



ANNUAL REPORT 2013

Specialty Property and Casualty Insurance

Fixed and Fixed-Indexed Annuities



IN 2013,
our performance soared.

At American Financial Group, we are proud of our results and the financial strength made possible by our entrepreneurial business model and our commitment to specialization and service. Our insurance professionals are passionate about the niche markets they serve and have worked tirelessly to earn recognition as industry leaders. We believe that the diversification across our portfolio of specialty insurance businesses has been instrumental in helping us achieve industry-leading results and positions us well to create long-term shareholder value.

AMERICAN FINANCIAL GROUP



TO OUR SHAREHOLDERS



S. Craig Lindner (left) and Carl H. Lindner III,
Co-Chief Executive Officers

We have grown our business in response to market opportunities while achieving or exceeding targeted returns.

We see tremendous value in our diversified specialty niche insurance business and are proud of the expertise and passion that our insurance professionals bring to their roles each day. Our entrepreneurial business model rewards business leaders for disciplined decision making and pricing, while providing the resources that facilitate a nimble and opportunistic response to business opportunities. Our strong results in 2013 are a testament to the success of our model, our commitment to maintaining financial strength and our focus on creating long-term value for our shareholders. In fact, in February of 2014, A.M. Best upgraded the financial strength ratings of our Great American pooled companies from “A” (Excellent) to “A+” (Superior). We are proud that we have held an A.M. Best rating of “A” (Excellent) or better since 1908.

Our business has experienced broad-based growth over the past year. We have grown in response to market opportunities while achieving or exceeding targeted returns. We are proud of our track record in achieving industry-leading operating results. Over the past few years, we have played on our strengths as a specialty insurer by adding niche businesses and exiting non-core businesses. We have leveraged our technology and our data to improve the quality of our decision making and most importantly, we have invested in our people and leadership development at all levels.

Our continued focus on underwriting and pricing discipline in our Specialty property and casualty (P&C) operations, achieving strong returns on new business in our Annuity segment, creating value through superior investment execution and effective use of our excess capital has helped us to achieve compounded annual growth in AFG’s adjusted book value of approximately 12% over the past five years.

2013 RESULTS

Net earnings were \$471 million or a record \$5.16 per share for the year. These results reflect strong core earnings in our Specialty P&C and annuity operations, and include realized gains and other non-core items. Core net operating earnings per share were \$4.22 for the year, an increase of 29% from the prior year. Record earnings in our Annuity segment and higher underwriting profit in our Specialty P&C insurance operations drove these improved results.

Our balance sheet remains strong, with over \$42 billion in assets at December 31, 2013, and a debt to capital ratio of 17.6%.

Specialty P&C Group

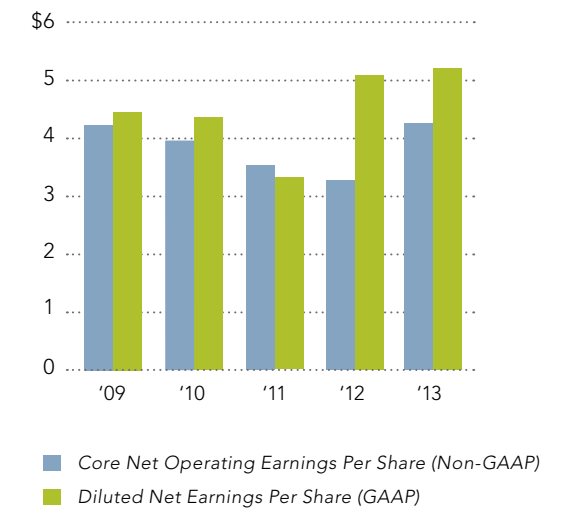
The combined ratio of 93.5% in our Specialty P&C Group during 2013 was about two points better than the previous year, reflecting improved accident year underwriting results and lower catastrophe losses.

We were pleased to see a 4% increase in renewal pricing in our P&C business during the year, with most of our businesses achieving rate increases during 2013. Although we experienced some pricing deceleration toward the end of the year, we continue to see opportunities for rate strengthening in 2014. Our overall pricing remained above loss cost trends, which were relatively benign, due in part to the low inflation environment. Staying ahead of loss costs has provided additional opportunity for underlying margin improvement.

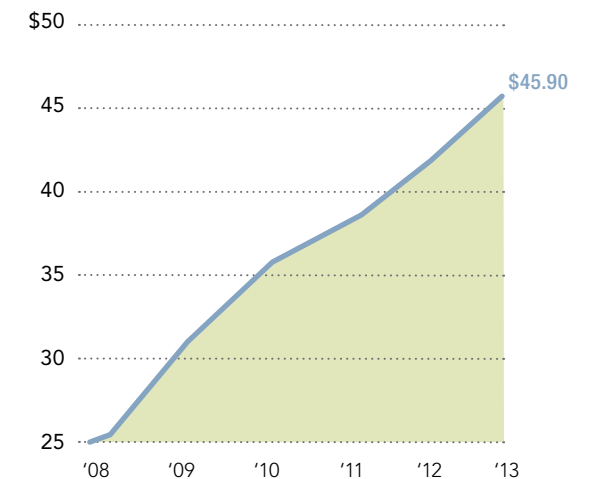
Specialty P&C net written premiums were up 13% in 2013. While each of our Specialty P&C groups reported growth, double-digit growth in our Specialty casualty group was the primary driver of the higher premiums. We were successful in acting on market opportunities to organically grow several of our casualty lines of business, particularly as certain markets have enjoyed rate increases.

Our portfolio of Specialty P&C businesses continues to grow. In April of 2013, we announced the start-up of our Professional Liability Division, our 28th Specialty P&C business unit. This new P&C niche will expand our product offerings and serve new markets. In January of 2014, we announced that we had reached an agreement to acquire Summit Southeast Holding, Inc. (“Summit”) from Liberty Mutual Insurance. Summit is a leading specialist workers’ compensation provider in the southeastern United States. This business will complement our existing workers’ compensation offerings through our Republic Indemnity and Strategic Comp business units. Additionally, in March of 2014, we announced the launch of our Aviation Division, a niche player in the aviation insurance market for difficult to place risks, or risks that require a tailored approach. These new additions bring our Specialty P&C businesses to a total of 30. We are always looking for opportunities to expand our Specialty P&C niche businesses through start-ups, bolt-ons, or acquisitions.

