
**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): May 6, 2014

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.)

301 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))
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Section 2 - Financial Information

Item 2.02 Results Of Operations And Financial Condition.

Reference is made to the press release of American Financial Group, Inc. (the "Company") relating to the announcement of the Company's results of operations for the first quarter of 2014 and the availability of the Investor Supplement on the Company's website. The press release was issued on May 6, 2014. A copy of the press release is attached to this Form 8-K as Exhibit 99.1 and a copy of the Investor Supplement is attached as Exhibit 99.2 and are incorporated herein by reference.

The information contained herein shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act.

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) Shell company transactions. Not applicable
- (d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Earnings Release dated May 6, 2014, reporting American Financial Group Inc. first quarter results for the period ended March 31, 2014.
99.2	Investor Supplement – First Quarter 2014

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: May 7, 2014

By: /s/ Karl J. Grafe
Karl J. Grafe
Vice President

American Financial Group, Inc. Announces First Quarter Results

- **Core net operating earnings \$1.00 per share, up 9% from the comparable 2013 period**
- **Repurchased 419,938 shares at an average price of \$56.68 per share during the quarter**
- **Adjusted book value \$46.79 per share at March 31, 2014; up 2% since year end**
- **Full year 2014 core net operating earnings guidance affirmed at \$4.50 – \$4.90 per share**

Cincinnati, Ohio – May 6, 2014 – American Financial Group, Inc. (NYSE/NASDAQ: AFG) today reported 2014 first quarter net earnings attributable to shareholders of \$103 million (\$1.13 per share) compared to \$120 million (\$1.32 per share) for the 2013 first quarter. The 2014 first quarter results include \$12 million (\$0.13 per share) in after-tax net realized gains compared to \$36 million (\$0.40 per share) in the prior year period. Book value per share, excluding appropriated retained earnings and unrealized gains on fixed maturities, increased by 2% to \$46.79 per share during the quarter. Annualized return on equity was 10.3% and 12.8% for the first quarters of 2014 and 2013, respectively.

Core net operating earnings were \$91 million (\$1.00 per share) for the 2014 first quarter, compared to \$84 million (\$0.92 per share) in the 2013 first quarter. Higher underwriting profitability in our Specialty Property and Casualty (“P&C”) insurance operations was partially offset by slightly lower earnings in our Annuity segment. Core net operating earnings for the first quarters of 2014 and 2013 generated annualized returns on equity of 9.1% and 8.9%, respectively.

During the first quarter of 2014, AFG repurchased 419,938 shares of common stock at an average price per share of \$56.68.

AFG’s net earnings attributable to shareholders, determined in accordance with U.S. generally accepted accounting principles (“GAAP”), include certain items that may not be indicative of its ongoing core operations. The following table identifies such items and reconciles net earnings attributable to shareholders to core net operating earnings, a non-GAAP financial measure that AFG believes is a useful tool for investors and analysts in analyzing ongoing operating trends.

In millions, except per share amounts	Three months ended	
	March 31,	
	2014	2013
Components of net earnings attributable to shareholders:		
Core net operating earnings(a)	\$ 91	\$ 84
Realized gains	12	36
Net earnings attributable to shareholders	<u>\$ 103</u>	<u>\$ 120</u>
Components of Earnings Per Share:		
Core net operating earnings(a)	\$ 1.00	\$ 0.92
Realized gains	0.13	0.40
Diluted Earnings Per Share	<u>\$ 1.13</u>	<u>\$ 1.32</u>

Footnote (a) is contained in the accompanying Notes to Financial Schedules at the end of this release.

S. Craig Lindner and Carl H. Lindner III, AFG’s Co-Chief Executive Officers, issued this statement: “Our specialty insurance businesses performed well during the first three months of 2014, with solid P&C underwriting results and continued strong profitability in our Annuity segment. Our insurance professionals continue to be disciplined with pricing, yet opportunistic in growing our portfolio of niche businesses.

“At April 1, 2014, following the acquisition of Summit, AFG had approximately \$685 million of excess capital (including parent company cash of approximately \$100 million). Other recent additions to our portfolio of specialty P&C insurance businesses, coupled with the recent significant growth in our Annuity segment and Specialty Casualty operations, as well as share repurchases, have provided attractive opportunities to deploy our excess capital. We will continue to invest excess capital when we see potential for healthy, profitable organic growth, and opportunities to expand our specialty niche businesses through acquisitions and start-ups that meet our target return thresholds. We will also make opportunistic share repurchases when it makes sense to do so and return capital to shareholders through dividends.

“Based on results for the first three months of the year, we continue to expect core net operating earnings in 2014 to be between \$4.50 and \$4.90 per share. Our core earnings per share guidance excludes non-core items such as realized gains and losses, as well as other significant items that may not be indicative of ongoing operations.”

Specialty Property and Casualty Insurance Operations

The Specialty P&C insurance operations generated an underwriting profit of \$59 million in the 2014 first quarter, compared to \$48 million in the first quarter of 2013. The combined ratio was 92.2%, 0.9 points lower than the comparable prior year period. Higher underwriting profitability in our Specialty Casualty Group was partially offset by lower profitability in our Property and Transportation and Specialty Financial Groups.

Gross and net written premiums were up 11% and 7%, respectively, in the 2014 first quarter compared to the same quarter a year earlier. Although net written premiums were higher in all of AFG’s Specialty P&C groups, the Specialty Casualty Group was a primary driver of this growth. Further details about AFG’s specialty P&C operations may be found in the accompanying schedules.

The **Property and Transportation Group** reported an underwriting profit of \$6 million in the first quarter of 2014 compared to \$10 million in the first quarter of 2013. Improved results in our transportation and property and inland marine operations were more than offset by lower profitability in our agricultural operations. Catastrophe losses in this group were \$9 million, primarily as a result of winter storms in the month of January, compared to \$10 million in the 2013 first quarter. Gross and net written premiums were up 7% and 3%, respectively, during the first quarter of 2014, primarily due to higher premiums in our transportation businesses resulting from rate increases. Net written premiums were also impacted by a more conservative funding strategy for our crop insurance business. Pricing in this group was up approximately 4% on average for the quarter.

The **Specialty Casualty Group** reported an underwriting profit of \$38 million in the first quarter of 2014, compared to \$19 million in the first quarter of 2013, reflecting higher underwriting profits in our workers’ compensation and excess and surplus businesses. Gross and net written premiums for the first quarter of 2014 were up 18% and 12%, respectively. While nearly all businesses in this group reported growth, our workers’ compensation, excess and surplus lines and targeted markets businesses were primary drivers of the higher premiums. New business opportunities, increased exposures on existing accounts and sustained pricing increases have driven the growth in our workers’ compensation businesses. Strong premium growth in our excess and surplus and targeted markets businesses is the result of broadening opportunities to write business coupled with the benefit from rate increases over multiple quarters. Pricing was up approximately 3% on average for the quarter.

The **Specialty Financial Group** reported an underwriting profit of \$10 million in the first quarter of 2014, compared to \$13 million in the comparable 2013 period. Higher underwriting profits in our fidelity and crime and surety businesses were more than offset by lower profitability in our trade credit and financial institutions businesses. Gross written premiums were down slightly during the first quarter, while net written premiums increased 3%. Growth in gross written premiums was tempered by the October 2013 sale of a service contract business, which ceded all of its premiums under reinsurance contracts. Pricing in this group was flat for the first quarter of 2014.

Carl Lindner III noted, "It has been a productive and exciting quarter. We recently announced or completed additions to our Specialty P&C business with the launch of our new Aviation Division, the closing of the Summit acquisition and the purchase of renewal rights that will grow our Public Sector Division. Each of these transactions provides an attractive opportunity to enter new niches or expand our portfolio of Specialty P&C businesses. I'm also pleased that we continued to achieve organic growth in nearly all of our Specialty Casualty businesses during the quarter.

"Based on results during the first three months of the year, we continue to expect an overall 2014 calendar year combined ratio in the 91% to 95% range and estimate net written premium growth to be between 17% and 21%, which assumes the inclusion of nine months of Summit premiums. Overall renewal pricing was up 3% during the quarter, in line with our objectives."

Annuity Segment

AFG's annuity operations contributed \$73 million in pretax core earnings in the first quarter of 2014 compared to \$76 million in the first quarter of 2013, a decrease of \$3 million or 4%. While AFG's average annuity investments grew nearly 20% over the last year, the benefit of this growth was more than offset by (i) the runoff of higher yielding investments and (ii) the impact of the significant decrease in interest rates and a relatively flat stock market in the first quarter of 2014 on the accounting for fixed-indexed annuities (compared to an increase in interest rates and positive stock market performance in the first quarter of 2013). AFG's net spread earned was 1.30% in the first quarter of 2014, a decrease of 28 basis points from the comparable previous year period.

