SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-Q

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

For the Quarterly Period Ended September 30, 2003	Commission File No. 1-11632

GREAT AMERICAN FINANCIAL RESOURCES, INC.

Incorporated under	IRS Employer I.D.
the Laws of Delaware	No. 06-1356581

250 East Fifth Street, Cincinnati, Ohio 45202
(513) 333-5300

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

Indicate by check mark whether the Registrant is an accelerated filer. Yes X No

As of November 1, 2003, there were 46,915,192 shares of the Registrant's Common Stock outstanding.

GREAT AMERICAN FINANCIAL RESOURCES, INC.

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GREAT AMERICAN FINANCIAL RESOURCES, INC. 10-Q

PART I

FINANCIAL INFORMATION

GREAT AMERICAN FINANCIAL RESOURCES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

(Dollars in millions)

	September 30, 2003	December 31, 2002
Assets		
Investments:		
Fixed maturities - at market		
(amortized cost - $7,656.7 and $6,894.1)	$ 8,015.8	$7,181.1
Equity securities - at market		
(cost - $46.2 and $47.0)	76.0	73.5
Mortgage loans on real estate	15.9	18.9
Real estate	80.3	78.6
Policy loans	215.3	214.9
Short-term investments	503.8	400.0
Total investments	8,907.1	7,967.0

Cash	0.9	2.2
Accrued investment income	93.0	95.3
Unamortized insurance acquisition costs, net	613.2	591.0
Other assets	375.6	252.0
Variable annuity assets (separate accounts)	509.0	455.1
	$10,498.8	$9,362.6
Liabilities and Capital		
Annuity benefits accumulated	$ 6,867.0	$6,453.9
Life, accident and health reserves	964.9	902.4
Notes payable	192.1	250.3
Payable to subsidiary trust (issuer of preferred securities)	20.0	-
Payable to affiliates, net	95.4	62.4
Deferred taxes on unrealized gains	109.9	93.3
Payable for securities purchased	494.2	16.6
Accounts payable, accrued expenses and other liabilities	122.9	133.8
Variable annuity liabilities (separate accounts)	509.0	455.1
Total liabilities	9,375.4	8,367.8
Mandatorily redeemable preferred securities of consolidated subsidiary trusts	142.9	142.9
Stockholders' Equity:		
Common Stock, $1 par value		
-100,000,000 shares authorized		
-46,913,560 and 42,456,843 shares outstanding	46.9	42.4
Capital surplus	405.3	347.6
Retained earnings	317.1	281.9
Unrealized gains on marketable securities, net	211.2	180.0

Total stockholders' equity	980.5	851.9
	$10,498.8	$9,362.6

GREAT AMERICAN FINANCIAL RESOURCES, INC. 10-Q

GREAT AMERICAN FINANCIAL RESOURCES, INC. AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT

(In millions, except per share amounts)

	Three months ended September 30,		Nine months ended September 30,	
	2003	2002	2003	2002
Revenues:				
Life, accident and health premiums	$ 83.9	$ 81.0	$246.6	$224.6
Net investment income	127.1	131.8	382.2	395.0
Realized gains (losses) on investments	0.7	(21.4)	(11.2)	(51.6)
Other income	26.9	30.3	65.6	71.5
	238.6	221.7	683.2	639.5
Costs and Expenses:				
Annuity benefits	71.5	68.7	227.2	215.2
Life, accident and health benefits	63.0	69.6	185.4	184.9
Insurance acquisition expenses	27.4	31.1	87.0	81.1
Preferred distribution requirement on consolidated subsidiary trusts	3.2	3.2	9.7	9.7
Other interest and debt expenses	3.0	2.7	8.5	8.1
Other expenses	41.2	45.3	116.3	118.1