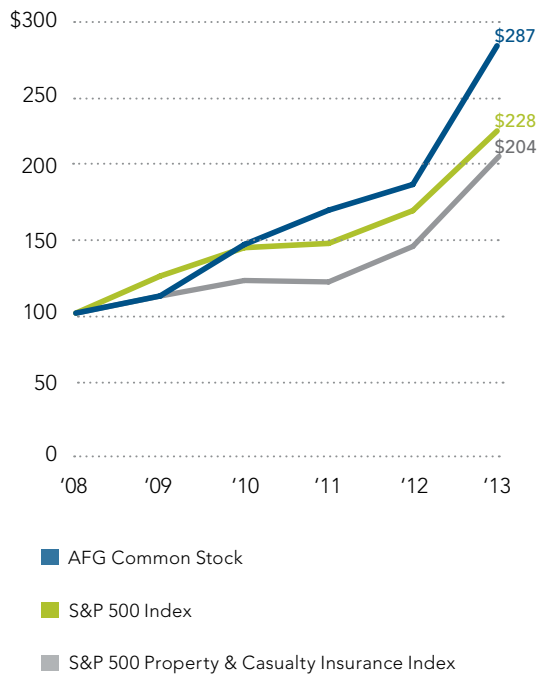
EARNINGS PER SHARE
For the year ended December 31



ADJUSTED BOOK VALUE PER SHARE
As of December 31 (excluding appropriated retained earnings and unrealized gains and losses on fixed maturities)



5 YEAR CUMULATIVE TOTAL SHAREHOLDER RETURN
on AFG Common Stock vs S&P Indices
As of December 31



This graph assumes \$100 invested on December 31, 2008 in AFG's common stock, the S&P 500 Index and the S&P 500 Property & Casualty Insurance Index, including reinvestment of dividends.

We believe that the considerable ownership of AFG's stock by our management team and employees aligns our interests with those of our public shareholders.

Annuity Segment

Our Annuity segment produced record core operating earnings for the sixth consecutive year in 2013, an increase of 28% from the prior year. Average annuity assets and reserves grew by 15% and 14%, respectively, year over year. This growth, coupled with the positive impact that higher interest rates and strong stock market performance in 2013 had on our fixed-indexed annuity business, drove these record results.

With a focus on sales of fixed and fixed-indexed annuities, our Annuity segment has achieved an 18% compounded annual growth rate in assets since its acquisition in 1973, and is earning strong returns on new business.

Fixed annuity statutory premiums were a record \$4 billion in 2013, up 35% from the prior year. As a result of a consistent pattern of strong sales over the past three years, particularly from sales of single premium annuities through financial institutions, AFG's fixed annuity reserves have grown from \$11 billion at the beginning of 2009 to over \$20 billion at year end 2013.

Investments

Our focus remains on achieving investment returns over the long term that outperform market indices while effectively managing our portfolio risk. In fact, we view our investment management activities as a core competency. An in-house team of investment professionals manages our \$31 billion investment portfolio and has executed a consistent strategy over many years and diverse economic cycles, delivering results exceeding industry benchmarks. Our investment portfolio is primarily comprised of investment grade securities providing a predictable, steady stream of income.

For the six years ended December 31, 2013, a time period that captures the beginning of the global financial crisis, our fixed income portfolio outperformed the insurance industry by an estimated 150 basis points per annum, creating approximately \$1.8 billion in total return outperformance. Opportunistic purchases of non-agency residential mortgage-backed securities were the primary driver of these returns, which significantly surpassed those of other fixed income indices over the same time period. In addition, during the same time period, our equity portfolio achieved a total return of approximately 19% per annum, outperforming the S&P 500 Index by over 12% per annum, creating an additional \$300 million in total return outperformance.

During 2013, AFG recorded pretax net realized gains on securities of \$221 million, including \$49 million resulting from sales of a portion of our remaining interest in Verisk Analytics. At December 31, 2013, the Company held 186,000 shares of Verisk Analytics, with an unrealized pretax gain of approximately \$12 million. We are very pleased with our returns on this investment as cumulative realized and unrealized gains total approximately \$330 million.

A COMMITMENT TO CREATING LONG-TERM VALUE FOR SHAREHOLDERS

We believe that the considerable ownership of AFG's stock by our management team and employees aligns our interests with those of our public shareholders. Return on equity for 2013 was 12%, and over the last five years, it has averaged 12%. AFG's adjusted book value per share grew to \$45.90 per share at the end of 2013, an 8% increase over the prior year. Total value creation, measured as the change in book value plus dividends, was \$5.19 per share, or 12%, for the year.

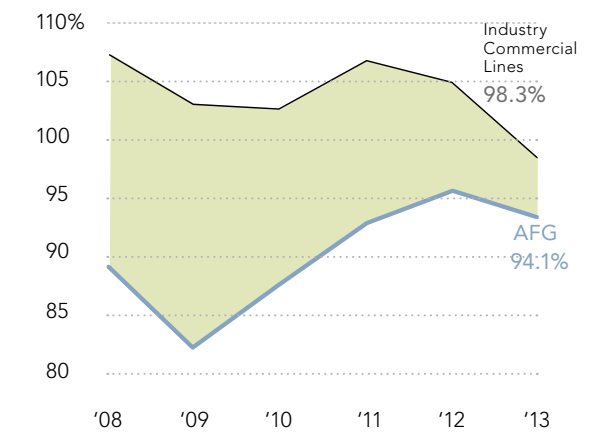
On a market value basis, the compounded annual growth rate of AFG's common stock plus dividends for the five-year period ended December 31, 2013, was approximately 23%, compared to approximately 16% in the Standard & Poor's (S&P) Property & Casualty Insurance Index and 18% in the S&P 500 Index. These measures serve as benchmarks as we evaluate our effectiveness in value creation.

During 2013, we announced a 13% increase in AFG's regular quarterly dividend to an annual rate of \$0.88 per share. This marks the eighth consecutive annual dividend increase for the Company. In addition, we paid a special dividend of \$1.00 per share in December of 2013. The five-year compounded annual growth in dividends paid to our shareholders is approximately 10%, excluding special dividends. Dividend payments and share repurchases have enabled us to return over \$1.6 billion to our shareholders over the past five years.