See the accompanying schedules for information about spreads for AFG's fixed annuity operations.

The Annuity segment reported statutory premiums of \$967 million in the first quarter of 2014, an increase of 55% from the comparable prior year period, but approximately 30% lower than the fourth quarter of 2013. The year-over-year increase was largely the result of growth in sales of fixed indexed annuities in the financial institutions market. New products, expanded distribution and improved market penetration within existing distribution channels contributed to this growth. The sequential decline in premium reflects the impact of lower interest rates on the attractiveness of annuities and our commitment to maintain pricing discipline, as well as seasonality in premium volume. Although the fourth quarter premium volume is historically higher than the first quarter, factors such as new market entrants and aggressive pricing by competitors also contributed to lower premiums in the first quarter of 2014.

Craig Lindner stated, "I'm very pleased with our continued strong annuity earnings. These results demonstrate careful execution of our strategy, which is focused on a balance of disciplined pricing, consumer friendly product design, superior investment results and the successful expansion and penetration of our distribution channels. Based on the results through the first three months of 2014, assuming no significant change in interest rates or the stock market, we continue to expect that the full year 2014 core pretax annuity operating earnings will be flat compared to the \$328 million reported for the full year of 2013. Significant changes in market interest rates and/or the stock market could lead to significant positive or negative impacts on the Annuity segment's results. Based on information currently available, we also continue to expect that premiums for the full year of 2014 will be flat when compared to the \$4 billion achieved for the full year in 2013."

More information about premiums and the results of operations for our Annuity segment may be found in our Quarterly Investor Supplement, which is posted on our website.

Run-off Long-Term Care and Life Segment

AFG's run-off long-term care and life segment incurred a pretax core operating loss of \$2 million in the first quarter of 2014 compared to a pretax core operating loss of \$1 million in the comparable prior year period.

Investments

AFG recorded first quarter 2014 net realized gains on securities of \$12 million after tax and after deferred acquisition costs (DAC), compared to \$36 million in the comparable 2013 period. Unrealized gains on fixed maturities were \$556 million after tax and after DAC at March 31, 2014, an increase of \$115 million since year end. Our portfolio continues to be high quality, with 86% of our fixed maturity portfolio rated investment grade and 97% with a National Association of Insurance Commissioners' designation of NAIC 1 or 2, its highest two categories.

First quarter 2014 P&C net investment income was approximately 2% higher than the comparable 2013 period.

More information about the components of our investment portfolio may be found in our Quarterly Investor Supplement, which is posted on our website.

About American Financial Group, Inc.

American Financial Group is an insurance holding company, based in Cincinnati, Ohio with assets in excess of \$40 billion. 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 fixed and fixed-indexed annuities in the retail, financial institutions and education markets. Great American Insurance Group's roots go back to 1872 with the founding of its flagship company, Great American Insurance Company.

Forward Looking Statements

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 and their effect on future premiums, revenues, earnings and investment activities; recoverability of asset values; expected losses and the adequacy of reserves for long-term care, 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: 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 and AFG's run-off long-term care business; availability of reinsurance and ability of reinsurers to pay their obligations; trends in persistency, mortality and morbidity; competitive pressures, including those in the annuity distribution channels, the ability to obtain adequate rates and policy terms; changes in AFG's credit ratings or the financial strength ratings assigned by major ratings agencies to our operating subsidiaries; and other factors identified in our filings with the Securities and Exchange Commission.

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

Conference Call

The Company will hold a conference call to discuss 2014 first quarter results at 11:30 a.m. (ET) tomorrow, Wednesday, May 7, 2014. Toll-free telephone access will be available by dialing 1-877-459-8719 (international dial-in 424-276-6843). The conference ID for the live call is 28495431. Please dial in five to ten minutes prior to the scheduled start time of the call.

A replay will be available two hours following the completion of the call and will remain available until 11:59 p.m. (ET) on May 14, 2014. To listen to the replay, dial 1-855-859-2056 (international dial-in 404-537-3406) and provide the conference ID 28495431.

The conference call and accompanying webcast slides will also be broadcast live over the Internet. To listen to the call via the Internet, go to the Investor Relations page on AFG's website, www.AFGinc.com, and follow the instructions at the **Webcasts and Presentations** link.

The archived webcast will be available immediately after the call via the same link on the Investor Relations page until May 14, 2014 at 11:59 p.m. (ET). An archived audio MP3 file will be available within 24 hours of the call.

Contact:

Diane P. Weidner
Asst. Vice President – Investor Relations
(513) 369-5713

Websites:

www.AFGinc.com
www.GreatAmericanInsuranceGroup.com

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(Financial summaries follow)

This earnings release and AFG's Quarterly Investor Supplement are available in the Investor Relations section of AFG's website: www.AFGinc.com.

AMERICAN FINANCIAL GROUP, INC. AND SUBSIDIARIES
SUMMARY OF EARNINGS AND SELECTED BALANCE SHEET DATA
(In Millions, Except Per Share Data)

	Three months ended	
	March 31,	
	2014	2013
Revenues		
P&C insurance net earned premiums	\$ 754	\$ 687
Life, accident & health net earned premiums	28	30
Net investment income	361	326
Realized gains	19	57
Income (loss) of managed investment entities:	28	34
Investment income		
Loss on change in fair value of assets/liabilities	—	(8)
Other income	21	22
Total revenues	<u>1,211</u>	<u>1,148</u>
Costs and expenses		
P&C insurance losses & expenses	696	644
Annuity, life, accident & health benefits & expenses	246	210
Interest charges on borrowed money	18	18
Expenses of managed investment entities	20	22
Other expenses	70	79
Total costs and expenses	<u>1,050</u>	<u>973</u>
Earnings before income taxes	161	175
Provision for income taxes	54	62
Net earnings including noncontrolling interests	107	113
Less: Net earnings (loss) attributable to noncontrolling interests	4	(7)
Net earnings attributable to shareholders	<u>\$ 103</u>	<u>\$ 120</u>
Diluted Earnings per Common Share	<u>\$ 1.13</u>	<u>\$ 1.32</u>
Average number of diluted shares	91.6	91.0
Selected Balance Sheet Data:		
	March 31,	December 31,
	2014	2013
Total cash and investments	\$32,727	\$ 31,313
Long-term debt	\$ 913	\$ 913
Shareholders' equity (b)	\$ 4,747	\$ 4,550
Shareholders' equity (excluding appropriated retained earnings and unrealized gains/losses on fixed maturities) (b)	\$ 4,191	\$ 4,109
Book Value Per Share:		
Excluding appropriated retained earnings	\$ 52.99	\$ 50.83
Excluding appropriated retained earnings and unrealized gains/losses on fixed maturities	\$ 46.79	\$ 45.90
Common Shares Outstanding	89.6	89.5

Footnote (b) is contained in the accompanying Notes to Financial Schedules at the end of this release.

AMERICAN FINANCIAL GROUP, INC.
SPECIALTY P&C OPERATIONS
(Dollars in Millions)

	Three months ended March 31,		Pct. Change
	2014	2013	
Gross written premiums	<u>\$1,024</u>	<u>\$ 925</u>	11%
Net written premiums	<u>\$ 755</u>	<u>\$ 704</u>	7%
Ratios (GAAP):			
Loss & LAE ratio	56.9%	56.5%	
Underwriting expense ratio	<u>35.3%</u>	<u>36.6%</u>	
Combined Ratio	<u>92.2%</u>	<u>93.1%</u>	
Supplemental Information:(c)			
Gross Written Premiums:			
Property & Transportation	\$ 376	\$ 352	7%
Specialty Casualty	507	430	18%
Specialty Financial	<u>141</u>	<u>143</u>	(1%)
	<u>\$1,024</u>	<u>\$ 925</u>	11%
Net Written Premiums:			
Property & Transportation	\$ 284	\$ 276	3%
Specialty Casualty	331	295	12%
Specialty Financial	116	113	3%
Other	<u>24</u>	<u>20</u>	20%
	<u>\$ 755</u>	<u>\$ 704</u>	7%
Combined Ratio (GAAP):			
Property & Transportation	98.1%	96.5%	
Specialty Casualty	87.8%	92.7%	
Specialty Financial	91.0%	88.5%	
Total Specialty Group	92.2%	93.1%	

	Three months ended March 31,	
	2014	2013
Reserve Development (Favorable)/Unfavorable:		
Property & Transportation	\$ (4)	\$ (6)
Specialty Casualty	(24)	(16)
Specialty Financial	(1)	(6)
Other	<u>(3)</u>	<u>(5)</u>
	<u>\$ (32)</u>	<u>\$ (33)</u>
Points on Combined Ratio:		
Property & Transportation	(1.1)	(2.0)
Specialty Casualty	(7.7)	(6.2)
Specialty Financial	(0.7)	(4.8)
Total Specialty Group	(4.2)	(4.8)

Footnote (c) is contained in the accompanying Notes to Financial Schedules at the end of this release.

