
Balance at March 31, 1999	59,979,251	$821,317	$543,284	$284,100	$1,648,701

AMERICAN FINANCIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS

(In Thousands)

	Three months ended March 31, 2000	Three months ended March 31, 1999
Operating Activities:		
Net earnings	$ 44,725	$ 55,260
Adjustments:		
Cumulative effect of accounting change	-	3,854
Equity in net earnings of investee	(7,175)	(10,606)
Depreciation and amortization	30,580	21,949
Annuity benefits	66,161	64,941
Realized gains on investing activities	(7,611)	(7,247)
Deferred annuity and life policy acquisition costs	(33,668)	(28,236)
Decrease in reinsurance and other receivables	124,728	50,749
Decrease (increase) in other assets	13,844	(14,351)
Decrease in insurance claims and reserves	(50,957)	(15,614)
Increase in other liabilities	4,542	23,291
Increase (decrease) in minority interest	(1,515)	649
Dividends from investee	-	1,200
Other, net	(127)	1,240
	183,527	147,079
Investing Activities:		
Purchases of and additional investments in:		
Fixed maturity investments	(601,115)	(535,513)
Equity securities	(14,786)	(19,183)
Subsidiaries	-	(26,636)
Real estate, property and equipment	(18,935)	(18,541)
Maturities and redemptions of fixed maturity investments	154,704	340,961
Sales of:		
Fixed maturity investments	227,797	180,604
Equity securities	19,265	15,763
Real estate, property and equipment	1,504	2,990
Cash and short-term investments of acquired subsidiaries, net	-	11,740
Decrease in other investments	5,486	21,563
	(226,080)	(26,252)

Financing Activities:		
Fixed annuity receipts	126,416	107,487
Annuity surrenders, benefits and withdrawals	(192,820)	(189,980)
Net transfers from fixed to variable annuity assets	(21,453)	(3,063)
Additional long-term borrowings	44,091	69,150
Reductions of long-term debt	(610)	(549)
Issuances of Common Stock	448	1,877
Repurchases of Common Stock	-	(38,535)
Repurchases of trust preferred securities	(2,313)	(5,509)
Cash dividends paid	(14,607)	(15,145)
	(60,848)	(74,267)
Net Increase (Decrease) in Cash and Short-term Investments	(103,401)	46,560
Cash and short-term investments at beginning of period	390,630	296,721
Cash and short-term investments at end of period	$287,229	$343,281

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A. ACCOUNTING POLICIES

BASIS OF PRESENTATION The accompanying consolidated financial statements for American Financial Group, Inc. ("AFG") and subsidiaries are unaudited; however, management believes that all adjustments (consisting only of normal recurring accruals unless otherwise disclosed herein) necessary for fair presentation have been made. The results of operations for interim periods are not necessarily indicative of results to be expected for the year. The financial statements have been prepared in accordance with the instructions to Form 10-Q and therefore do not include all information and footnotes necessary to be in conformity with generally accepted accounting principles.

Certain reclassifications have been made to prior years to conform to the current year's presentation. All significant intercompany balances and transactions have been eliminated. All acquisitions have been treated as purchases. The results of operations of companies since their formation or acquisition are included in the consolidated financial statements.

The preparation of the financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Changes in circumstances could cause actual results to differ materially from those estimates.

INVESTMENTS All fixed maturity securities are considered "available for sale" and reported at fair value with unrealized gains and losses reported as a separate component of shareholders' equity. Short-term investments are carried at cost; loans receivable are carried primarily at the aggregate unpaid balance. Premiums and discounts on mortgage- backed securities are amortized over their expected average lives using the interest method.

Gains or losses on sales of securities are recognized at the time of disposition with the amount of gain or loss determined on the specific identification basis. When a decline in the value of a specific investment is considered to be other than temporary, a provision for impairment is charged to earnings and the carrying value of that investment is reduced.

INVESTMENT IN INVESTEE CORPORATION Investments in securities of 20%- to 50%-owned companies are generally carried at cost, adjusted for AFG's proportionate share of their undistributed earnings or losses.

COST IN EXCESS OF NET ASSETS ACQUIRED The excess of cost of subsidiaries and investees over AFG's equity in the underlying net assets ("goodwill") is being amortized over periods of 20 to 40 years.