CAPITAL AND LIQUIDITY

Capital management remains a priority for us. AFG's financial condition is strong, with \$1 billion in excess capital (including cash at the parent company of approximately \$525 million) as of December 31, 2013. AFG will invest approximately \$400 million of its capital in the acquisition of Summit early in the second quarter of 2014.

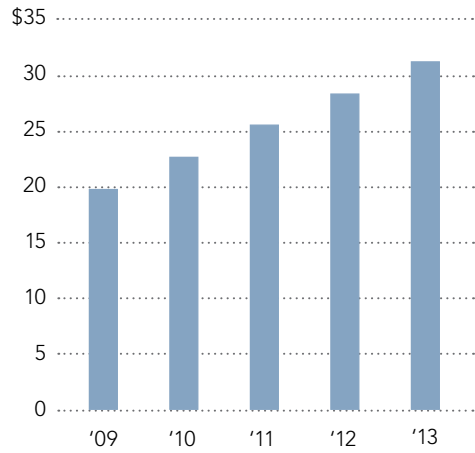
STATUTORY COMBINED RATIO (COR)



Industry Commercial Lines based on data from A.M. Best

Dividend payments and share repurchases have enabled us to return over \$1.6 billion to our shareholders over the past five years.

INVESTED ASSETS
As of December 31 (in billions)



Sustained performance and financial strength will lead to growth in book value and increased shareholder value over the long run.

The capital in our insurance businesses is at levels that exceed, or are consistent with, amounts required for our rating levels. Holding capital in excess of current rating levels allows us to operate confidently in forming business plans and in maintaining the financial strength to effectively compete in the marketplace.

We are committed to deploying our capital in a manner that creates long-term shareholder value. We will invest capital in businesses that have potential for healthy, profitable organic growth, and for opportunities to expand our specialty niche businesses through acquisitions and start-ups that meet our target return thresholds.

The growth in our fixed annuity business and double-digit growth in selected Specialty P&C lines during 2013 serve as good examples of organic growth opportunities. The start-up of our Professional Liability Division in early 2013 has complemented our other errors and omissions coverage offerings and extends our reach into smaller accounts and also into new insurance class offerings. We will continue to evaluate business opportunities that have the potential to produce desired long-term returns and align well with our existing businesses.

We will also continue to return excess capital to shareholders through dividends and opportunistic share repurchases. We will maintain financial leverage and capital adequacy at levels that are prudent for our business and consistent with our commitments to rating agencies while maintaining a sufficient level of liquidity to respond to business needs and opportunities.

OUR BUSINESS MODEL

As a premier specialty insurer, our business model is focused on offering products and services where we have niche expertise, capable distribution relationships and where we know we can deliver excellent policyholder service. Integral to the success of our model is an incentive-based compensation program, which helps us to ensure effective alignment of performance to strategic objectives. This model, coupled with a robust talent management program, allows us to identify, develop and appropriately reward business leaders who will enhance the Company's intellectual capital.

We know that sustained performance and financial strength will lead to growth in book value and increased shareholder value over the long run. We believe this model will allow us to achieve our long-term financial objectives to achieve double-digit returns on equity, grow book value annually at double-digit rates, and maintain a strong balance sheet and adequate liquidity to provide financial flexibility.

LOOKING AHEAD

As we look forward, we remain committed to the core aspects of our strategic focus that have enabled us to increase shareholder value over the long run. We expect our 2014 core net operating earnings to be in the range of \$4.50 to \$4.90 per share.

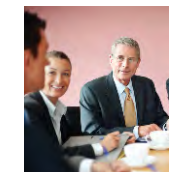
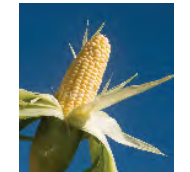
Superior underwriting, investing and capital management have allowed us to outperform industry averages and our peers. Our business model rewards discipline and agility for managing our business through changing economic environments including phases of the overall insurance cycle, the interest rate environment and the stock market. Our leaders understand the importance of providing superior service to policyholders and agents and the value in maintaining our track record of financial strength.

We believe our business model positions us well to produce solid results that will continue to outperform the industry, and to identify opportunities and execute when we see ways to profitably grow our specialty businesses. We are proud of our Company's specialty insurance expertise and a history that dates back to 1872 with the founding of our flagship insurer, Great American Insurance Company.

We thank God, our talented management team and our employees for a successful year and for helping us maintain the financial strength that allows us to best serve our policyholders, agents and brokers. We also thank you, our shareholders, for your investment and confidence.

Carl H. Lindner III
Co-Chief Executive Officer

S. Craig Lindner
Co-Chief Executive Officer



Dollars in millions, except per share amounts

BALANCE SHEET DATA	2013	2012	2011
Cash and investments	\$31,313	\$28,449	\$25,577
Total assets	42,087	39,171	35,838
Long-term debt	913	953	934
Shareholders' equity	4,599	4,578	4,411
Book value per share ^A	\$50.83	\$50.61	\$43.32
Shareholders' equity ^B	4,109	3,784	3,779
Book value per share ^B	\$45.90	\$42.52	\$38.63
Cash dividends per share ^C	\$1.805	\$0.97	\$0.6625
Ratio of debt to total capital ^D	17.6%	19.4%	19.2%
Shares outstanding	89.5	89.0	97.8
SUMMARY OF OPERATIONS	2013	2012	2011
Total revenues	\$5,092	\$4,957	\$4,643
Components of net earnings:			
Core net operating earnings ^E	\$385	\$314	\$363
Gain on sale of Med supp and critical illness	–	114	–
Other realized gains	138	128	45
Long-term care reserve charge	–	(99)	–
Special A&E charges	(49)	(21)	(38)
AFG tax case and settlement of open tax years	–	67	–
Valuation allowance on deferred tax assets	–	–	(28)
Other	(3)	(15)	–
Net earnings attributable to shareholders – GAAP	\$471	\$488	\$342
Return on Shareholders' Equity:			
Core net operating earnings ^B	10%	8%	10%
Net earnings ^B	12%	13%	9%
Components of diluted earnings per share:			
Core net operating earnings ^E	\$4.22	\$3.27	\$3.52
Gain on sale of Med supp and critical illness	–	1.19	–
Other realized gains	1.52	1.34	0.45
Long-term care reserve charge	–	(1.03)	–
Special A&E charges	(0.54)	(0.22)	(0.37)
AFG tax case and settlement of open tax years	–	0.70	–
Valuation allowance on deferred tax assets	–	–	(0.28)
Other	(0.04)	(0.16)	–
Diluted earnings per share	\$5.16	\$5.09	\$3.32

A Excludes appropriated retained earnings.

