

AMERICAN FINANCIAL GROUP INC
Form 8-K
March 02, 2006

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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): **February 27, 2006**

AMERICAN FINANCIAL GROUP, INC.
(Exact name of registrant as specified in its charter)

Ohio

1-13653

31-1544320

(State or other jurisdiction
of incorporation)

(Commission
File Number)

(IRS Employer
Identification No.)

One East Fourth Street, Cincinnati, OH

45202

(Address of principal executive offices)

(Zip Code)

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

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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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Item 1.01 - Entry into a Material Definitive Agreement.

American Financial Group, Inc. Annual Bonus Plans.

On February 27, 2006, the Compensation Committee (the "Committee") of the Board of Directors of American Financial Group, Inc. (the "Company") approved the performance criteria and goals for 2006 under the Company's 2006 Co-Chief Executive Officer Annual Bonus Plan (the "Co-Chief Executive Officer Bonus Plan"). On the same date, the Company entered into the 2006 Senior Executive Annual Bonus Plan (the "Senior Executive Bonus Plan") as reviewed by the Committee.

Under the Co-Chief Executive Officer Bonus Plan, the overall bonus, if any, to be paid to the Company's Co-Chief Executive Officers will be weighted pursuant to the following performance measurements:

| | |
|------------------------------|-----|
| Core Earnings per Share | 50% |
| Company Performance Criteria | 50% |

Under the Senior Executive Bonus Plan, the overall bonus, if any, to be paid to the Company's other senior executive officers will be weighted pursuant to the following performance measurements:

| | |
|---------------------------------|-----|
| Core Earnings per Share | 25% |
| Individual Performance Criteria | 75% |

The actual cash bonuses payable for 2006 will vary from 0% to 175% as to the Co-Chief Executive Officers, and 0% to 125% as to the Senior Executive Officers, of the bonus target amounts set forth below, depending on the extent to which the Company's core earnings per share and Company's and/or individual's actual performance meets, exceeds or falls short of the performance criteria determined by the Committee.

| <u>Executive</u> | <u>Position</u> | <u>Bonus Target Amount</u> |
|---------------------|----------------------------|----------------------------|
| Carl H. Lindner III | Co-Chief Executive Officer | \$1,150,000 |
| S. Craig Lindner | Co-Chief Executive Officer | \$1,150,000 |
| James E. Evans | Senior Vice President | \$850,000 |
| Keith A. Jensen | Senior Vice President | \$525,000 |
| Thomas E. Mischell | Senior Vice President | \$325,000 |

Section 9 - Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits.

- Financial statements of business acquired. Not applicable.
- Pro forma financial information. Not applicable.
- Exhibits

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|--|
| 99.1 | The Company's 2006 Co-Chief Executive Officer Annual Bonus Plan dated February 27, 2006. |
| 99.2 | The Company's 2006 Senior Executive Officer Annual Bonus Plan dated February 27, 2006. |

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: March 2, 2006

By: Karl J. Grafe

Karl J. Grafe

Vice President