AMERICAN FINANCIAL GROUP, INC.
ANNUITY SEGMENT
(Dollars in Millions)

Components of Statutory Premiums

	Three months ended March 31,		Pct. Change
	2014	2013	
<u>Annuity Premiums by Market:</u>			
Financial Institutions Single Premium	\$ 480	\$ 194	147%
Retail Single Premium	425	360	18%
Education Market - 403(b)	50	55	(9%)
Variable Annuities	12	15	(20%)
Total Annuity Premiums	<u>\$ 967</u>	<u>\$ 624</u>	55%
<u>Annuity Premiums by Product Type:</u>			
Fixed-Indexed Annuities	\$ 772	\$ 436	77%
Traditional Fixed Annuities	183	173	6%
Variable Annuities	12	15	(20%)
Total Annuity Premiums	<u>\$ 967</u>	<u>\$ 624</u>	55%

Components of Core Operating Earnings Before Income Taxes

	Three months ended March 31,		Pct. Change
	2014	2013	
Revenues:			
Net investment income	\$ 275	\$ 248	11%
Other income	18	14	29%
Total revenues	293	262	12%
Costs and Expenses:			
Annuity benefits	168	134	25%
Acquisition expenses	31	31	—
Other expenses	21	21	—
Total costs and expenses	220	186	18%
Core operating earnings before income taxes	<u>\$ 73</u>	<u>\$ 76</u>	(4%)

Supplemental Fixed Annuity Information*

	Three months ended March 31,	
	2014	2013
Average Fixed Annuity Reserves	\$21,066	\$17,506
Net Interest Spread	2.81%	2.99%
Net Spread Earned	1.30%	1.58%

* Excludes fixed annuity portion of variable annuity business.

AMERICAN FINANCIAL GROUP, INC.
Notes to Financial Schedules

a) Components of core net operating earnings (in millions):

	Three months ended	
	March 31,	
	2014	2013
<u>Core Operating Earnings before Income Taxes:</u>		
P&C insurance segment	\$ 108	\$ 96
Annuity segment	73	76
Run-off long-term care and life	(2)	(1)
Interest & other corporate expense	(41)	(45)
Core operating earnings before income taxes	138	126
Related income taxes	47	42
Core net operating earnings	<u>\$ 91</u>	<u>\$ 84</u>

b) Shareholders' Equity at March 31, 2014 includes \$556 million (\$6.20 per share) in unrealized after-tax gains on fixed maturities and \$49 million (\$0.55 per share) of retained earnings appropriated to managed investment entities. Shareholder's Equity at December 31, 2013 includes \$441 million (\$4.93 per share) in unrealized after-tax gains on fixed maturities and \$49 million (\$0.55 per share) of retained earnings appropriated to managed investment entities. The appropriated retained earnings will ultimately inure to the benefit of the debt holders of the investment entities managed by AFG.

c) Supplemental Notes:

- **Property & Transportation** includes primarily physical damage and liability coverage for buses, trucks and recreational vehicles, inland and ocean marine, agricultural-related products and other property coverages.
- **Specialty Casualty** includes primarily excess and surplus, general liability, executive liability, professional liability, umbrella and excess liability, specialty coverages in targeted markets, customized programs for small to mid-sized businesses and workers' compensation insurance.
- **Specialty Financial** includes risk management insurance programs for leasing and financing institutions (including collateral and lender-placed mortgage property insurance), surety and fidelity products and trade credit insurance.
- **Other** includes an internal reinsurance facility.



American Financial Group, Inc.
Investor Supplement - First Quarter 2014

May 6, 2014

American Financial Group, Inc.
Corporate Headquarters
Great American Insurance Group Tower
301 E Fourth Street
Cincinnati, OH 45202
513 579 6739

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American Financial Group, Inc.
Financial Highlights
(in millions, except per share information)



	Three Months Ended					Twelve Months Ended	
	03/31/14	12/31/13	09/30/13	06/30/13	03/31/13	12/31/13	12/31/12
Highlights							
Core net operating earnings	\$ 91	\$ 117	\$ 97	\$ 87	\$ 84	\$ 385	\$ 314
Net earnings	103	158	83	110	120	471	488
Total assets	42,770	42,087	40,947	39,414	39,139	42,087	39,171
Adjusted shareholders' equity (a)	4,191	4,109	4,048	3,978	3,950	4,109	3,784
Property and Casualty net written premiums	755	821	1,067	749	704	3,341	2,949
Annuity statutory premiums	967	1,381	1,167	861	624	4,033	2,991
Per share data							
Core net operating earnings per share	\$ 1.00	\$ 1.28	\$ 1.06	\$ 0.96	\$ 0.92	\$ 4.22	\$ 3.27
Diluted earnings per share	1.13	1.73	0.92	1.20	1.32	5.16	5.09
Adjusted book value per share (a)	46.79	45.90	45.36	44.78	43.94	45.90	42.52
Cash dividends per common share	0.220	1.220	0.195	0.195	0.195	1.805	0.970
Financial ratios							
Annualized core operating return on equity (b)	9.1%	11.8%	10.0%	9.2%	8.9%	10.0%	8.5%
Annualized return on equity (b)	10.3%	16.0%	8.6%	11.5%	12.8%	12.3%	13.2%
Property and Casualty combined ratio - Specialty:							
Loss & LAE ratio	56.9%	62.4%	66.1%	60.3%	56.5%	61.7%	64.3%
Underwriting expense ratio	35.3%	28.9%	27.4%	36.7%	36.6%	31.8%	31.1%
Combined ratio - Specialty	92.2%	91.3%	93.5%	97.0%	93.1%	93.5%	95.4%
Net spread on fixed annuities:							
Net interest spread	2.81%	2.86%	2.89%	3.02%	2.99%	2.94%	3.12%
Net spread earned	1.30%	1.67%	1.50%	1.65%	1.58%	1.60%	1.48%

(a) Excludes appropriated retained earnings and unrealized gains related to fixed maturity investments.

(b) Excludes appropriated retained earnings and accumulated other comprehensive income.

American Financial Group, Inc.
Summary of Earnings
(\$ in millions)



	Three Months Ended					Twelve Months Ended	
	03/31/14	12/31/13	09/30/13	06/30/13	03/31/13	12/31/13	12/31/12
Property and Casualty Insurance							
Underwriting profit	\$ 58	\$ 75	\$ 62	\$ 19	\$ 43	\$ 199	\$ 118
Net investment income	67	67	65	65	66	263	275
Other expense	(17)	(11)	(14)	(2)	(13)	(40)	(50)
Property and Casualty Insurance operating earnings	108	131	113	82	96	422	343
Annuity earnings	73	92	78	82	76	328	256
Run-off Long-Term Care and Life losses	(2)	(3)	(4)	(2)	(1)	(10)	(4)
Medicare Supplement and Critical Illness earnings (a)	—	—	—	—	—	—	28
Interest expense of parent holding companies	(17)	(17)	(17)	(17)	(17)	(68)	(71)
Other expense	(24)	(28)	(22)	(22)	(28)	(100)	(89)
Pre-tax core operating earnings	138	175	148	123	126	572	463
Income tax expense	47	58	51	36	42	187	149
Core net operating earnings	91	117	97	87	84	385	314
Non-core items, net of tax:							
Gain on sale of Medicare Supplement and Critical Illness	—	—	—	—	—	—	114
Other realized gains	12	41	35	26	36	138	128
Long-Term Care reserve charge	—	—	—	—	—	—	(99)
Significant A&E charges:							
Property and Casualty Insurance run-off operations	—	—	(35)	—	—	(35)	(20)
Former Railroad and Manufacturing operations	—	—	(14)	—	—	(14)	(1)
AFG tax case and settlement of open tax years	—	—	—	—	—	—	67
ELNY guaranty fund assessments charge (b)	—	—	—	(3)	—	(3)	—
Other	—	—	—	—	—	—	(15)
Net earnings	\$ 103	\$ 158	\$ 83	\$ 110	\$ 120	\$ 471	\$ 488

(a) Medicare Supplement and Critical Illness operations were sold August 2012.