B Excludes appropriated retained earnings and unrealized gains and losses on fixed maturity investments.

C Includes special cash dividends of \$1.00 and \$0.25 per share paid in December 2013 and 2012, respectively.

D For this calculation, capital includes long-term debt, noncontrolling interests and shareholders' equity (excluding appropriated retained earnings and unrealized gains and losses on fixed maturity investments).

E Certain significant items that may not be indicative of ongoing core operations are excluded in deriving our core net operating earnings, a non-GAAP measure used for discussion and analytical purposes. Though it is not a generally accepted accounting principles ("GAAP") measure, it is a key performance measure used by analysts and ratings agencies.

Financial Strength Ratings

	A.M. Best*	Standard & Poor's*
Specialty Property & Casualty Insurance Group		
Great American Insurance Company	A+ (Superior)	A+ (Strong)
American Empire Surplus Lines Insurance Company	A+ (Superior)	A+ (Strong)
Mid-Continent Casualty Company	A+ (Superior)	A+ (Strong)
National Interstate Insurance Company	A (Excellent)	Not Rated
Vanliner Insurance Company	A (Excellent)	Not Rated
Republic Indemnity Company of America	A (Excellent)	A+ (Strong)
Marketform/Lloyd's Syndicate	A (Excellent)	A+ (Strong)
Annuity Group		
Great American Life Insurance Company	A (Excellent)	A+ (Strong)
Annuity Investors Life Insurance Company	A (Excellent)	A+ (Strong)

* A.M. Best ratings as of February 21, 2014. Standard & Poor's ratings as of December 4, 2013.

BUSINESS OVERVIEW

Specialty Property & Casualty Insurance Operations

Property and Transportation Group

Inland and Ocean Marine

Builders' risk, contractors' equipment, property, motor truck cargo, marine cargo, boat dealers, marina operators/dealers and excursion vessels.

Agricultural-related

Federally reinsured multi-peril crop (allied lines) insurance covering most perils as well as crop-hail, equine mortality and other coverages for full-time operating farms/ranches and agribusiness operations on a nationwide basis.

Commercial Automobile

Coverage for vehicles (such as buses and trucks) in a broad range of businesses including the moving and storage and transportation industries and a specialized physical damage product for the trucking industry.

Specialty Casualty Group

Executive and Professional Liability

Liability coverage for directors and officers of businesses and non-profit organizations; errors and omissions; and non-U.S. medical malpractice insurance.

Umbrella and Excess Liability

Liability coverage in excess of primary layers.

Excess and Surplus

Liability, umbrella and excess coverage for unique, volatile or hard-to-place risks, using rates and forms that generally do not have to be approved by state insurance regulators.

General Liability

Coverage for contractor-related businesses, energy development and production risks and environmental liability risks.

Targeted Programs

Coverage (primarily liability and property) for social service agencies, leisure, entertainment and non-profit organizations, customized solutions for other targeted markets and alternative risk programs using agency captives.

Workers' Compensation

Coverage for prescribed benefits payable to employees who are injured on the job.

Specialty Financial Group

Fidelity and Surety

Fidelity and crime coverage for government, mercantile and financial institutions and surety coverage for various types of contractors and public and private corporations.

Lease and Loan Services

Coverage for insurance risk management programs for lending and leasing institutions, including equipment leasing and collateral and lender-placed mortgage property insurance.

Annuity Operations

Traditional Fixed and Fixed-Indexed Annuities

Sold primarily in the retail, financial institutions and education markets.

Run-Off Operations

Long-Term Care and Life Insurance

In-force blocks of business that are not actively marketed.



STRENGTH THROUGH SPECIALIZATION

AFG's specialty insurance businesses operate under the Great American Insurance Group brand. For over 140 years, we have provided insurance products that help businesses manage their unique financial risks and exposures, and individuals save for their financial futures. We believe that specialization, relationships and innovation have enabled us to be market leaders in more than 30 niche specialty insurance industries that we serve. In fact, our deep specialty focus is exemplified by insurance professionals who have a passion for the markets they serve – some of whom have personal experience as farmers, horse owners, truckers, teachers and entrepreneurs, among others.

Many of our insurance businesses are industry leaders. Over half of the gross written premium in our Specialty property and casualty (P&C) operations is generated by businesses that have "top ten" market rankings. Similarly, our annuity business ranked among the "top six" in sales of fixed and fixed-indexed annuities overall and in the "top three" in sales of fixed and fixed-indexed annuities through financial institutions.

Our business is founded on an entrepreneurial model with experienced professionals overseeing each of our specialty business units focused on a particular industry, product or market. Decision making related to underwriting, claims and policy servicing is handled within each of our niches. This decentralized structure promotes agility and provides autonomy to individual business units to design products, develop distribution strategies and build and sustain lasting relationships in the markets they serve. This organizational structure also promotes an entrepreneurial spirit, which allows our teams to react more quickly to changes in the marketplace and to more efficiently meet our customers' needs. Centralized business support and investment management functions provide a framework for success so each business unit can focus on growing their businesses and serving their customers.

This model is also designed to promote accountability. Performance benchmarks and operational and financial measures provide a clear line of sight into overall results. Business unit leaders are rewarded for strong performance through incentive-based compensation programs that align with the strategic and financial goals of AFG.

Our commitment to superior claims service, disciplined underwriting and product innovation have resulted in underwriting outperformance within the commercial property and casualty insurance industry in 26 of the past 28 years. Over the past 10 years, the combined operating ratio of AFG's property and casualty operations has been more favorable than the industry by nearly 10 points.

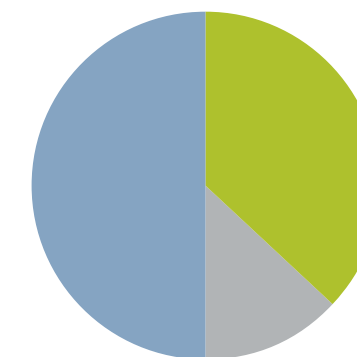
AFG and its Great American Insurance Group member companies have 6,800 employees in over 100 locations throughout North America and Western Europe. Our business success is highly dependent on our ability to attract and retain qualified employees. AFG places a high priority on identifying and developing key talent and is committed to leadership development at all levels of our organization. We believe our people-focused culture, which includes a healthy work/life balance, enables us to attract, retain and empower a robust talent pipeline.