INSURANCE As discussed under "Reinsurance" below, unpaid losses and loss adjustment expenses and unearned premiums have not been reduced for reinsurance recoverable. To the extent that unrealized gains (losses) from securities classified as "available for sale" would result in adjustments to deferred acquisition costs and policyholder liabilities had those gains (losses) actually been realized, such balance sheet amounts are adjusted, net of deferred taxes.

REINSURANCE In the normal course of business, AFG's insurance subsidiaries cede reinsurance to other companies to diversify risk and limit maximum loss arising from large claims. To the extent that any reinsuring companies are unable to meet obligations under the agreements covering reinsurance ceded, AFG's insurance subsidiaries would remain liable. Amounts recoverable from reinsurers are estimated in a manner consistent with the claim liability associated with the reinsured policies. AFG's insurance subsidiaries report as assets (a) the estimated reinsurance recoverable on unpaid losses, including an estimate for losses incurred but not reported, and (b) amounts paid to reinsurers applicable to the unexpired terms of policies in force. AFG's insurance subsidiaries also assume reinsurance from other companies. Income on reinsurance assumed is recognized based on reports received from ceding reinsurers.

DEFERRED ACQUISITION COSTS Policy acquisition costs (principally commissions, premium taxes and other underwriting expenses) related to the production of new business are deferred ("DPAC"). For the property and casualty companies, DPAC is limited based upon recoverability without any consideration for anticipated investment income and is charged against income ratably over the terms of the related policies. For the annuity companies, DPAC is amortized, with interest, in relation to the present value of expected gross profits on the policies.

UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES The net liabilities stated for unpaid claims and for expenses of investigation and adjustment of unpaid claims are based upon (a) the accumulation of case estimates for losses reported prior to the close of the accounting period on the direct business written; (b) estimates received from ceding reinsurers and insurance pools and associations; (c) estimates of unreported losses based on past experience; (d) estimates based on experience of expenses for investigating and adjusting claims and (e) the current state of the law and coverage litigation. These liabilities are subject to the impact of changes in claim amounts and frequency and other factors. In spite of the variability inherent in such estimates, management believes that the liabilities for unpaid losses and loss adjustment expenses are adequate. Changes in estimates of the liabilities for losses and loss adjustment expenses are reflected in the Statement of Earnings in the period in which determined.

ANNUITY BENEFITS ACCUMULATED Annuity receipts and benefit payments are recorded as increases or decreases in "annuity benefits accumulated" rather than as revenue and expense. Increases in this liability for interest credited are charged to expense and decreases for surrender charges are credited to other income.

LIFE, ACCIDENT AND HEALTH RESERVES Liabilities for future policy benefits under traditional life, accident and health policies are computed using the net level premium method. Computations are based on anticipated investment yield, mortality, morbidity and surrenders and include provisions for unfavorable deviations. Reserves established for accident and health claims are modified as necessary to reflect actual experience and developing trends.

VARIABLE ANNUITY ASSETS AND LIABILITIES Separate accounts related to variable annuities represent deposits invested in underlying investment funds on which American Annuity Group, Inc. ("AAG") earns a fee. The investment funds are selected and may be changed only by the policyholder.

PREMIUM RECOGNITION Property and casualty premiums are earned over the terms of the policies on a pro rata basis. Unearned premiums represent that portion of premiums written which is applicable to the unexpired terms of policies in force. On reinsurance assumed from other insurance companies or written through various underwriting organizations, unearned premiums are based on reports received from such companies and organizations. For traditional life, accident and health products, premiums are recognized as revenue when legally collectible from policyholders. For interest-sensitive life and universal life products, premiums are recorded in a policyholder account which is reflected as a liability. Revenue is recognized as amounts are assessed against the policyholder account for mortality coverage and contract expenses.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

POLICYHOLDER DIVIDENDS Dividends payable to policyholders are included in "Accounts payable, accrued expenses and other liabilities" and represent estimates of amounts payable on participating policies which share in favorable underwriting results. The estimate is accrued during the period in which the related premium is earned. Changes in estimates are included in income in the period determined. Policyholder dividends do not become legal liabilities unless and until declared by the boards of directors of the insurance companies.