(b) The ELNY guaranty fund assessments charge represent guaranty fund assessments in connection with the insolvency and liquidation of Executive Life Insurance Company of New York, an unaffiliated life insurance company.

American Financial Group, Inc.
Earnings Per Share Summary
(in millions, except per share information)



	Three Months Ended					Twelve Months Ended	
	03/31/14	12/31/13	09/30/13	06/30/13	03/31/13	12/31/13	12/31/12
Core net operating earnings	\$ 91	\$ 117	\$ 97	\$ 87	\$ 84	\$ 385	\$ 314
Net earnings	\$ 103	\$ 158	\$ 83	\$ 110	\$ 120	\$ 471	\$ 488
Average number of diluted shares	91.621	91.438	91.014	91.472	91.048	91.242	95.945
<u>Diluted earnings per share:</u>							
Core net operating earnings per share	\$ 1.00	\$ 1.28	\$ 1.06	\$ 0.96	\$ 0.92	\$ 4.22	\$ 3.27
Gain on sale of Medicare Supplement and Critical Illness	—	—	—	—	—	—	1.19
Other realized gains	0.13	0.45	0.40	0.28	0.40	1.52	1.34
Long-Term Care reserve charge	—	—	—	—	—	—	(1.03)
<u>Significant A&E charges:</u>							
Property and Casualty Insurance run-off operations	—	—	(0.39)	—	—	(0.39)	(0.20)
Former Railroad and Manufacturing operations	—	—	(0.15)	—	—	(0.15)	(0.02)
AFG tax case and settlement of open tax years	—	—	—	—	—	—	0.70
ELNY guaranty fund assessments charge (a)	—	—	—	(0.04)	—	(0.04)	—
Other	—	—	—	—	—	—	(0.16)
Diluted earnings per share	\$ 1.13	\$ 1.73	\$ 0.92	\$ 1.20	\$ 1.32	\$ 5.16	\$ 5.09

- (a) The ELNY guaranty fund assessments charge represent guaranty fund assessments in connection with the insolvency and liquidation of Executive Life Insurance Company of New York, an unaffiliated life insurance company.

American Financial Group, Inc.
Property and Casualty Insurance - Summary Underwriting Results (GAAP)
(\$ in millions)



	Three Months Ended					Twelve Months Ended	
	03/31/14	12/31/13	09/30/13	06/30/13	03/31/13	12/31/13	12/31/12
Property and Transportation	\$ 6	\$ 17	\$ 16	\$ (31)	\$ 10	\$ 12	\$ 19
Specialty Casualty	38	32	19	32	19	102	53
Specialty Financial	10	17	22	15	13	67	44
Other Specialty	5	9	5	5	6	25	15
Underwriting profit - Specialty	59	75	62	21	48	206	131
Other charges, included in loss and LAE	1	—	—	2	5	7	13
Underwriting profit - Core	58	75	62	19	43	199	118
Special A&E charges, included in loss and LAE	—	—	(54)	—	—	(54)	(31)
Underwriting profit (loss) - Property and Casualty Insurance	\$ 58	\$ 75	\$ 8	\$ 19	\$ 43	\$ 145	\$ 87
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ (1)	\$ 1	\$ —	\$ —	\$ 9
Catastrophe loss	12	1	2	18	10	31	37
Total current accident year catastrophe losses	\$ 12	\$ 1	\$ 1	\$ 19	\$ 10	\$ 31	\$ 46
Loss reserve development (favorable) / adverse	\$ (31)	\$ (5)	\$ 40	\$ (22)	\$ (28)	\$ (15)	\$ (30)
Combined ratio:							
Property and Transportation	98.1%	95.8%	97.1%	110.3%	96.5%	99.2%	98.7%
Specialty Casualty	87.8%	89.7%	93.4%	88.4%	92.7%	90.9%	94.5%
Specialty Financial	91.0%	85.2%	82.3%	86.6%	88.5%	85.6%	89.2%
Other Specialty	79.9%	60.4%	70.7%	74.0%	71.1%	68.8%	78.5%
Combined ratio - Specialty	92.2%	91.3%	93.5%	97.0%	93.1%	93.5%	95.4%
Other core charges	0.0%	0.1%	(0.1%)	0.2%	0.7%	0.3%	0.4%
Special A&E charges	0.0%	0.0%	5.7%	0.0%	0.0%	1.7%	1.1%
Combined ratio	92.2%	91.4%	99.1%	97.2%	93.8%	95.5%	96.9%
Loss and LAE components - property and casualty insurance							
Current accident year, excluding catastrophe loss	59.4%	62.8%	67.4%	61.1%	59.8%	63.1%	65.5%
Prior accident year development	(4.1%)	(0.4%)	4.2%	(3.2%)	(4.1%)	(0.4%)	(1.0%)
Current accident year catastrophe loss	1.6%	0.1%	0.1%	2.6%	1.5%	1.0%	1.3%
Loss and LAE ratio	56.9%	62.5%	71.7%	60.5%	57.2%	63.7%	65.8%

American Financial Group, Inc.
Specialty - Underwriting Results (GAAP)
(\$ in millions)



	Three Months Ended					Twelve Months Ended	
	03/31/14	12/31/13	09/30/13	06/30/13	03/31/13	12/31/13	12/31/12
Gross written premiums	\$ 1,024	\$ 1,071	\$ 1,768	\$ 1,041	\$ 925	\$ 4,805	\$ 4,321
Ceded reinsurance premiums	(269)	(250)	(701)	(292)	(221)	(1,464)	(1,372)
Net written premiums	755	821	1,067	749	704	3,341	2,949
Change in unearned premiums	(1)	38	(118)	(40)	(17)	(137)	(102)
Net earned premiums	754	859	949	709	687	3,204	2,847
Loss and LAE	428	537	626	428	388	1,979	1,829
Underwriting expense	267	247	261	260	251	1,019	887
Underwriting profit	\$ 59	\$ 75	\$ 62	\$ 21	\$ 48	\$ 206	\$ 131
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ (1)	\$ 1	\$ —	\$ —	\$ 9
Catastrophe loss	12	1	2	18	10	31	37
Total current accident year catastrophe losses	\$ 12	\$ 1	\$ 1	\$ 19	\$ 10	\$ 31	\$ 46
Loss reserve development (favorable) / adverse	\$ (32)	\$ (5)	\$ (13)	\$ (24)	\$ (33)	\$ (75)	\$ (74)
Combined ratio:							
Loss and LAE ratio	56.9%	62.4%	66.1%	60.3%	56.5%	61.7%	64.3%
Underwriting expense ratio	35.3%	28.9%	27.4%	36.7%	36.6%	31.8%	31.1%
Combined ratio	92.2%	91.3%	93.5%	97.0%	93.1%	93.5%	95.4%
Loss and LAE components:							
Current accident year, excluding catastrophe loss	59.5%	62.8%	67.4%	61.1%	59.8%	63.1%	65.5%
Prior accident year development	(4.2%)	(0.5%)	(1.4%)	(3.4%)	(4.8%)	(2.4%)	(2.5%)
Current accident year catastrophe loss	1.6%	0.1%	0.1%	2.6%	1.5%	1.0%	1.3%
Loss and LAE ratio	56.9%	62.4%	66.1%	60.3%	56.5%	61.7%	64.3%

American Financial Group, Inc.
Property and Transportation - Underwriting Results (GAAP)
(\$ in millions)



