

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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of
The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **February 22, 2007**

AMERICAN FINANCIAL GROUP, INC.

(Exact name of registrant as specified in its charter)

Ohio

(State or other jurisdiction
of incorporation)

1-13653

(Commission
File Number)

31-1544320

(IRS Employer
Identification No.)

One East Fourth Street, Cincinnati, OH

(Address of principal executive offices)

45202

(Zip Code)

Registrant's telephone number, including area code **513-579-2121**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Section 8 - Other Events

Item 8.01 Other Events.

On February 22, 2007, American Financial Group, Inc. issued a press release announcing that it has proposed a merger transaction that would increase its ownership of Great American Financial Resources, Inc. to 100%. A copy of the press release is attached as Exhibit 99.1 and is incorporated by reference herein.

Section 9 - Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits.

a. Financial statements of business acquired. Not applicable.

b. Pro forma financial information. Not applicable.

c. Exhibits

<u>Exhibit No.</u>	<u>Description</u>
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99.1	Press release, dated February 22, 2007.
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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN FINANCIAL GROUP, INC.

Date: February 22, 2007

By: Karl J. Grafe

Karl J. Grafe

Vice President

**AMERICAN FINANCIAL GROUP, INC. PROPOSES
A MERGER TRANSACTION THAT WOULD INCREASE ITS OWNERSHIP OF
GREAT AMERICAN FINANCIAL RESOURCES, INC. TO 100%**

Cincinnati, Ohio - February 22, 2007 - American Financial Group, Inc. (NYSE/NASDAQ: AFG) announced that it has proposed that its 81%-owned subsidiary, Great American Financial Resources, Inc. ("GAFRI") (NYSE: GFR) engage in a merger transaction that would increase AFG's ownership of GAFRI's common stock to 100%.

Under the proposed merger transaction, GAFRI will acquire for cash all the outstanding shares not currently held by AFG at a price of \$23.50 per share for an aggregate amount of approximately \$215 million. GAFRI will use excess capital plus borrowings from AFG to fund the transaction.

AFG expects this transaction to be accretive to its earnings by an annualized amount of \$.07 per share and will enhance its return on equity. Craig Lindner and Carl Lindner III, AFG's Co-Chief Executive Officers jointly stated: "We believe this transaction is beneficial to AFG and its shareholders while being fair to GAFRI minority shareholders. It allows us to use our excess capital to increase our ownership of a specialty-focused business that supports our strategic initiatives. It simplifies the AFG organization and results in immediate expense savings through the elimination of a public company and allows for other synergies that will provide efficiencies over time."

It is anticipated that GAFRI will establish a special committee of independent directors which will retain legal and financial advisors to consider the proposal.

While the transaction is subject to the negotiation of a merger agreement with GAFRI's special committee of independent directors, and will be subject to customary conditions and regulatory approvals, AFG anticipates a closing in the third quarter of 2007.

Through the operations of Great American Insurance Group, AFG is engaged primarily in property and casualty insurance, focusing on specialized commercial products for businesses, and in the sale of retirement annuities and supplemental insurance products.

This press release contains certain statements that may be deemed to be "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements in this press release not dealing with historical results are forward-looking and are based on estimates, assumptions and projections. Examples of such forward-looking statements include statements relating to: the Company's expectations concerning market and other conditions, earnings and investment activities.

Actual results could differ materially from those expected by AFG depending on certain factors including but not limited to: the terms of the proposed transactions, changes in economic conditions including interest rates, performance of securities markets, the availability of capital, regulatory actions and changes in the legal environment affecting AFG and other changes in market conditions that could affect any party to the proposed transactions.

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(513) 579-6652

Web Sites: www.afginc.com
www.GreatAmericanInsurance.com
www.GAFRI.com

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