MINORITY INTEREST For balance sheet purposes, minority interest represents the interests of noncontrolling shareholders in AFG subsidiaries, including American Financial Corporation ("AFC") preferred stock and preferred securities issued by trust subsidiaries of AFG. For income statement purposes, minority interest expense represents those shareholders' interest in the earnings of AFG subsidiaries as well as AFC preferred dividends and accrued distributions on the trust preferred securities.

INCOME TAXES AFC files consolidated federal income tax returns which include all 80%-owned U.S. subsidiaries, except for certain life insurance subsidiaries and their subsidiaries. Because holders of AFC Preferred Stock hold in excess of 20% of AFC's voting rights, AFG (parent) and its direct subsidiary, AFC Holding Company ("AFC Holding" or "AFCH"), own less than 80% of AFC, and therefore, file separate returns.

Deferred income taxes are calculated using the liability method. Under this method, deferred income tax assets and liabilities are determined based on differences between financial reporting and tax bases and are measured using enacted tax rates. Deferred tax assets are recognized if it is more likely than not that a benefit will be realized.

STOCK-BASED COMPENSATION As permitted under Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation," AFG accounts for stock options and other stock-based compensation plans using the intrinsic value based method prescribed by Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees."

BENEFIT PLANS AFG provides retirement benefits to qualified employees of participating companies through contributory and noncontributory defined contribution plans contained in AFG's Retirement and Savings Plan. Under the retirement portion of the plan, company contributions are invested primarily in securities of AFG and affiliates. Under the savings portion of the plan, AFG matches a specific portion of employee contributions. Contributions to benefit plans are charged against earnings in the year for which they are declared.

AFG and many of its subsidiaries provide health care and life insurance benefits to eligible retirees. AFG also provides postemployment benefits to former or inactive employees (primarily those on disability) who were not deemed retired under other company plans. The projected future cost of providing these benefits is expensed over the period the employees earn such benefits.

Under AFG's stock option plan, options are granted to officers, directors and key employees at exercise prices equal to the fair value of the shares at the dates of grant. No compensation expense is recognized for stock option grants.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

START-UP COSTS Prior to 1999, AAG, an 83%-owned subsidiary, deferred certain costs associated with introducing new products and distribution channels and amortized them on a straight-line basis over 5 years. In 1999, AAG implemented Statement of Position ("SOP") 98-5, "Reporting on the Costs of Start-Up Activities." The SOP requires that (i) costs of start-up activities be expensed as incurred and (ii) unamortized balances of previously deferred costs be expensed and reported as the cumulative effect of a change in accounting principle. Accordingly, AFG expensed previously capitalized start-up costs of $3.8 million (net of minority interest and taxes) or $.06 per diluted share, effective January 1, 1999.

DERIVATIVES The Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," during the second quarter of 1998. SFAS No. 133 establishes accounting and reporting standards for derivative instruments, including derivative instruments that are embedded in other contracts, and for hedging activities and must be implemented no later than January 1, 2001. SFAS No. 133 requires the recognition of all derivatives (both assets and liabilities) in the balance sheet at fair value. Changes in fair value of derivative instruments are included in current income or as a component of comprehensive income (outside current income) depending on the type of derivative. Implementation of SFAS No. 133 is not expected to have a material effect on AFG's financial position or results of operations.

EARNINGS PER SHARE Basic earnings per share is calculated using the weighted average number of shares of common stock outstanding during the period. The calculation of diluted earnings per share includes 79,000 shares in 2000 and 760,000 shares in 1999 representing the dilutive effect of common stock options.

STATEMENT OF CASH FLOWS For cash flow purposes, "investing activities" are defined as making and collecting loans and acquiring and disposing of debt or equity instruments and property and equipment. "Financing activities" include obtaining resources from owners and providing them with a return on their investments, borrowing money and repaying amounts borrowed. Annuity receipts, benefits and withdrawals are also reflected as financing activities. All other activities are considered "operating". Short-term investments having original maturities of three months or less when purchased are considered to be cash equivalents for purposes of the financial statements.