	Three Months Ended					Twelve Months Ended	
	03/31/14	12/31/13	09/30/13	06/30/13	03/31/13	12/31/13	12/31/12
Gross written premiums	\$ 376	\$ 447	\$ 1,147	\$ 446	\$ 352	\$ 2,392	\$ 2,271
Ceded reinsurance premiums	(92)	(98)	(553)	(118)	(76)	(845)	(798)
Net written premiums	284	349	594	328	276	1,547	1,473
Change in unearned premiums	17	61	(77)	(27)	17	(26)	(50)
Net earned premiums	301	410	517	301	293	1,521	1,423
Loss and LAE	201	307	407	236	192	1,142	1,062
Underwriting expense	94	86	94	96	91	367	342
Underwriting profit (loss)	\$ 6	\$ 17	\$ 16	\$ (31)	\$ 10	\$ 12	\$ 19
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ (1)	\$ 1	\$ —	\$ —	\$ 8
Catastrophe loss	9	—	—	17	10	27	27
Total current accident year catastrophe losses	\$ 9	\$ —	\$ (1)	\$ 18	\$ 10	\$ 27	\$ 35
Loss reserve development (favorable) / adverse	\$ (4)	\$ 3	\$ (1)	\$ 3	\$ (6)	\$ (1)	\$ (16)
Combined ratio:							
Loss and LAE ratio	67.0%	74.9%	78.8%	78.5%	65.4%	75.1%	74.7%
Underwriting expense ratio	31.1%	20.9%	18.3%	31.8%	31.1%	24.1%	24.0%
Combined ratio	98.1%	95.8%	97.1%	110.3%	96.5%	99.2%	98.7%
Loss and LAE components:							
Current accident year, excluding catastrophe loss	65.3%	74.1%	79.1%	71.6%	64.0%	73.4%	73.8%
Prior accident year development	(1.1%)	0.8%	(0.2%)	1.2%	(2.0%)	(0.1%)	(1.0%)
Current accident year catastrophe loss	2.8%	0.0%	(0.1%)	5.7%	3.4%	1.8%	1.9%
Loss and LAE ratio	67.0%	74.9%	78.8%	78.5%	65.4%	75.1%	74.7%

American Financial Group, Inc.
Specialty Casualty - Underwriting Results (GAAP)
(\$ in millions)



	Three Months Ended					Twelve Months Ended	
	03/31/14	12/31/13	09/30/13	06/30/13	03/31/13	12/31/13	12/31/12
Gross written premiums	\$ 507	\$ 459	\$ 461	\$ 440	\$ 430	\$ 1,790	\$ 1,484
Ceded reinsurance premiums	(176)	(138)	(136)	(157)	(135)	(566)	(492)
Net written premiums	331	321	325	283	295	1,224	992
Change in unearned premiums	(18)	(11)	(36)	(6)	(36)	(89)	(44)
Net earned premiums	313	310	289	277	259	1,135	948
Loss and LAE	172	183	174	148	148	653	581
Underwriting expense	103	95	96	97	92	380	314
Underwriting profit	\$ 38	\$ 32	\$ 19	\$ 32	\$ 19	\$ 102	\$ 53
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Catastrophe loss	1	—	1	—	—	1	3
Total current accident year catastrophe losses	\$ 1	\$ —	\$ 1	\$ —	\$ —	\$ 1	\$ 3
Loss reserve development (favorable) / adverse	\$ (24)	\$ 2	\$ (4)	\$ (22)	\$ (16)	\$ (40)	\$ (18)
Combined ratio:							
Loss and LAE ratio	55.0%	59.0%	60.3%	53.4%	57.3%	57.5%	61.3%
Underwriting expense ratio	32.8%	30.7%	33.1%	35.0%	35.4%	33.4%	33.2%
Combined ratio	87.8%	89.7%	93.4%	88.4%	92.7%	90.9%	94.5%
Loss and LAE components:							
Current accident year, excluding catastrophe loss	62.3%	58.5%	61.4%	61.2%	63.5%	61.0%	62.8%
Prior accident year development	(7.7%)	0.5%	(1.2%)	(8.0%)	(6.2%)	(3.6%)	(1.8%)
Current accident year catastrophe loss	0.4%	0.0%	0.1%	0.2%	0.0%	0.1%	0.3%
Loss and LAE ratio	55.0%	59.0%	60.3%	53.4%	57.3%	57.5%	61.3%

American Financial Group, Inc.
Specialty Financial - Underwriting Results (GAAP)
(\$ in millions)



	Three Months Ended				Twelve Months Ended		
	03/31/14	12/31/13	09/30/13	06/30/13	03/31/13	12/31/13	12/31/12
Gross written premiums	\$ 141	\$ 164	\$ 160	\$ 155	\$ 143	\$ 622	\$ 566
Ceded reinsurance premiums	(25)	(32)	(36)	(38)	(30)	(136)	(155)
Net written premiums	116	132	124	117	113	486	411
Change in unearned premiums	1	(13)	(3)	(4)	3	(17)	(6)
Net earned premiums	117	119	121	113	116	469	405
Loss and LAE	45	42	37	37	42	158	157
Underwriting expense	62	60	62	61	61	244	204
Underwriting profit	\$ 10	\$ 17	\$ 22	\$ 15	\$ 13	\$ 67	\$ 44
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1
Catastrophe loss	2	1	1	1	—	3	5
Total current accident year catastrophe losses	\$ 2	\$ 1	\$ 1	\$ 1	\$ —	\$ 3	\$ 6
Loss reserve development (favorable) / adverse	\$ (1)	\$ (4)	\$ (4)	\$ —	\$ (6)	\$ (14)	\$ (29)
Combined ratio:							
Loss and LAE ratio	37.9%	34.2%	31.2%	32.9%	35.8%	33.5%	38.8%
Underwriting expense ratio	53.1%	51.0%	51.1%	53.7%	52.7%	52.1%	50.4%
Combined ratio	91.0%	85.2%	82.3%	86.6%	88.5%	85.6%	89.2%
Loss and LAE components:							
Current accident year, excluding catastrophe loss	37.1%	36.7%	33.7%	32.9%	40.3%	35.9%	44.6%
Prior accident year development	(0.7%)	(3.2%)	(3.2%)	(0.7%)	(4.8%)	(3.0%)	(7.1%)
Current accident year catastrophe loss	1.5%	0.7%	0.7%	0.7%	0.3%	0.6%	1.3%
Loss and LAE ratio	37.9%	34.2%	31.2%	32.9%	35.8%	33.5%	38.8%

American Financial Group, Inc.
Other Specialty - Underwriting Results (GAAP)
(\$ in millions)



	Three Months Ended					Twelve Months Ended	
	03/31/14	12/31/13	09/30/13	06/30/13	03/31/13	12/31/13	12/31/12
Gross written premiums	\$ —	\$ 1	\$ —	\$ —	\$ —	\$ 1	\$ —
Ceded reinsurance premiums	24	18	24	21	20	83	73
Net written premiums	24	19	24	21	20	84	73
Change in unearned premiums	(1)	1	(2)	(3)	(1)	(5)	(2)
Net earned premiums	23	20	22	18	19	79	71
Loss and LAE	10	5	8	7	6	26	29
Underwriting expense	8	6	9	6	7	28	27
Underwriting profit	\$ 5	\$ 9	\$ 5	\$ 5	\$ 6	\$ 25	\$ 15
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Catastrophe loss	—	—	—	—	—	—	2
Total current accident year catastrophe losses	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2
Loss reserve development (favorable) / adverse	\$ (3)	\$ (6)	\$ (4)	\$ (5)	\$ (5)	\$ (20)	\$ (11)
Combined ratio:							
Loss and LAE ratio	45.8%	28.3%	35.0%	35.1%	33.7%	32.9%	41.3%
Underwriting expense ratio	34.1%	32.1%	35.7%	38.9%	37.4%	35.9%	37.2%
Combined ratio	79.9%	60.4%	70.7%	74.0%	71.1%	68.8%	78.5%

American Financial Group, Inc.
Annuity Results of Operations (GAAP)
(\$ in millions)



	Three Months Ended					Twelve Months Ended	
	03/31/14	12/31/13	09/30/13	06/30/13	03/31/13	12/31/13	12/31/12
Net investment income	\$ 275	\$ 270	\$ 259	\$ 257	\$ 248	\$ 1,034	\$ 976
Guaranteed withdrawal benefit fees	8	7	7	6	5	25	14
Policy charges and other miscellaneous income	10	14	10	9	9	42	38
Total revenues	293	291	276	272	262	1,101	1,028
Annuity benefits	168	137	140	120	134	531	541
Acquisition expenses	31	35	35	48	31	149	150
Other expenses	21	27	23	22	21	93	81
Total costs and expenses	220	199	198	190	186	773	772
Earnings before income taxes—core	73	92	78	82	76	328	256
ELNY guaranty fund assessments charge (a)	—	—	—	(5)	—	(5)	—
Earnings before income taxes	\$ 73	\$ 92	\$ 78	\$ 77	\$ 76	\$ 323	\$ 256
Detail of annuity benefits above:							
Interest credited—fixed	\$ 121	\$ 118	\$ 113	\$ 111	\$ 109	\$ 451	\$ 438
Interest credited—fixed component of variable annuities	1	1	2	1	2	6	7
Change in expected death and annuitization reserve	4	5	4	6	4	19	19
Amortization of sales inducements	7	7	8	8	7	30	32
Guaranteed withdrawal benefit reserve	8	10	10	10	8	38	14
Change in other benefit reserves	3	1	2	3	1	7	10
Embedded derivative mark-to-market	54	74	33	(3)	80	184	93
Equity option mark-to-market	(30)	(85)	(32)	(16)	(77)	(210)	(66)
Unlockings	—	6	—	—	—	6	(6)
Total annuity benefits	\$ 168	\$ 137	\$ 140	\$ 120	\$ 134	\$ 531	\$ 541

(a) The ELNY guaranty fund assessments charge represent guaranty fund assessments in connection with the insolvency and liquidation of Executive Life Insurance Company of New York, an unaffiliated life insurance company.