	209.3	220.6	634.1	617.1
Operating earnings before income taxes	29.3	1.1	49.1	22.4
Provision (credit) for income taxes	9.4	(0.9)	13.9	1.1
Income before accounting change	19.9	2.0	35.2	21.3
Cumulative effect of accounting change, net of tax	-	-	-	(17.7)
Net Income	$ 19.9	$ 2.0	$ 35.2	$ 3.6
Basic earnings per common share:				
Income before accounting change	$ 0.46	$ 0.05	$ 0.82	$ 0.50
Accounting change	-	-	-	(0.42)
Net income	$ 0.46	$ 0.05	$ 0.82	$ 0.08
Diluted earnings per common share:				
Income before accounting change	$ 0.46	$ 0.05	$ 0.82	$ 0.50
Accounting change	-	-	-	(0.42)
Net income	$ 0.46	$ 0.05	$ 0.82	$ 0.08
Average number of common shares:				
Basic	43.0	42.4	42.7	42.4
Diluted	43.0	42.6	42.7	42.7

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GREAT AMERICAN FINANCIAL RESOURCES, INC. 10-Q

GREAT AMERICAN FINANCIAL RESOURCES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

(In millions)

	Nine months ended September 30,	
	2003	2002
Common Stock:		
Balance at beginning of period	$ 42.4	$ 42.3
Common Stock issued	4.5	0.2
Common Stock retired	-	(0.1)
Balance at end of period	$ 46.9	$ 42.4
Capital Surplus:		
Balance at beginning of period	$347.6	$346.7
Common Stock issued	58.2	1.7
Common Stock retired	(0.5)	(1.5)
Balance at end of period	$405.3	$346.9
Retained Earnings:		
Balance at beginning of period	$281.9	$270.0
Net income	35.2	3.6

Balance at end of period	$317.1	$273.6
Unrealized Gains, Net:		
Balance at beginning of period	$180.0	$ 89.8
Change during period	31.2	100.7
Balance at end of period	$211.2	$190.5

Comprehensive Income		
Net income	$ 35.2	$ 3.6
Other comprehensive income - change in net unrealized gains	31.2	100.7
Comprehensive income	$ 66.4	$104.3

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GREAT AMERICAN FINANCIAL RESOURCES, INC. 10-Q

GREAT AMERICAN FINANCIAL RESOURCES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

(In millions)

	Nine months ended September 30,	
	2003	2002

Cash Flows from Operating Activities:		
Net income	$ 35.2	$ 3.6
Adjustments:		
Cumulative effect of accounting change	-	17.7
Increase in life, accident and health reserves	62.5	64.0
Benefits to annuity policyholders	227.2	215.2
Amortization of insurance acquisition costs	87.0	81.1
Depreciation and amortization	14.6	19.9
Realized losses on investments	11.2	51.6
Increase in insurance acquisition costs	(118.8)	(121.2)
Increase in other assets	(13.8)	(37.9)
Decrease in other liabilities	(32.3)	(10.6)
Increase (decrease) in payable to affiliates, net	33.0	(32.3)
Other, net	10.5	5.9
	316.3	257.0
Cash Flows from Investing Activities:		
Purchases of and additional investments in:		
Fixed maturity investments	(4,059.4)	(2,214.3)
Equity securities	(12.1)	(3.6)
Subsidiaries and affiliates	-	(48.5)
Real estate, mortgage loans and other assets	(6.9)	(15.7)
Maturities and redemptions of fixed maturity investments	952.7	887.2
Sales of:		
Fixed maturity investments	2,686.9	1,117.0
Equity securities	19.5	0.7
Real estate, mortgage loans and other assets	3.2	6.2
Cash and short term investments of acquired subsidiaries	-	4.6
Decrease (increase) in policy loans	(0.4)	4.4
	(416.5)	(262.0)
Cash Flows from Financing Activities:		
Fixed annuity receipts	592.8	599.2
Annuity surrenders, benefits and withdrawals	(417.6)	(410.6)
Net transfers from variable annuity assets	4.1	12.3

Additions to notes payable	8.0	-
Reductions of notes payable	(66.2)	(0.2)
Issuance of Common Stock	62.7	1.9
Retirement of Common Stock	(0.5)	(1.6)
Issuance of Trust Preferred Securities	19.4	-
	202.7	201.0
Net increase in cash and short-term investments	102.5	196.0
Beginning cash and short-term investments	402.2	170.9
Ending cash and short-term investments	$ 504.7	$ 366.9

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GREAT AMERICAN FINANCIAL RESOURCES, INC. 10-Q

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A.