B. ACQUISITIONS AND SALES OF SUBSIDIARIES

WORLDWIDE INSURANCE COMPANY In April 1999, AFG acquired Worldwide Insurance Company for $157 million in cash. Worldwide is a provider of direct response private passenger automobile insurance.

UNITED TEACHER ASSOCIATES In October 1999, AAG acquired United Teacher Associates Insurance Company of Austin, Texas ("UTA") for $81 million in cash, pending post-closing adjustments under which AAG may receive as much as several million dollars. UTA provides supplemental health products and retirement annuities, and purchases blocks of insurance policies from other insurers.

GREAT AMERICAN LIFE INSURANCE COMPANY OF NEW YORK AND CONSOLIDATED FINANCIAL

In February 1999, AAG acquired Great American Life Insurance Company of New York, formerly Old Republic Life Insurance Company of New York, for $27 million in cash. In July 1999, AAG acquired Consolidated Financial Corporation, an insurance agency, for $21 million in cash.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

COMMERCIAL LINES DIVISION In connection with the 1998 sale of its Commercial lines division to Ohio Casualty Corporation, AFG deferred a gain of $103 million related to the insurance business ceded which is being recognized over the estimated remaining settlement period (weighted average of 4.25 years) of the claims ceded. AFG may receive up to an additional $40 million in mid-2000 based upon the retention and growth through May 31, 2000 of the insurance businesses sold.

C. SEGMENTS OF OPERATIONS AFG's property and casualty group is engaged primarily in private passenger automobile and specialty insurance businesses. The Personal group writes nonstandard and preferred/standard private passenger auto and other personal insurance coverage. The Specialty group includes a highly diversified group of specialty business units. Some of the more significant areas are inland and ocean marine, California workers' compensation, agricultural- related coverages, executive and professional liability, U.S.-based operations of Japanese companies, fidelity and surety bonds, collateral protection, and umbrella and excess coverages. AFG's annuity and life business markets primarily retirement products as well as life and supplemental health insurance. In addition, AFG owns a significant portion of the voting equity securities of Chiquita Brands International, Inc. (an investee corporation - see Note D).

The following table (in thousands) shows AFG's revenues and operating profit (loss) by significant business segment. Operating profit (loss) represents total revenues less operating expenses.

	Three months ended March 31,	
	2000	1999
Revenues (a)		
Property and casualty insurance:		
Premiums earned:		
Personal	$297,313	$285,817
Specialty	274,823	250,588
Other lines - primarily discontinued	1	1,061
	572,137	537,466
Investment and other income	121,167	102,268
	693,304	639,734
Annuities and life (b)	181,488	154,016
Other	3,504	3,720
	$878,296	$797,470

Operating Profit (Loss)		
Property and casualty insurance:		
Underwriting:		
Personal	($10,933)	$ 4,480
Specialty	(10,498)	349
Other lines - primarily discontinued	(2,515)	(1,413)
	--------	--------
	(23,946)	3,416
Investment and other income	89,365	68,689
	--------	--------
	65,419	72,105
Annuities and life	27,988	35,409
Other (c)	(22,800)	(17,957)
	--------	--------
	$ 70,607	$ 89,557
	========	========

(a) Revenues include sales of products and services as well as other income earned by the respective segments.
(b) Represents primarily investment income.
(c) Includes holding company expenses.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

D. INVESTMENT IN INVESTEE CORPORATION Investment in investee corporation reflects AFG's ownership of 24 million shares (36%) of Chiquita common stock. The market value of this investment was $114 million at March 31, 2000 and December 31, 1999. Chiquita is a leading international marketer, producer and distributor of quality fresh fruits and vegetables and processed foods. Summarized financial information for Chiquita follows (in millions):

	Three months ended March 31,	
	2000	1999
Net Sales	$658	$693
Operating Income	68	77
Net Income	35	49