American Financial Group, Inc.
Net Spread on Fixed Annuities (GAAP)
(\$ in millions)



	Three Months Ended					Twelve Months Ended	
	03/31/14	12/31/13	09/30/13	06/30/13	03/31/13	12/31/13	12/31/12
Average fixed annuity investments (at amortized cost)	\$21,402	\$20,524	\$19,519	\$18,615	\$17,945	\$19,151	\$16,650
Average annuity benefits accumulated	21,066	20,092	19,035	18,151	17,506	18,696	16,394
Investments in excess of annuity benefits accumulated	\$ 336	\$ 432	\$ 484	\$ 464	\$ 439	\$ 455	\$ 256
As % of average annuity benefits accumulated (except as noted).							
Net investment income (as % of investments)	5.10%	5.21%	5.27%	5.45%	5.48%	5.35%	5.80%
Interest credited	(2.29%)	(2.35%)	(2.38%)	(2.43%)	(2.49%)	(2.41%)	(2.68%)
Net interest spread on fixed annuities	2.81%	2.86%	2.89%	3.02%	2.99%	2.94%	3.12%
Policy charges and other miscellaneous income	0.13%	0.22%	0.15%	0.13%	0.14%	0.16%	0.16%
Other annuity benefit expenses, net	(0.27%)	(0.31%)	(0.38%)	(0.46%)	(0.35%)	(0.37%)	(0.36%)
Acquisition expenses	(0.55%)	(0.75%)	(0.72%)	(1.00%)	(0.69%)	(0.79%)	(0.75%)
Other expenses	(0.37%)	(0.53%)	(0.44%)	(0.43%)	(0.45%)	(0.46%)	(0.46%)
Change in fair value of derivatives	(0.45%)	0.22%	0.00%	0.39%	(0.06%)	0.13%	(0.16%)
Unlockings	0.00%	(0.04%)	0.00%	0.00%	0.00%	(0.01%)	(0.07%)
Net spread earned on fixed annuities - core	1.30%	1.67%	1.50%	1.65%	1.58%	1.60%	1.48%
Average annuity benefits accumulated	\$21,066	\$20,092	\$19,035	\$18,151	\$17,506	\$18,696	\$16,394
Net spread earned on fixed annuities	1.30%	1.67%	1.50%	1.65%	1.58%	1.60%	1.48%
Earnings on fixed annuity benefits accumulated	\$ 68	\$ 84	\$ 72	\$ 75	\$ 69	\$ 300	\$ 243
Investments in excess of annuity benefits accumulated	\$ 336	\$ 432	\$ 484	\$ 464	\$ 439	\$ 455	\$ 256
Net investment income (as % of investments)	5.10%	5.21%	5.27%	5.45%	5.48%	5.35%	5.80%
Earnings on investments in excess of annuity benefits accumulated	\$ 5	\$ 6	\$ 6	\$ 6	\$ 6	24	14
Variable annuity earnings	—	2	—	1	1	4	(1)
Earnings before income taxes - core	73	92	78	82	76	328	256
ELNY guaranty fund assessments charge (a)	—	—	—	(5)	—	(5)	—
Earnings before income taxes	\$ 73	\$ 92	\$ 78	\$ 77	\$ 76	\$ 323	\$ 256

(a) The ELNY guaranty fund assessments represent guaranty fund assessments charge in connection with the insolvency and liquidation of Executive Life Insurance Company of New York, an unaffiliated life insurance company.

American Financial Group
Annuity Premiums (Statutory)
(\$ in millions)



	Three Months Ended					Twelve Months Ended	
	03/31/14	12/31/13	09/30/13	06/30/13	03/31/13	12/31/13	12/31/12
Retail single premium annuities - indexed	\$ 386	\$ 565	\$ 509	\$ 472	\$ 333	\$ 1,879	\$ 1,662
Retail single premium annuities - fixed	39	53	48	37	27	165	153
Financial institutions single premium annuities - indexed	366	498	352	169	83	1,102	291
Financial institutions single premium annuities - fixed	114	201	198	118	111	628	587
Education market - 403(b) fixed and indexed annuities	50	51	49	52	55	207	237
Subtotal fixed annuity premiums	955	1,368	1,156	848	609	3,981	2,930
Variable annuities	12	13	11	13	15	52	61
Total annuity premiums	\$ 967	\$ 1,381	\$ 1,167	\$ 861	\$ 624	\$ 4,033	\$ 2,991

American Financial Group, Inc.
Fixed Annuity Benefits Accumulated (GAAP)
(\$ in millions)



	Three Months Ended					Twelve Months Ended	
	03/31/14	12/31/13	09/30/13	06/30/13	03/31/13	12/31/13	12/31/12
Beginning fixed annuity reserves	\$20,679	\$19,505	\$18,564	\$17,737	\$17,274	\$17,274	\$15,188
Premiums	955	1,368	1,156	848	609	3,981	2,930
Federal Home Loan Bank advances	—	—	—	200	—	200	—
Surrenders, benefits and other withdrawals	(375)	(408)	(381)	(352)	(352)	(1,493)	(1,397)
Interest and other annuity benefit expenses:							
Interest credited	121	118	113	111	109	451	438
Embedded derivative mark-to-market	54	74	33	(3)	80	184	93
Change in other benefit reserves	19	18	20	23	17	78	32
Unlockings	—	4	—	—	—	4	(10)
Ending fixed annuity reserves	\$21,453	\$20,679	\$19,505	\$18,564	\$17,737	\$20,679	\$17,274
Reconciliation to annuity benefits accumulated:							
Ending fixed annuity reserves	\$21,453	\$20,679	\$19,505	\$18,564	\$17,737	\$20,679	\$17,274
Impact of unrealized investment gains on reserves	97	71	84	87	140	71	136
Fixed component of variable annuities	194	194	196	197	198	194	199
Annuity benefits accumulated per balance sheet	\$21,744	\$20,944	\$19,785	\$18,848	\$18,075	\$20,944	\$17,609
Annualized surrenders and other withdrawals as a % of beginning reserves	7.3%	8.4%	8.2%	7.9%	8.2%	8.6%	9.2%

American Financial Group, Inc.
Consolidated Balance Sheet
(\$ in millions)



	03/31/14	12/31/13	09/30/13	06/30/13	03/31/13	12/31/12
Assets:						
Total cash and investments	\$32,727	\$31,313	\$29,921	\$29,262	\$29,084	\$28,449
Recoverables from reinsurers	2,969	3,157	3,138	3,044	3,083	3,750
Prepaid reinsurance premiums	438	408	662	520	466	471
Agents' balances and premiums receivable	735	739	801	754	649	636
Deferred policy acquisition costs	890	975	867	818	565	550
Assets of managed investment entities	2,723	2,888	2,779	2,973	3,285	3,225
Other receivables	524	854	1,078	422	384	539
Variable annuity assets (separate accounts)	666	665	629	608	614	580
Other assets	913	903	887	828	824	786
Goodwill	185	185	185	185	185	185
Total assets	\$42,770	\$42,087	\$40,947	\$39,414	\$39,139	\$39,171
Liabilities and Equity:						
Unpaid losses and loss adjustment expenses	\$ 6,134	\$ 6,410	\$ 6,441	\$ 6,098	\$ 6,238	\$ 6,845
Unearned premiums	1,788	1,757	2,047	1,789	1,697	1,651
Annuity benefits accumulated	21,744	20,944	19,785	18,848	18,075	17,609
Life, accident and health reserves	2,039	2,008	2,011	2,017	2,021	2,059
Payable to reinsurers	400	508	601	367	250	475
Liabilities of managed investment entities	2,413	2,567	2,429	2,603	2,880	2,892
Long-term debt	913	913	913	949	950	953
Variable annuity liabilities (separate accounts)	666	665	629	608	614	580
Other liabilities	1,700	1,546	1,381	1,497	1,506	1,359
Total liabilities	\$37,797	\$37,318	\$36,237	\$34,776	\$34,231	\$34,423
Shareholders' equity:						
Common stock	\$ 90	\$ 90	\$ 89	\$ 89	\$ 90	\$ 89
Capital surplus	1,138	1,123	1,109	1,088	1,090	1,063
Appropriated retained earnings	49	49	45	33	64	75
Unappropriated retained earnings	2,842	2,777	2,729	2,664	2,620	2,520
Unrealized gains - fixed maturities	556	441	449	462	719	719
Unrealized gains - equities	129	121	119	138	146	104
Other comprehensive income, net of tax	(8)	(2)	2	(1)	4	8
Total shareholders' equity	4,796	4,599	4,542	4,473	4,733	4,578
Noncontrolling interests	177	170	168	165	175	170
Total liabilities and equity	\$42,770	\$42,087	\$40,947	\$39,414	\$39,139	\$39,171