Description of the Company

Great American Financial Resources, Inc. ("GAFRI" or "the Company"), through its subsidiaries, markets fixed and variable annuities, and various forms of life and supplemental health insurance through independent agents, payroll deduction plans, financial institutions and in-home sales.

American Financial Group, Inc. ("AFG") and its subsidiaries owned 82% of GAFRI's Common Stock at November 1, 2003.

B.

Accounting Policies

Basis of Presentation

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

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

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

Investments

All fixed maturity securities are considered "available for sale" and reported at fair value with unrealized gains and losses reported as a separate component of stockholders' equity. Short-term investments are carried at cost; mortgage loans on real estate are generally carried at amortized cost; and policy loans are carried at the aggregate unpaid balance. Premiums and discounts on mortgage-backed securities are amortized over a period based on estimated future principal payments, including prepayments. Prepayment assumptions are reviewed periodically and adjusted to reflect actual prepayments and changes in expectations. The most significant determinants of prepayments are the difference between interest rates of the underlying mortgages and current mortgage loan rates and the structure of the security. Other factors affecting prepayments include the size, type and age of underlying mortgages, the geographic location of the mortgaged properties and the creditworthiness of the borrowers. Variations from anticipated prepayments will affect the life and yield of these securities.

Gains or losses on securities are determined on the specific identification basis. When a decline in the value of a specific investment is considered to be other than temporary, a provision for impairment is charged to earnings (included in realized gains) and the cost basis of that investment is reduced.

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GREAT AMERICAN FINANCIAL RESOURCES, INC. 10-Q

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued

Derivatives

Derivatives included in GAFRI's balance sheet consist primarily of the equity-based component of certain annuity products (included in annuity benefits accumulated) and related call options (included in other assets) designed to be consistent with the characteristics of the liabilities and used to mitigate the risk imbedded in those annuity products. Changes in the fair value of derivatives are included in current earnings.

Goodwill

Goodwill represents the excess of cost of subsidiaries over GAFRI's equity in their underlying net assets. Effective January 1, 2002, GAFRI implemented Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets," under which goodwill is no longer amortized but is subject to an impairment test at least annually. As required under SFAS No. 142, GAFRI completed the transitional test for goodwill impairment (as of January 1, 2002) in the fourth quarter of 2002. The resulting write-down was reported by restating first quarter 2002 results for the cumulative effect of a change in accounting principle.

Reinsurance

In the normal course of business, GAFRI's insurance subsidiaries cede insurance to other companies under various reinsurance agreements to diversify risk and limit maximum exposure. These transactions may also provide a source of additional capital and liquidity. Under these agreements, GAFRI pays to the reinsurer a proportionate share of the premiums, less commissions, and the reinsurer is liable for a corresponding part of all benefit payments. A substantial portion of GAFRI's life business is reinsured.

To the extent that any reinsuring companies are unable to meet obligations under agreements covering reinsurance ceded, GAFRI's insurance subsidiaries would remain liable. GAFRI reviews the financial condition of its reinsurers and monitors the amount of reinsurance it has with each company.

Insurance Acquisition Costs and Expenses

Unamortized insurance acquisition costs consist of deferred policy acquisition costs ("DPAC"), net of unearned revenues, and the present value of future profits on business in force ("VOBA") of acquired insurance companies.

Insurance acquisition expenses in the income statement reflect primarily the amortization of DPAC and VOBA. In addition, certain commission costs are expensed as paid and included in insurance acquisition expenses. All other uncapitalized acquisition costs such as marketing and underwriting expenses are included in "Other expenses."