SPECIALTY PROPERTY AND CASUALTY INSURANCE OPERATIONS
Year Ended December 31 (dollars in millions)

	2013	2012	2011
Gross Written Premiums	\$4,805	\$4,321	\$4,106
Net Written Premiums	\$3,341	\$2,949	\$2,770
GAAP Combined Ratio	93.5%	95.4%	91.6%

Over half of the gross written premium in our Specialty P&C operations is generated by businesses that have "top ten" market rankings.

SPECIALTY PROPERTY AND CASUALTY INSURANCE OPERATIONS
2013 Gross Written Premiums – \$4.8 Billion



- 50% Property and Transportation
- 37% Specialty Casualty
- 13% Specialty Financial

OPERATIONAL OVERVIEW

Specialty Property and Casualty (P&C) Insurance Operations

We are proud that Great American Insurance Company, our flagship insurer in our P&C Group, is rated “A+” (Superior) and is one of only four property and casualty insurers to have maintained a financial strength rating of “A” or better from A.M. Best Company for over 100 years. The thousands of agents and brokers who write business on behalf of our Specialty P&C insurance group rely on the financial strength that is signified by this rating.

Our diversified book of specialty insurance businesses, strong capital adequacy and commitment to disciplined pricing and low windstorm/quake exposure are central to AFG’s Specialty P&C strategy. AFG manages its catastrophe exposures through individual risk selection, including minimizing coastal and known fault-line exposures, and the strategic use of reinsurance across all lines of business. AFG’s exposure to a catastrophic earthquake or windstorm that industry models indicate could occur once in every 500 years is estimated to be less than 2.5% of AFG’s shareholders’ equity.

The Company continually evaluates opportunities to grow its businesses organically, expand into new niche markets that meet strategic objectives and/or acquire businesses as add-ons to existing specialty businesses. Growth in many of our Specialty casualty lines of business during 2013 serves as a good example of the agility that allows our business leaders to respond to changing market conditions throughout the insurance cycle. In April of 2013, we added our 28th Specialty P&C niche with the launch of Great American’s Professional Liability Division. Similarly, AFG will withdraw from markets that do not meet its profit objectives or business strategy.

The Specialty P&C insurance group generated an underwriting profit of \$206 million in 2013, up 57% from the prior year. The combined ratio of 93.5% was about two points better than in 2012. Higher underwriting profits in the Specialty casualty group and Specialty financial group were partially offset by lower underwriting profits in the Property and transportation group.

Net written premiums were \$3.3 billion, up 13% from 2012. Although each of our Specialty P&C groups reported growth in premiums, the increase was primarily due to higher premiums in our Specialty casualty group.

Overall renewal rates were up 4% for the year. Loss cost trends were stable and appeared to be benign across our portfolio of businesses, which helps to drive meaningful growth and value creation in our business over time.

The largest group within our Specialty P&C operations, our **Property and Transportation Group** is comprised of several specialty insurance niche operations that are leaders in the markets they serve. Our crop insurance operations rank fourth in terms of gross written premium. Our 52%-owned National Interstate subsidiary ranks as one of the largest providers of insurance coverage for the passenger transportation and moving and storage industries. We are also the number one provider of coverage to the equine community through our equine mortality business and among the top providers of coverage for independent owner/operators in the trucking industry. Other businesses in this group offer property and inland marine and ocean marine insurance as well as various forms of coverage for the agricultural industry.

This group reported an underwriting profit of \$12 million, compared to \$19 million in the prior year. This decline is primarily attributed to lower underwriting profitability in our transportation businesses, partially offset by higher underwriting profits in our agricultural operations. Accident year catastrophe losses, including reinstatement premiums for this group, were \$27 million in 2013, compared to \$35 million in the comparable 2012 period. Gross written premiums for the full year of 2013 increased approximately 5%, reflecting growth in nearly all of the businesses in this group, but primarily due to higher crop premiums and growth in our transportation businesses. Overall renewal rates for this group increased by approximately 5% during 2013.

The Property and transportation group is expected to produce a combined ratio in the range of 94% to 98% in 2014. We expect this group’s net written premiums to be flat to up 5% from amounts reported in 2013, primarily as a result of rate increases in our transportation and property and inland marine businesses, offset by lower commodity price futures for corn and soybeans.

Our **Specialty Casualty Group** includes our workers’ compensation, executive liability, general liability, excess and surplus, international and professional liability operations, as well as our non-profit social services business, which is ranked third in terms of market share. This group also includes coverage in targeted markets such as environmental insurance solutions, package products for the public sector and risk sharing captive programs. Our Specialty casualty group reported an underwriting profit of \$102 million in 2013, nearly double the results in 2012. Improved 2013 accident year results and higher favorable prior period reserve development were the primary drivers of the higher underwriting profitability. The majority of businesses in this group produced strong underwriting profit margins during 2013.

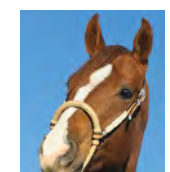
PROPERTY AND TRANSPORTATION GROUP Year Ended December 31 (dollars in millions)

	2013	2012	2011
Gross Written Premiums	\$2,392	\$2,271	\$2,273
Net Written Premiums	\$1,547	\$1,473	\$1,436
GAAP Combined Ratio	99.2%	98.7%	92.0%

Our Property and transportation group is comprised of several specialty insurance niche operations that are leaders in the markets they serve.

SPECIALTY CASUALTY GROUP Year Ended December 31 (dollars in millions)

	2013	2012	2011
Gross Written Premiums	\$1,790	\$1,484	\$1,302
Net Written Premiums	\$1,224	\$992	\$867
GAAP Combined Ratio	90.9%	94.5%	95.9%



Average renewal rates in our Specialty casualty group were up 5% in 2013, with increases as high as 9% in our California workers' compensation business.

SPECIALTY FINANCIAL GROUP
Year Ended December 31 (dollars in millions)

	2013	2012	2011
Gross Written Premiums	\$622	\$566	\$529
Net Written Premiums	\$486	\$411	\$398
GAAP Combined Ratio	85.6%	89.2%	84.1%

The Specialty financial group produced an overall combined operating ratio of 85.6% in 2013.