American Financial Group, Inc.
Book Value Per Share and Price / Book Summary
(in millions, except per share information)



	03/31/14	12/31/13	09/30/13	06/30/13	03/31/13	12/31/12
Shareholders' equity	\$ 4,796	\$ 4,599	\$ 4,542	\$ 4,473	\$ 4,733	\$ 4,578
Appropriated retained earnings	(49)	(49)	(45)	(33)	(64)	(75)
Shareholders' equity, excluding appropriated retained earnings	4,747	4,550	4,497	4,440	4,669	4,503
Unrealized (gains) on fixed maturities	(556)	(441)	(449)	(462)	(719)	(719)
Adjusted shareholders' equity	4,191	4,109	4,048	3,978	3,950	3,784
Goodwill	(185)	(185)	(185)	(185)	(185)	(185)
Intangibles	(27)	(22)	(26)	(29)	(33)	(36)
Tangible adjusted shareholders' equity	\$ 3,979	\$ 3,902	\$ 3,837	\$ 3,764	\$ 3,732	\$ 3,563
Common shares outstanding	89,589	89,513	89,224	88,821	89,883	88,979
Book value per share:						
Excluding appropriated retained earnings (a)	\$ 52.99	\$ 50.83	\$ 50.40	\$ 49.98	\$ 51.94	\$ 50.61
Adjusted (b)	46.79	45.90	45.36	44.78	43.94	42.52
Tangible, adjusted (c)	44.42	43.59	43.00	42.38	41.52	40.04
Market capitalization						
AFG's closing common share price	\$ 57.71	\$ 57.72	\$ 54.06	\$ 48.91	\$ 47.38	\$ 39.52
Market capitalization	\$ 5,170	\$ 5,167	\$ 4,823	\$ 4,344	\$ 4,259	\$ 3,516
Price / Adjusted book value ratio	1.23	1.26	1.19	1.09	1.08	0.93

- (a) Excludes appropriated retained earnings.
(b) Excludes appropriated retained earnings and unrealized gains related to fixed maturity investments.
(c) Excludes appropriated retained earnings, unrealized gains related to fixed maturity investments, goodwill and intangibles.

American Financial Group, Inc.
Capitalization
(\$ in millions)



	03/31/14	12/31/13	09/30/13	06/30/13	03/31/13	12/31/12
Direct obligations of AFG	\$ 840	\$ 840	\$ 840	\$ 840	\$ 840	\$ 840
Direct obligations of subsidiaries	73	73	73	89	90	93
Payable to subsidiary trusts	—	—	—	20	20	20
Long-term debt	\$ 913	\$ 913	\$ 913	\$ 949	\$ 950	\$ 953
Obligations secured by real estate	(61)	(61)	(61)	(62)	(62)	(62)
Debt excluding obligations secured by real estate	\$ 852	\$ 852	\$ 852	\$ 887	\$ 888	\$ 891
Total capital (a)	\$5,837	\$5,633	\$5,578	\$5,554	\$5,794	\$5,626
Total capital excluding obligations secured by real estate (a)	5,776	5,572	5,517	5,492	5,732	5,564
Total adjusted capital (b)	\$5,281	\$5,192	\$5,129	\$5,092	\$5,074	\$4,907
Total adjusted capital excluding obligations secured by real estate (b)	5,220	5,131	5,068	5,030	5,012	4,845
Ratio of debt to total capital (a):						
Including debt secured by real estate	15.6%	16.2%	16.4%	17.1%	16.4%	16.9%
Excluding debt secured by real estate	14.8%	15.3%	15.4%	16.2%	15.5%	16.0%
Ratio of debt to total adjusted capital (b):						
Including debt secured by real estate	17.3%	17.6%	17.8%	18.6%	18.7%	19.4%
Excluding debt secured by real estate	16.3%	16.6%	16.8%	17.6%	17.7%	18.4%

(a) Includes long-term debt, noncontrolling interests and shareholders' equity, excluding appropriated retained earnings.

(b) Includes long-term debt, noncontrolling interests and shareholders' equity, excluding appropriated retained earnings and unrealized gains related to fixed maturity investments.

American Financial Group, Inc.
Additional Supplemental Information
(\$ in millions)



	Three Months Ended				Twelve Months Ended	
	<u>03/31/14</u>	<u>12/31/13</u>	<u>09/30/13</u>	<u>06/30/13</u>	<u>03/31/13</u>	<u>12/31/12</u>
<u>Property and Casualty Insurance</u>						
Paid Losses (GAAP)	\$ 510	\$ 577	\$ 417	\$ 520	\$ 357	\$ 2,026
<u>Statutory Surplus</u>						
Property and Casualty Insurance		\$ 1,981	\$ 1,896	\$ 2,133	\$ 2,096	\$ 2,015
AFG's principal annuity subsidiaries (total adjusted capital)		\$ 1,688	\$ 1,661	\$ 1,590	\$ 1,517	\$ 1,380
<u>Allowable dividends without regulatory approval</u>						
Property and Casualty Insurance		\$ 335	\$ 335	\$ 237	\$ 237	\$ 237
Annuity and Run-off		275	275	158	158	158
Total		<u>\$ 610</u>	<u>\$ 610</u>	<u>\$ 395</u>	<u>\$ 395</u>	<u>\$ 395</u>

American Financial Group, Inc.
Total Cash and Investments and Quarterly Net Investment Income
March 31, 2014
(\$ in millions)



	Carrying Value					% of Investment Portfolio
	Property and Casualty Insurance	Annuity and Run-off	Other	Consolidate CLOs	Total AFG Consolidated	
Total cash and investments:						
Cash and cash equivalents	\$ 661	\$ 682	\$ 533	\$ —	\$ 1,876	6%
Fixed maturities - Available for sale	5,214	22,164	12	—	27,390	84%
Fixed maturities - Trading	180	117	—	—	297	1%
Equity securities	896	360	41	—	1,297	4%
Policy loans	—	235	—	—	235	1%
Mortgage loans	142	746	—	—	888	2%
Real estate and other investments	325	671	8	(260)	744	2%
Total cash and investments	\$ 7,418	\$ 24,975	\$ 594	\$ (260)	\$ 32,727	100%

	Property and Casualty Insurance	Annuity and Run-off	Other	Consolidate CLOs	Total AFG Consolidated
Total quarterly net investment income:					
Fixed maturities - Available for sale	\$ 51	\$ 272	\$—	\$ —	\$ 323
Fixed maturities - Trading	2	2	—	—	4
Equity securities	8	8	—	—	16
Equity in investees	3	3	—	—	6
Other investments	5	16	1	(5)	17
Gross investment income	69	301	1	(5)	366
Investment expenses	(2)	(3)	—	—	(5)
Total net investment income	\$ 67	\$ 298	\$ 1	\$ (5)	\$ 361

	Equity Securities		
	Cost	Fair Value	Unrealized Gain (Loss)
Annuity and Run-off	\$ 318	\$ 360	\$ 42
Property and Casualty Insurance	733	896	163
Other	41	41	—
Total AFG consolidated	\$1,092	\$ 1,297	\$ 205

American Financial Group, Inc.
Fixed Maturities - By Security Type - AFG Consolidated
March 31, 2014
(\$ in millions)



	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value	% of Investment Portfolio
US Government and government agencies	\$ 343	\$ 348	\$ 5	1%	1%
States, municipalities and political subdivisions	5,609	5,753	144	21%	18%
Foreign government	289	298	9	1%	1%
Residential mortgage-backed securities	4,203	4,591	388	17%	14%
Commercial mortgage-backed securities	2,442	2,626	184	9%	8%
Asset-backed securities	2,742	2,765	23	10%	8%
Corporate bonds					
Manufacturing	2,186	2,308	122	8%	7%
Banks, lending and credit institutions	1,963	2,079	116	8%	6%
Gas and electric services	1,287	1,406	119	5%	5%
Insurance and insurance related	781	840	59	3%	3%
Other corporate	4,436	4,673	237	17%	14%
Total AFG consolidated	\$ 26,281	\$27,687	\$ 1,406	100%	85%
Annuity and Run-off	\$ 21,070	\$22,281	1,211	80%	68%
Property and Casualty Insurance	5,210	5,394	184	20%	17%
Other	1	12	11	0%	0%
Total AFG consolidated	\$ 26,281	\$27,687	\$ 1,406	100%	85%
Annualized yield on available for sale fixed maturities:					
Excluding investment expense (a)	5.03%				
Net of investment expense (a)	4.95%				
Approximate average life and duration:					
Approximate average life	6.5 years				
Approximate duration	4.5 years				

(a) Annualized yield is calculated by dividing investment income for the quarter by the average cost over the quarter. Average cost is the average of the beginning and ending quarter asset balances.