Deferred Policy Acquisition Costs ("DPAC")

Policy acquisition costs (principally commissions, advertising, underwriting, policy issuance and sales expenses that vary with and are primarily related to the production of new business) are deferred to the extent that such costs are deemed recoverable.

DPAC related to annuities and universal life insurance products is deferred to the extent deemed recoverable and amortized, with interest, in relation to the present value of expected gross profits on the policies. These expected gross profits consist principally of estimated future net investment income and surrender, mortality and other life and variable annuity policy charges, less estimated future interest on policyholders' funds, policy administration expenses and death benefits in excess of account values. DPAC is reported net of unearned revenue relating to certain policy charges that represent compensation for future services. These unearned revenues are recognized as income using the same assumptions and factors used to amortize DPAC.

To the extent that realized gains and losses result in adjustments to the amortization of DPAC related to annuities, such adjustments are reflected as components of realized gains. DPAC related to annuities is also adjusted, net of tax, for the change in amortization that would have been recorded if the unrealized gains (losses) from securities had actually been realized. This adjustment is included in "Unrealized gains on marketable securities, net" in the stockholders' equity section of the Balance Sheet.

DPAC related to traditional life and health insurance is amortized over the expected premium paying period of the related policies, in proportion to the ratio of annual premium revenues to total anticipated premium revenues. Such anticipated premium revenues were estimated using the same assumptions used for computing liabilities for future policy benefits.

Life and health insurance contracts are reviewed periodically using actuarial assumptions revised based on actual and anticipated experience, to determine if there is a potential premium deficiency. If any such deficiency exists, it is recognized by a charge to income and a reduction in unamortized acquisition costs.

Present Value of Future Profits

Included in insurance acquisition costs are amounts representing the present value of future profits on business in force of acquired insurance companies, which represent the portion of the costs to acquire such companies that is allocated to the value of the right to receive future cash flows from insurance contracts existing at the date of acquisition.

These amounts are amortized with interest in relation to expected gross profits of the acquired policies for annuities and universal life products and in relation to the premium paying period for traditional life and health insurance products.

Annuity Benefits Accumulated

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

Reserves for two-tier annuities (annuities with different stated account values depending on whether a policyholder annuitizes, dies or surrenders) are generally recorded at the lower-tier value plus an additional reserve for expected deaths and annuitizations ("EDAR") that require payment of the upper-tier value. The liability for EDAR is accrued for and modified using the same assumptions as used in determining DPAC and DPAC amortization.

Reserves for traditional single-tier fixed annuities are generally recorded at the stated annuitization value.

Life, Accident and Health Reserves

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

The liability for future policy benefits for interest sensitive life and universal life policies is equal to the sum of the accumulated fund balances under such policies.

Variable Annuity Assets and Liabilities

Separate accounts related to variable annuities represent deposits invested in underlying investment funds on which GAFRI earns a fee. Investment funds are selected and may be changed only by the policyholder, who retains investment risk.

Life, Accident and Health Premiums and Benefits

For traditional life, accident and health products, premiums are recognized as revenue when legally collectible from policyholders. Policy reserves have been established in a manner which allocates policy benefits and expenses on a basis consistent with the recognition of related premiums and generally results in the recognition of profits over the premium paying period of the policies.

For interest sensitive life and universal life products, premiums are recorded in a policyholder account which is reflected as a liability. Revenue is recognized as amounts are assessed against the policyholder account for mortality coverage and contract expenses. Surrender benefits reduce the account value. Death benefits are expensed when incurred, net of the account value.