E. LONG-TERM DEBT The carrying value of long-term debt consisted of the following (in thousands):

	March 31, 2000	December 31, 1999
Holding Companies:		
AFG 7-1/8% Senior Debentures due April 2009	$300,808	$300,766
AFG 7-1/8% Senior Debentures due December 2007	79,600	79,600
AFC notes payable under bank line	110,000	68,000
APU 10-5/8% Subordinated Notes due April 2000	23,684	23,786
APU 10-7/8% Subordinated Notes due May 2011	11,648	11,661
Other	9,677	9,110
	$535,417	$492,923
Subsidiaries:		
AAG 6-7/8% Senior Notes due June 2008	$100,000	$100,000
AAG notes payable under bank line	97,000	97,000
Notes payable secured by real estate	31,582	31,704
Other	12,268	11,029
	$240,850	$239,733

At March 31, 2000, sinking fund and other scheduled principal payments on debt for the balance of 2000 and the subsequent five years were as follows (in millions):

	Holding Companies	Subsidiaries	Total
2000	$ 23.7	$ 2.8	$ 26.5
2001	-	1.4	1.4
2002	116.7	38.3	155.0
2003	-	61.3	61.3
2004	-	14.2	14.2
2005	-	9.6	9.6

Debentures purchased in excess of scheduled payments may be applied to satisfy any sinking fund requirement. The scheduled principal payments shown above assume that debentures previously purchased are applied to the earliest scheduled retirements.

AFC and AAG each have an unsecured credit agreement with a group of banks under which they can borrow up to $300 million and $200 million, respectively. Borrowings bear interest at floating rates based on prime or Eurodollar rates. Loans mature December 2002 under the AFC credit agreement and from 2000 to 2003 under the AAG credit agreement.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

F. MINORITY INTEREST Minority interest in AFG's balance sheet is comprised of the following (in thousands):

	March 31, 2000	December 31, 1999
Interest of noncontrolling shareholders in subsidiaries' common stock	$ 94,101	$ 97,516
Preferred securities issued by subsidiary trusts	316,860	319,600
AFC preferred stock	72,154	72,154
	$483,115	$489,270

PREFERRED SECURITIES Wholly-owned subsidiary trusts of AFCH and AAG have issued $325 million of preferred securities and, in turn, purchased a like amount of AFCH and AAG subordinated debt which provides interest and principal payments to fund the respective trusts' obligations. The preferred securities must be redeemed upon maturity or redemption of the subordinated debt. AFCH and AAG effectively provide unconditional guarantees of their respective trusts' obligations and AFG guarantees AFCH's obligations.

The preferred securities consisted of the following (in thousands):

Date of Issuance	Issue (Maturity Date)	March 31, 2000	December 31, 1999	Optional Redemption Dates
October 1996	AFCH 9-1/8% TOPrS (2026)	$98,750	$100,000	On or after 10/22/2001
November 1996	AAG 9-1/4% TOPrS (2026)	73,110	74,600	On or after 11/7/2001
March 1997	AAG 8-7/8% Pfd (2027)	70,000	70,000	On or after 3/1/2007
May 1997	AAG 7-1/4% ROPES (2041)	75,000	75,000	Prior to 9/28/2000 and after 9/28/2001

In the first quarter of 2000, AFCH and AAG repurchased $1.3 million and $1.5 million of their preferred securities for $1.1 million and $1.3 million in cash, respectively.

AFC PREFERRED STOCK AFC's Preferred Stock is voting, cumulative, and consists of the following:

Series J, no par value; $25.00 liquidating value per share; annual dividends per share $2.00; redeemable at AFC's option at $25.75 per share beginning December 2005 declining to $25.00 at December 2007 and thereafter; 2,886,161 shares (stated value $72.2 million) outstanding at March 31, 2000 and December 31, 1999.

MINORITY INTEREST EXPENSE Minority interest expense is comprised of (in thousands):

	Three months ended March 31, 2000	Three months ended March 31, 1999
Interest of noncontrolling shareholders in earnings of subsidiaries	$3,971	$ 4,964
Accrued distributions by subsidiaries on preferred securities:		
Trust issued securities, net of tax	4,482	4,559
AFC preferred stock	1,443	1,443
	$9,896	$10,966

G. SHAREHOLDERS' EQUITY At March 31, 2000, there were 58,543,543 shares of AFG Common Stock outstanding, including 1,365,040 shares held by American Premier for possible distribution to certain creditors and other claimants upon proper claim presentation and settlement pursuant to the 1978 plan of reorganization of American Premier's predecessor, The Penn Central Corporation. Shares being held for distribution are not eligible to vote but otherwise are accounted for as issued and outstanding. AFG is authorized to issue 12.5 million shares of Voting Preferred Stock and 12.5 million shares of Nonvoting Preferred Stock, each without par value.