Gross written premiums increased by 21% during 2013. Although we achieved strong growth in nearly every business unit in this group, new business opportunities, increased exposures from higher payroll on existing accounts, strong retentions and higher renewal pricing have contributed to strong growth in our workers' compensation businesses. In addition, new business opportunities and general market hardening have generated increased premiums in several of our excess and surplus lines businesses. Average renewal rates for this group during 2013 were up 5%, with increases as high as 9% in our California workers' compensation business.

In January of 2014, AFG reached a definitive agreement to acquire Summit Southeast Holding, Inc. ("Summit") from Liberty Mutual Insurance. Summit is a leading provider of workers' compensation solutions in the southeastern United States. This transaction is expected to close early in the second quarter of 2014. Additionally, in March of 2014, we announced the start-up of our Aviation Division, which focuses on aviation risks that require a tailored approach.

We expect the Specialty casualty group to produce a combined ratio between 90% and 94% and growth in net written premiums between 45% and 49% in 2014. These estimates include approximately nine months of earnings and premiums from our planned acquisition of Summit, and continued growth in our workers' compensation and excess and surplus lines businesses. Excluding Summit, we would expect net written premium growth in the 12% to 16% range.

Our Specialty Financial Group includes our financial institutions business, which offers a wide variety of insurance coverages to lending and leasing institutions. Also included in this group are our fidelity and crime and trade credit operations, each of which are ranked fifth, as well as our surety business, which is ranked tenth in terms of market share. The Specialty financial group reported an underwriting profit of \$67 million for 2013, compared to \$44 million in 2012, due primarily to higher underwriting profit in our financial institutions business, primarily from foreclosed and real estate-owned property and collateral insurance, as well as the absence of losses from a run-off book of automotive-related business that were included in the results for 2012. Nearly all of the businesses in this group produced strong underwriting profit margins during 2013, producing an overall combined operating ratio of 85.6%.

Gross written premiums were 10% higher in 2013 compared to the prior year, primarily as a result of growth in our financial institutions business, specifically related to real estate owned and collateral products for financial institutions. Average renewal rates for this group for the year were flat compared to the prior year period. We expect the Specialty financial group's 2014 combined ratio to be between 87% and 91%. We project 2014 net written premiums to be up 3% to 7% in this group.

Annuity Segment

Core pretax operating earnings of the Annuity segment grew by 28% in 2013 to a record \$328 million. The continued growth in earnings is largely the result of the fixed and fixed-indexed annuity premium growth we have achieved over the last several years, as well as in 2013, an improving interest rate environment and strong stock market performance.

Through the annuity operations of Great American Insurance Group, AFG sells traditional fixed and fixed-indexed annuities in the retail, financial institutions and education markets through independent producers and through direct relationships with certain financial institutions. This business has its roots in the 403(b) fixed annuity business, serving educators in the K-12 market and other qualified markets for more than 35 years. Today, however, single premium annuities sold through the retail and financial institutions channels represent about 94% of this group's statutory annuity premiums.

The focus of our annuity business is to maintain appropriate spreads on our base of invested assets. Over the last year, fixed annuity investments, at amortized cost, grew by 15% and average fixed annuity reserves are up 14% compared to last year.

Our "net interest spread", which represents the difference between net investment income earned and interest credited, was 294 basis points for the full year 2013, a decrease of 18 basis points from the comparable prior year period. This decrease was due primarily to the run-off of higher yielding investments, partially offset by lower crediting rates. The "net spread earned" represents our net interest spread less expenses, plus or minus any impact that fluctuations in the stock market or interest rates have on the accounting for our fixed-indexed annuity assets and liabilities. During 2013, the net spread earned was 160 basis points, an improvement of 12 basis points from 2012, reflecting the impact that higher interest rates and the strong stock market performance had on AFG's fixed-indexed annuity business, partially offset by the run-off of higher yielding investments.

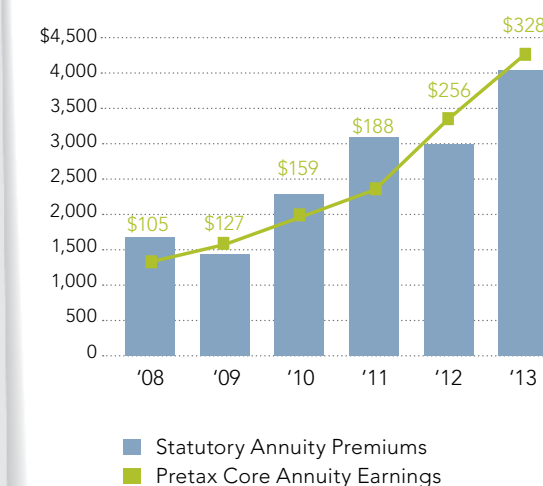
AFG sells its single premium annuities primarily through a retail network of approximately 65 national marketing organizations and managing general agents who, in turn, direct over 1,500 actively producing agents. AFG also sells single premium annuities in financial institutions through direct relationships with certain banks and through independent agents and brokers. For the full year 2013, our fixed products (including fixed-indexed annuities) are ranked in the "top three" in sales through financial institutions and in the "top six" for sales of fixed annuities overall. As a consistent, experienced

ANNUITY SEGMENT
Year Ended December 31 (dollars in millions)

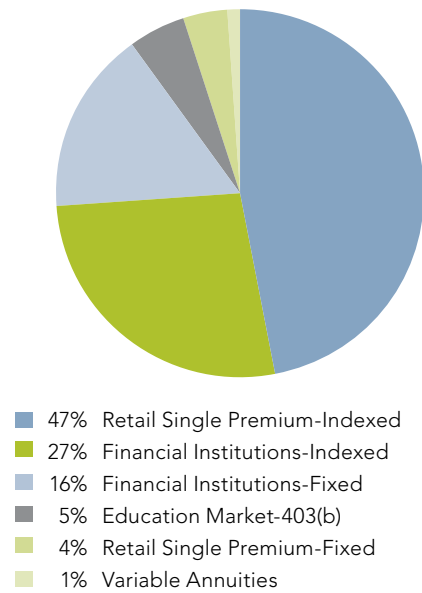
	2013	2012
Average fixed annuity investments	\$19,151	\$16,650
Average fixed annuity benefits accumulated	\$18,696	\$16,394
Net interest spread	2.94%	3.12%
Net spread earned	1.60%	1.48%

The focus of our annuity business is to maintain appropriate spreads on our base of invested assets. Over the last year, fixed annuity investments, at amortized cost, grew by 15% and average fixed annuity reserves are up 14% compared to last year.