	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>	<u>% of Fair Value</u>
Annuity and Run-off:				
US Government and government agencies	\$ 87	\$ 88	\$ 1	0%
States, municipalities and political subdivisions	3,401	3,469	68	15%
Foreign government	17	19	2	0%
Residential mortgage-backed securities	3,400	3,729	329	17%
Commercial mortgage-backed securities	2,225	2,396	171	11%
Asset-backed securities	2,162	2,184	22	10%
Corporate debt	9,778	10,396	618	47%
Total Annuity and Run-off	\$ 21,070	\$ 22,281	\$ 1,211	100%

Annualized yield on available for sale fixed maturities:

Excluding investment expense (a)	5.25%
Net of investment expense (a)	5.20%

Approximate average life and duration:

Approximate average life	7 years
Approximate duration	5 years

	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>	<u>% of Fair Value</u>
Property and Casualty Insurance:				
US Government and government agencies	\$ 256	\$ 260	\$ 4	5%
States, municipalities and political subdivisions	2,208	2,284	76	42%
Foreign government	272	279	7	5%
Residential mortgage-backed securities	802	850	48	16%
Commercial mortgage-backed securities	217	230	13	4%
Asset-backed securities	580	581	1	11%
Corporate debt	875	910	35	17%
Property and Casualty Insurance	\$ 5,210	\$ 5,394	\$ 184	100%

Annualized yield on available for sale fixed maturities:

Excluding investment expense (a)	4.06%
Net of investment expense (a)	3.90%
Tax equivalent, net of investment expense (b)	4.55%

Approximate average life and duration:

Approximate average life	4.5 years
Approximate duration	3.5 years

- (a) Annualized yield is calculated by dividing investment income for the quarter by the average cost over the quarter. Average cost is the average of the beginning and ending quarter asset balances.
- (b) Adjusts the yield on tax-exempt bonds to the fully taxable equivalent yield.

American Financial Group, Inc.
Fixed Maturities - Credit Rating and NAIC Designation

March 31, 2014

(\$ in millions)



By Credit Rating	GAAP Data			
	Amortized Cost	Fair Value	% of Fair Value	Unrealized Gain (Loss)
Investment grade				
AAA	\$ 5,839	\$ 6,043	22%	\$ 204
AA	5,375	5,516	20%	141
A	6,638	7,009	25%	371
BBB	4,919	5,240	19%	321
Subtotal - Investment grade	22,771	23,808	86%	1,037
BB	660	694	2%	34
B	510	531	2%	21
Other	2,340	2,654	10%	314
Total	\$ 26,281	\$ 27,687	100%	\$ 1,406

If two agencies rate a security, the rating displayed above is the lower of the two; if three or more agencies rate a security, the rating displayed is the second lowest.

By NAIC Designation	Statutory Data				
	Carrying Value	% of Carrying Value	Amortized Cost	Fair Value	Unrealized Gain (Loss)
NAIC 1	\$20,417	79%	\$ 20,418	\$ 21,499	\$ 1,081
NAIC 2	4,766	18%	4,766	5,064	298
	25,183	97%	25,184	26,563	1,379
NAIC 3	480	2%	481	506	25
NAIC 4	207	1%	208	220	12
NAIC 5	51	0%	52	57	5
NAIC 6	60	0%	63	86	23
Total	\$25,981	100%	\$ 25,988	\$ 27,432	\$ 1,444

American Financial Group, Inc.
Mortgage-Backed Securities - AFG Consolidated
March 31, 2014
(\$ in millions)



By Asset Type	Amortized Cost	Fair Value	% of Fair Value	% of Investment Portfolio	Unrealized Gain (Loss)
Residential					
Agency	\$ 310	\$ 315	4%	1%	\$ 5
Prime (Non-Agency)	1,996	2,209	31%	7%	213
Alt-A	989	1,091	15%	3%	102
Subprime	908	976	14%	3%	68
Subtotal - Residential	4,203	4,591	64%	14%	388
Commercial	2,442	2,626	36%	8%	184
Total AFG consolidated	\$ 6,645	\$ 7,217	100%	22%	\$ 572
Annuity and Run-off	\$ 5,625	\$ 6,125	85%	19%	500
Property and Casualty Insurance	1,019	1,080	15%	3%	61
Other	1	12	0%	0%	11
Total AFG consolidated	\$ 6,645	\$ 7,217	100%	22%	\$ 572

- Substantially all of AFG's MBS securities are either senior tranches of securitizations or collateralized by senior tranches of securitizations.
- The average amortized cost as a percent of par is—Prime 83%; Alt-A 78%; Subprime 85%; CMBS 99%.
- The average FICO score of our residential MBS securities is—Prime 738; Alt-A 712; Subprime 642.
- 100% of our Commercial MBS portfolio is investment-grade rated (84% AAA) and the average subordination for this group assets is 38%.
- The approximate average life by collateral type is—Residential 5 years; Commercial 4 years.

Annuity and Run-off:

<u>By Asset Type</u>	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>% of Fair Value</u>	<u>% of Investment Portfolio</u>	<u>Unrealized Gain (Loss)</u>
Residential					
Agency	\$ 131	\$ 136	2%	1%	\$ 5
Prime (Non-Agency)	1,855	2,040	33%	8%	185
Alt-A	769	854	14%	3%	85
Subprime	645	699	12%	3%	54
Subtotal - Residential	3,400	3,729	61%	15%	329
Commercial	2,225	2,396	39%	10%	171
Total Annuity and Run-off	\$ 5,625	\$ 6,125	100%	25%	\$ 500

Property and Casualty Insurance:

<u>By Asset Type</u>	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>% of Fair Value</u>	<u>% of Investment Portfolio</u>	<u>Unrealized Gain (Loss)</u>
Residential					
Agency	\$ 179	\$ 179	17%	3%	\$ —
Prime (Non-Agency)	140	157	14%	2%	17
Alt-A	220	237	22%	3%	17
Subprime	263	277	26%	4%	14
Subtotal - Residential	802	850	79%	12%	48
Commercial	217	230	21%	3%	13
Total Property and Casualty Insurance	\$ 1,019	\$ 1,080	100%	15%	\$ 61

American Financial Group, Inc.
Mortgage-Backed Securities - Credit Rating and NAIC Designation



March 31, 2014

(\$ in millions)

By Credit Rating	GAAP data			
	Amortized Cost	Fair Value	% of Fair Value	Unrealized Gain (Loss)
Investment grade				
AAA	\$ 2,801	\$ 2,975	41%	\$ 174
AA	370	391	6%	21
A	574	604	8%	30
BBB	312	335	5%	23
Subtotal - investment grade	4,057	4,305	60%	248
BB	304	314	4%	10
B	438	453	6%	15
Other	1,846	2,145	30%	299
Total	\$ 6,645	\$ 7,217	100%	\$ 572

If two agencies rate a security, the rating displayed above is the lower of the two; if three or more agencies rate a security, the rating displayed is the second lowest.

By NAIC Designation	Statutory data				
	Carrying Value	% of Carrying Value	Amortized Cost	Fair Value	Unrealized Gain (Loss)
NAIC 1	\$ 6,229	95%	\$ 6,230	\$ 6,831	\$ 601
NAIC 2	114	2%	114	115	1
	6,343	97%	6,344	6,946	602
NAIC 3	46	1%	47	48	1
NAIC 4	86	1%	87	93	6
NAIC 5	4	0%	4	11	7
NAIC 6	39	1%	40	56	16
Total	\$ 6,518	100%	\$ 6,522	\$ 7,154	\$ 632