At March 31, 2000, there were 6.9 million shares of AFG Common Stock reserved for issuance upon exercise of stock options. As of that date, AFG had options for 5.5 million shares outstanding. Options generally become exercisable at the rate of 20% per year commencing one year after grant; those granted to non-employee directors of AFG are fully exercisable upon grant. All options expire ten years after the date of grant.

The change in unrealized gain (loss) on marketable securities for the three months ended March 31 included the following (in millions):

	Pretax	Taxes	Minority Interest	Net
2000				
Unrealized holding gains (losses) on securities arising during the period	($ 40.3)	$14.5	$2.2	($23.6)
Reclassification adjustment for realized losses included in net income	1.4	(.5)	(.3)	.6
Change in unrealized gain (loss) on marketable securities, net	($ 38.9)	$14.0	$1.9	($23.0)
1999				
Unrealized holding gains (losses) on securities arising during the period	($120.5)	$41.4	$8.1	($71.0)
Reclassification adjustment for realized gains included in net income	(4.4)	1.6	.4	(2.4)
Change in unrealized gain (loss) on marketable securities, net	($124.9)	$43.0	$8.5	($73.4)

H. COMMITMENTS AND CONTINGENCIES There have been no significant changes to the matters discussed and referred to in Note L "Commitments and Contingencies" of AFG's Annual Report on Form 10-K for 1999.

ITEM 2

Management's Discussion and Analysis

of Financial Condition and Results of Operations

GENERAL

AFG and its subsidiaries, AFC Holding, AFC and American Premier, are organized as holding companies with almost all of their operations being conducted by subsidiaries. These parent corporations, however, have continuing cash needs for administrative expenses, the payment of principal and interest on borrowings, shareholder dividends, and taxes. Therefore, certain analyses are best done on a parent only basis while others are best done on a total enterprise basis. In addition, since most of its businesses are financial in nature, AFG does not prepare its consolidated financial statements using a current-noncurrent format. Consequently, certain traditional ratios and financial analysis tests are not meaningful.

IT INITIATIVE In the third quarter of 1999, AFG initiated an enterprise-wide study of its information technology ("IT") resources, needs and opportunities. AFG expects that the initiative will entail extensive effort and costs and may lead to substantial changes in the area, which should result in significant cost savings, efficiencies and effectiveness in the future. While the costs (most of which will be expensed) will precede any savings to be realized, management expects benefits to greatly exceed the costs incurred, all of which will be funded through available working capital.

FORWARD-LOOKING STATEMENTS The Private Securities Litigation Reform Act of 1995 encourages corporations to provide investors with information about the company's anticipated performance and provides protection from liability if future results are not the same as management's expectations. This document contains certain forward- looking statements that are based on assumptions which management believes are reasonable, but by their nature, inherently uncertain. Future results could differ materially from those projected. Factors that could cause such differences include, but are not limited to: changes in economic conditions especially with regard to availability of and returns on capital, regulatory actions, changes in legal environment, levels of catastrophe and other major losses, availability of reinsurance, and competitive pressures. AFG undertakes no obligation to update any forward-looking statements.

LIQUIDITY AND CAPITAL RESOURCES

RATIOS AFG's debt to total capital ratio (at the parent holding company level) was approximately 26% at March 31, 2000 and 25% at December 31, 1999. AFG's ratio of earnings to fixed charges (on a total enterprise basis) was 3.16 for the first three months of 2000 and 3.36 for the entire year of 1999.

SOURCES OF FUNDS Management believes the parent holding companies have sufficient resources to meet their liquidity requirements through operations. If funds generated from operations, including dividends and tax payments from subsidiaries, are insufficient to meet fixed charges in any period, these companies would be required to generate cash through borrowings, sales of securities or other assets, or similar transactions.

AFC has a revolving credit agreement with several banks under which it can borrow up to $300 million. This credit line provides ample liquidity and can be used to obtain funds for operating subsidiaries or, if necessary, for the parent companies. At March 31, 2000, there was $110 million borrowed under the line.