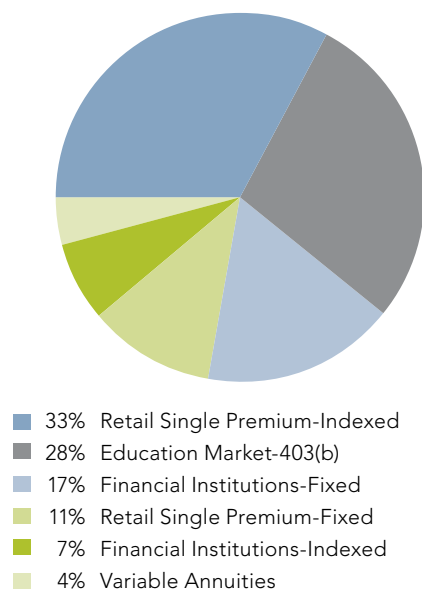
ANNUITY SEGMENT
PREMIUM AND EARNINGS GROWTH
Year Ended December 31 (in millions)



2013 ANNUITY PREMIUMS — \$4.0 BILLION



ANNUITY RESERVES (GAAP) — \$20.9 BILLION
As of December 31, 2013



participant in the market, we continue to look for ways to best serve the needs of our policyholders and distribution partners. We are committed to the development of products that optimize value for our policyholders and our shareholders. Growth in our fixed and fixed-indexed annuity premiums, accompanied by pricing discipline and exceptional investment results, have collectively been instrumental in achieving compounded annual growth in pretax core operating earnings of about 27% in our Annuity segment over the past three years.

Annuity premiums for 2013 were a record \$4 billion, an increase of about 35% from the prior year. This record premium reflects successful distribution channel expansion, as well as new product offerings. We believe that AFG has benefited from its strong ratings, and that the rise in interest rates in 2013 favorably impacted the annuity industry.

Sales of fixed-indexed annuities through financial institutions increased by \$811 million alone; this market continues to be a valuable source of annuity sales for AFG. Annuities sold through financial institutions have grown to represent more than 40% of total annuity premiums.

As we look to 2014, we expect average fixed annuity investments and average fixed annuity reserves to grow by 15% to 18% and our net spread earned to be 20 to 25 basis points lower than the 160 basis points achieved for the full year of 2013. Additionally, due to the large favorable items impacting earnings in 2013, we expect core pretax annuity operating earnings in 2014 to be comparable to the \$328 million reported in 2013.

Although we achieved record annuity premiums in 2013, many factors will impact our ability to surpass the same level of sales in 2014. Based on information currently available, we expect that AFG's annuity premiums will be flat in 2014 compared to the \$4 billion achieved in 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.

Run-off Long-Term Care and Life Segment

AFG's run-off long-term care and life businesses are not expected to contribute material earnings or losses over time. These operations represent about 4% of AFG's overall reserves, net of reinsurance.

Medicare Supplement and Critical Illness Segment

Our Medicare supplement and critical illness businesses were sold in August of 2012. Results from these operations through the date of sale are included in the accompanying summarized financial results.

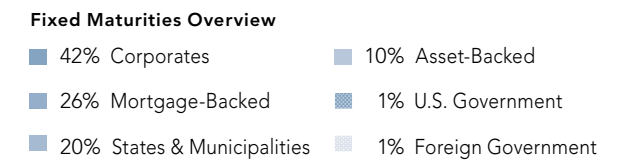
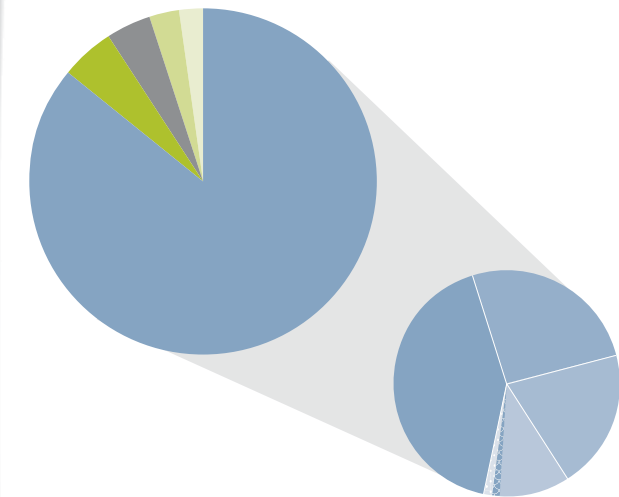
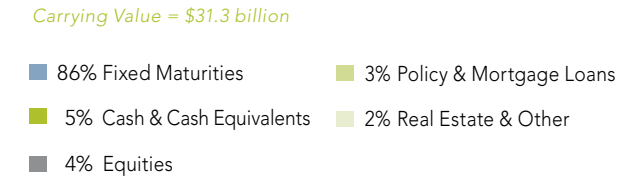
Investments

Our investment philosophy is to focus on high-quality, diversified, liquid investments and to maximize return on a long-term basis, rather than focusing on short-term performance. Fixed income investments, primarily investment grade bonds and mortgage-backed securities, account for approximately 94% of our total investments. (Approximately 86% of our fixed maturity investments are rated investment grade, and 97% have an NAIC designation of 1 or 2, the highest two levels.) Stocks, real estate and other investments make up the remaining 6% of our portfolio. During 2013, our unrealized after-tax gain on investments decreased by approximately \$260 million to \$563 million, reflecting the impact of the rising interest rate environment.

Our real estate investments include commercial real estate operations such as office buildings, hotels, marinas and a resort in various locations in the United States as well as apartment and retail commercial developments. Our real estate investment strategy is based upon our history of buying under-performing or out-of-favor assets, developing and managing them "in house", and selling them when we believe value has been maximized. Over the past 10 years, we have realized net pretax gains of approximately \$260 million on sales of real estate properties.