Mandatorily Redeemable Preferred Securities of Subsidiary Trusts

Under current guidance provided by Financial Accounting Standards Board Interpretation No. 46 ("FIN 46"), GAFRI believes it will be required to deconsolidate two wholly-owned subsidiary trusts because they are "variable interest entities" ("VIEs") in which GAFRI is not considered to be the primary beneficiary. These subsidiary trusts were formed to issue preferred securities and, in turn, purchase a like amount of subordinated debt from their parent company, which provides interest and principal payments to fund the respective trust obligations. Accordingly, the subordinated debt due the trusts would be shown as a liability in the Balance Sheet and the related interest expense would be shown in the Income Statement as interest on subsidiary trust obligations. The FASB has deferred implementation of FIN 46 for VIEs created before February 1, 2003, until periods ending after December 15, 2003. See Note H - "Mandatorily Redeemable Preferred Securities of Consolidated Subsidiary Trusts."

Income Taxes

GAFRI and Great American Life Insurance Company ("GALIC") have separate tax allocation agreements with American Financial Corporation ("AFC"), a subsidiary of AFG, which designate how tax payments are shared by members of the tax group. In general, both companies compute taxes on a separate return basis. GALIC is obligated to make payments to (or receive benefits from) AFC based on taxable income without regard to temporary differences. If GALIC's taxable income (computed on a statutory accounting basis) exceeds a current period net operating loss of GAFRI, the taxes payable or receivable by GALIC associated with the excess are payable to or receivable from AFC. If the AFC tax group utilizes any of GAFRI's net operating losses or deductions that originated prior to GAFRI's entering AFC's consolidated tax group, AFC will pay to GAFRI an amount equal to the benefit received. The tax allocation agreements with AFC have not impacted the recognition of income tax expense and income tax payable in GAFRI's financial statements.

Deferred income tax assets and liabilities are determined based on differences between financial reporting and tax basis and are measured using enacted tax rates. The Company recognizes deferred tax assets if it is more likely than not that a benefit will be realized. Current and deferred tax assets and liabilities of companies in AFC's consolidated tax group are aggregated with other amounts receivable from or payable to affiliates.

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GREAT AMERICAN FINANCIAL RESOURCES, INC. 10-Q

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued

Stock-Based Compensation

As permitted under SFAS No. 123, "Accounting for Stock-Based Compensation," GAFRI accounts for stock options and other stock-based compensation plans using the intrinsic value based method prescribed by Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees." Under GAFRI's stock option plans, options are granted to officers, directors, and key employees at exercise prices equal to the fair value of the shares at the dates of grant. No compensation expense is recognized for stock option grants.

The following table illustrates the effect on net income (in millions) and earnings per share had compensation cost been recognized and determined based on "fair values" at grant dates consistent with the method prescribed by SFAS No. 123. For SFAS No. 123 purposes, the "fair value" of $4.63 per option granted in the first nine months of 2003 and $6.09 for the first nine months of 2002 was

calculated using the Black-Scholes option pricing model and the following assumptions: dividend yield of less than 1%; expected volatility of 20%; risk-free interest rate of 3% for 2003 and 5% for 2002; and expected option life of 7.5 years. There is no single reliable method to determine the actual value of options at grant date. Accordingly, actual value of the option grants may be higher or lower than the SFAS No. 123 "fair value."

	Three months ended September 30,		Nine months ended September 30,	
	2003	2002	2003	2002
Net income, as reported	$19.9	$ 2.0	$35.2	$ 3.6
Pro forma stock option expense, net of tax	(0.4)	(0.7)	(1.2)	(0.9)
Adjusted net income	$19.5	$ 1.3	$34.0	$ 2.7
Earnings per share (as reported):				
Basic	$0.46	$0.05	$0.82	$0.08
Diluted	$0.46	$0.05	$0.82	$0.08
Earnings per share (adjusted):				
Basic	$0.45	$0.03	$0.80	$0.06
Diluted	$0.45	$0.03	$0.80	$0.06

Benefit Plans

GAFRI provides retirement benefits to qualified employees of participating companies through the GAFRI Retirement and Savings Plan. Under the retirement fund portion of the Plan, contributions are at the discretion of the GAFRI Board of Directors and are invested primarily in GAFRI Common Stock.