Management's Discussion and Analysis
of Financial Condition and Results of Operations - Continued

In April 1999, AFG issued $350 million principal amount of 7-1/8% senior debentures due 2009, using the proceeds to retire outstanding holding company public debt and borrowings under AFC's credit line.

Dividend payments from subsidiaries have been very important to the liquidity and cash flow of the individual holding companies during certain periods in the past. However, the reliance on such dividend payments has been lessened in recent years by the combination of (i) reductions in the amounts and cost of debt at the holding companies from historical levels (and the related decrease in ongoing cash needs for interest and principal payments), (ii) AFG's ability to obtain financing in capital markets, as well as (iii) the sales of certain noncore investments.

INVESTMENTS Approximately 90% of the fixed maturities held by AFG were rated "investment grade" (credit rating of AAA to BBB) by nationally recognized rating agencies at March 31, 2000. Investment grade securities generally bear lower yields and lower degrees of risk than those that are unrated and noninvestment grade. Management believes that the high quality investment portfolio should generate a stable and predictable investment return.

AFG's equity securities are concentrated in a relatively limited number of major positions. This approach allows management to more closely monitor the companies and the industries in which they operate.

RESULTS OF OPERATIONS

GENERAL Pretax operating earnings for the first quarter of 2000 were $70.6 million compared to $89.6 million for the first quarter of 1999. A decline in property and casualty underwriting results and the absence of realized gains were partially offset by increased investment income and other income, including sales of certain assets.

Many investors and analysts focus on "core earnings" of companies, setting aside certain items included in net earnings. Such "core earnings" for AFG, consisting of net earnings adjusted to exclude: (i) realized gains, (ii) equity in investee earnings and (iii) a 1999 accounting change, were $38.3 million ($.65 per share, diluted) in the first quarter of 2000 compared to $46.3 million ($.75 per share, diluted) in the first quarter of 1999.

PROPERTY AND CASUALTY INSURANCE - UNDERWRITING AFG's property and casualty group consists of two major business groups: Personal and Specialty.

The Personal group sells nonstandard and preferred/standard private passenger auto insurance and, to a lesser extent, homeowners' insurance. Nonstandard automobile insurance covers risk not typically accepted for standard automobile coverage because of the applicant's driving record, type of vehicle, age or other criteria.

The Specialty group includes a highly diversified group of business lines. Some of the more significant areas are inland and ocean marine, California workers' compensation, agricultural-related coverages, executive and professional liability, U.S.-based operations of Japanese companies, fidelity and surety bonds, collateral protection, and umbrella and excess coverages.

Underwriting profitability is measured by the combined ratio which is a sum of the ratios of underwriting losses, loss adjustment expenses, underwriting expenses and policyholder dividends to premiums. When the combined ratio is

Management's Discussion and Analysis
of Financial Condition and Results of Operations - Continued

under 100%, underwriting results are generally considered profitable; when the ratio is over 100%, underwriting results are generally considered unprofitable. The combined ratio does not reflect investment income, other income or federal income taxes.

For certain lines of business and products where the credibility of the range of loss projections is less certain (primarily the various specialty businesses listed above), management believes that it is prudent and appropriate to use conservative assumptions until such time as the data, experience and projections have more credibility, as evidenced by data volume, consistency and maturity of the data. While this practice mitigates the risk of adverse development on this business, it does not eliminate it.

Net written premiums and combined ratios for AFG's property and casualty insurance subsidiaries were as follows (dollars in millions):

	Three months ended March 31, 2000	Three months ended March 31, 1999
Net Written Premiums (GAAP)		
Personal	$349.8	$276.5
Specialty	297.7	248.1
Other lines	-	.2
	$647.5	$524.8
Combined Ratios (GAAP)(*)		
Personal	103.7%	98.5%
Specialty	103.8	99.8
Aggregate (including discontinued lines)	104.2	99.4

(*) Combined ratios for the entire year of 1999 were: Personal - 100.7%, Specialty - 102.7% and aggregate - 102.0%.