For 2014, we expect pretax property and casualty net investment income to be approximately 10% higher than 2013 results. This increase reflects an incremental \$1 billion in cash that will be invested following the closing of the Summit acquisition and the additional capital that we are putting to work in connection with this transaction. Excluding the additional assets from the Summit acquisition, we expect P&C investment income to be about 2% lower than in 2013, primarily due to the sale and run-off of higher yielding securities and generally lower reinvestment rates. We continue to look for attractive investment opportunities and will capitalize on our strong internal investment capabilities that we believe give us a competitive advantage. We believe that our investment returns will continue to be a major contributor to our earnings and book value growth.

INVESTMENT PORTFOLIO
As of December 31, 2013



We continue to look for attractive investment opportunities and will capitalize on our strong internal investment capabilities that we believe give us a competitive advantage.

BOARD OF DIRECTORS

As of March 15, 2014

Carl H. Lindner III

Co-Chief Executive Officer,
American Financial Group, Inc.

Chairman, Great American
Insurance Company

S. Craig Lindner

Co-Chief Executive Officer,
American Financial Group, Inc.

President and Chief Executive Officer,
Great American Financial Resources, Inc.

Chairman, American Money
Management Corporation

Kenneth C. Ambrecht^{2,3}

Principal, KCA Associates, LLC,
an investment banking firm

John B. Berding

President, American Money
Management Corporation

Joseph E. (Jeff) Consolino

Executive Vice President and Chief Financial
Officer, American Financial Group, Inc.

Chairman, National Interstate Corporation

Virginia (Gina) C. Drosos^{1,3}

President, Assurex Health,
a personalized medicine company

James E. Evans

Executive Consultant
American Financial Group, Inc.

Terry S. Jacobs^{1,2*}

Chairman and Chief Executive
Officer, JFP Group, LLC, a real estate
development company, and Chairman
Emeritus, Jamos Capital, LLC, a private
equity firm specializing in alternative
investment strategies

Gregory G. Joseph^{1*}

Executive Vice President and
Principal, Joseph Automotive Group,
an automobile dealership and real estate
management company

William W. Verity^{2,3*}

President, Verity & Verity, LLC,
an investment management company

John I. Von Lehman^{1,3}

Retired Executive Vice President,
Chief Financial Officer and Secretary,
The Midland Company, an Ohio-based
provider of specialty insurance products

Board of Directors Committees:

1 Audit Committee

2 Compensation Committee

3 Corporate Governance Committee

* Chairman of Committee

CORPORATE MANAGEMENT

As of March 15, 2014

Carl H. Lindner III

Co-Chief Executive Officer

S. Craig Lindner

Co-Chief Executive Officer

Joseph E. (Jeff) Consolino

Executive Vice President and
Chief Financial Officer

Michelle A. Gillis

Senior Vice President and
Chief Administrative Officer

Vito C. Peraino

Senior Vice President and General Counsel

H. Kim Baird

Vice President – Taxes

Robert E. Dobbs

Vice President – Internal Audit

Karl J. Grafe

Vice President, Assistant General
Counsel and Secretary

Sandra W. Heimann

Vice President

Brian S. Hertzman

Vice President and Controller

Piyush K. Singh

Vice President

David J. Witzgall

Vice President and Treasurer

Annual Shareholders Meeting

The Annual Shareholders' Meeting will be held at our Company's headquarters,
Great American Insurance Group Tower, in Cincinnati on May 21, 2014.

Notices will be mailed to all holders of the Company's common stock.

Common Stock Market Information

American Financial Group's Common Stock is traded on both the New York
Stock Exchange and the Nasdaq Global Select Market under the symbol AFG.
On February 1, 2014, approximately 6,200 holders of record own our shares.

Dividend Reinvestment Plan

This plan allows registered shareholders to automatically reinvest the dividends
on their AFG Common Stock toward the purchase of additional shares of
AFG Common Stock at a 4% discount to the current market price. Dividend
Reinvestment Plan information and enrollment forms may be obtained from the
Company's Transfer Agent.

Transfer Agent

American Stock Transfer & Trust Company
59 Maiden Lane
New York, NY 10038
Toll-Free: (866) 662-3946
www.amstock.com



Photograph by Byron Photo

AMERICAN FINANCIAL GROUP BOARD OF DIRECTORS

Seated, left to right: Craig Lindner, Gina Drosos, Ken Ambrecht, John Von Lehman, Carl Lindner III
Standing, left to right: Jim Evans, Jeff Consolino, Greg Joseph, Terry Jacobs, Will Verity, John Berding

ADDITIONAL INFORMATION

Investors or analysts requesting additional information, including copies of the American Financial Group, Inc. Form 10-K as filed with the Securities and Exchange Commission, may contact:

Investor Relations
American Financial Group, Inc.
Great American Insurance Group Tower
301 E. Fourth Street
Cincinnati, Ohio 45202
(513) 579-6739
AFGInvestorRelations@amfin.com

SEC filings, news releases and other information may also be accessed on American Financial Group's website at www.AFGinc.com.

Forward-Looking Statements

The disclosures in this 2013 Annual Report and in the accompanying Form 10-K contain certain forward-looking statements that are subject to numerous assumptions, risks or uncertainties. The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements. Some of the forward-looking statements can be identified by the use of words such as “anticipates”, “believes”, “expects”, “projects”, “estimates”, “intends”, “plans”, “seeks”, “could”, “may”, “should”, “will” or the negative version of those words or other comparable terminology. Such forward-looking statements include statements relating to: 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 the following and those discussed in our filings with the Securities and Exchange Commission:

- 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; and
- changes in AFG's credit ratings or the financial strength ratings assigned by major ratings agencies to AFG's operating subsidiaries.

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

ABOUT THE COVER

The majestic Bald Eagle image that graces the cover is adapted from an original sculpture by Canadian wildlife artist Calvin Nicholls, and is used with his permission.

Mr. Nicholls captures the strength and beauty of nature by using archival papers, painstakingly cut and trimmed with tiny scissors, scalpels and craft knives. With dots of glue applied with the tip of a toothpick, he assembles the intricate pieces that become his sculpture.

AFG's specialty insurance businesses operate under the Great American Insurance Group brand. The eagle has long been a part of Great American's identity and has served as a symbol of financial strength and integrity since our beginnings in 1872, with the founding of our flagship company, Great American Insurance Company.





301 E. Fourth Street, Cincinnati, OH 45202
AFGinc.com / GreatAmericanInsuranceGroup.com