PERSONAL The Personal group's 26% increase in net written premiums reflects $27.5 million in premiums generated by Worldwide (AFG's direct marketing channel acquired in April 1999) and expanded writings in certain private passenger automobile markets. The combined ratio for 2000 increased due to (i) losses from severe storms in certain southern and western states, (ii) the impact of a very competitive pricing environment on policies written during 1999 and (iii) increased underwriting expenses associated with the expansion of the direct and Internet marketing initiatives.

SPECIALTY The Specialty group's 20% increase in net written premiums reflects the effect of (i) the January 2000 commutation of reinsurance agreements relating to the California workers' compensation business which were in effect throughout 1999, (ii) rate increases in certain casualty markets (particularly California workers' compensation) and (iii) the realization of growth opportunities in certain commercial markets. The combined ratio for 2000 reflects the effect of a highly competitive pricing environment on policies written in 1999.

LIFE, ACCIDENT AND HEALTH PREMIUMS AND BENEFITS The increase in life, accident and health premiums and benefits is due primarily to the acquisition of UTA in October 1999.

INVESTMENT INCOME Investment income increased $5.6 million (3%) in the first three months of 2000 compared to 1999 due primarily to higher average investments held.

Management's Discussion and Analysis
of Financial Condition and Results of Operations - Continued

OTHER INCOME Other income increased $22.1 million (85%) in the first three months of 2000 compared to 1999 due primarily to increased fee income generated by certain insurance operations and income from the sale of operating assets and lease residuals.

REALIZED GAINS Realized capital gains have been an important part of the return on investments in marketable securities. Individual securities are sold creating gains and losses as market opportunities exist.

ANNUITY BENEFITS Annuity benefits reflect amounts accrued on annuity policyholders' funds accumulated. The majority of AAG's fixed rate annuity products permit AAG to change the crediting rate at any time (subject to minimum interest rate guarantees of 3% or 4% per annum). As a result, management has been able to react to changes in market interest rates and maintain a desired interest rate spread.

INTEREST ON BORROWED MONEY Interest expense increased $2.6 million (19%) in the first quarter of 2000 compared to 1999 as higher average indebtedness was partially offset by lower average interest rates on AFG's borrowings.

OTHER OPERATING AND GENERAL EXPENSES Other operating and general expenses increased $16.1 million (21%) in the first three months of 2000 compared to 1999 due primarily to the inclusion of the operations of UTA following its acquisition in late 1999 and increased expenses from certain start-up insurance operations.

INVESTEE CORPORATION Equity in net earnings of investee represents AFG's proportionate share of Chiquita's earnings. Chiquita reported net income for the first three months of 2000 and 1999 of $35 million and $49 million, respectively.

CUMULATIVE EFFECT OF ACCOUNTING CHANGE In the first quarter of 1999, AAG implemented Statement of Position 98-5, "Reporting on the Costs of Start-Up Activities." The SOP requires that costs of start-up activities be expensed as incurred and that unamortized balances of previously deferred costs be expensed and reported as the cumulative effect of a change in accounting principle. Accordingly, AFG expensed previously capitalized start-up costs of $3.8 million (net of minority interest and taxes) in the first quarter of 1999.

Item 3

Quantitative and Qualitative Disclosure of Market Risk

As of March 31, 2000, there were no material changes to the information provided in AFG's Form 10-K for 1999 under the caption "Exposure to Market Risk" in Management's Discussion and Analysis of Financial Condition and Results of Operations.

PART II

OTHER INFORMATION

Item 6

Exhibits and Reports on Form 8-K

(a) Exhibit 27.1 - Financial Data Schedule as of March 31, 2000. For submission in electronic filing only.

(b) Reports on Form 8-K: none

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, American Financial Group, Inc. has duly caused this Report to be signed on its behalf by the undersigned duly authorized.

American Financial Group, Inc.

May 12, 2000

BY: Fred J. Runk

Fred J. Runk
Senior Vice President and Treasurer

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This schedule contains summary financial information extracted from the American Financial Group, Inc. Form 10-Q for the three months ended March 31, 2000 and is qualified in its entirety by reference to such financial statements.

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3-MOS
DEC-31-2000
MAR-31-2000
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$44,725
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.76

Includes an investment in investee corporation of $171 million.