Under the savings fund portion of the Plan, GAFRI matches a percentage of employee contributions. Employees have been permitted to direct the investment of their contributions to independently managed investment funds. Matching contributions to the savings fund portion of the Plan for the year 2003 will be invested in accordance with participant elections. Company contributions to the Plan are charged against earnings in the year for which they are declared.

GAFRI and certain of its subsidiaries provide certain benefits to eligible retirees. The projected future cost of providing these benefits is expensed over the period the employees earn such benefits.

Earnings Per Share

Basic earnings per share is calculated using the weighted-average number of shares of common stock outstanding during the period. Diluted earnings per share include the effect of the assumed exercise of dilutive common stock options.

Statement of Cash Flows

For cash flow purposes, "investing activities" are defined as making and collecting loans and acquiring and disposing of debt or equity instruments and property and equipment. "Financing activities" include annuity receipts, benefits and withdrawals and obtaining resources from owners and providing them with a return on their investments. All other activities are considered "operating." Short-term investments having original maturities of

three months or less when purchased are considered to be cash equivalents for purposes of the financial statements.

C. Acquisition

On June 28, 2002, GAFRI's principal insurance subsidiary acquired Manhattan National Life Insurance Company ("MNL") from a subsidiary of Conseco, Inc. for $48.5 million in cash. While MNL is no longer writing new policies, as of September 30, 2003, it had approximately 80,000 policies in force (primarily term life). GAFRI has reinsured 90% of this in force business.

D. Segments of Operations

GAFRI's life and annuity operations offer fixed and variable annuity products and traditional life insurance products. GAFRI's annuity products are sold through managing general agents and independent agents to employees of primary and secondary educational institutions, hospitals and in the non-qualified market. Traditional term and universal life insurance products are sold through national marketing organizations.

GAFRI's supplemental insurance businesses (United Teacher Associates Insurance Company ("UTA") and Loyal American Life Insurance Company) offer a variety of supplemental health and life products. UTA offers its products through independent agents. In 2001, Loyal reinsured a substantial portion of its life insurance business and has reduced its marketing efforts in that line of business.

GA Life of Puerto Rico ("GAPR") sells in-home life and supplemental health products through a network of company-employed agents. Sales in Puerto Rico accounted for 20% of GAFRI's life, accident and health premiums in the first nine months of 2003 and 2002.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued

Corporate and other consists primarily of GAFRI (parent) and AAG Holding (intermediate holding company). The following table shows GAFRI's revenues and operating profit by significant business segment (in millions):

	Three months ended September 30,		Nine months ended September 30,	
	2003	2002	2003	2002
Revenues				
Life and annuity products	$150.7	$165.2	$435.1	$458.4
Supplemental insurance products	67.1	58.4	196.8	174.9
GA Life of Puerto Rico	19.3	18.2	57.2	53.2
Corporate and other	0.8	1.3	5.3	4.6
Total operating revenues	237.9	243.1	694.4	691.1
Realized gains (losses) on investments	0.7	(21.4)	(11.2)	(51.6)
Total revenues per income statement	$238.6	$221.7	$683.2	$639.5
Operating profit - pretax				
Life and annuity products	$ 28.7	$ 26.0	$ 57.6	$ 85.3
Supplemental insurance products	5.7	2.0	16.8	5.7
GA Life of Puerto Rico	3.0	3.1	9.0	8.8
Corporate and other	(8.8)	(8.6)	(23.1)	(25.8)
Pretax earnings from operations	28.6	22.5	60.3	74.0
Realized gains (losses) on investments	0.7	(21.4	(11.2	(51.6

	)	)	)	
Total pretax income per income statement	$ 29.3	$ 1.1	$ 49.1	$ 22.4

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GREAT AMERICAN FINANCIAL RESOURCES, INC. 10-Q

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued

E. Goodwill

Effective January 1, 2002, goodwill is no longer amortized but is subject to annual impairment testing. GAFRI completed its initial test in the fourth quarter of 2002 which resulted in a $17.7 million after tax ($0.42 per diluted share) impairment charge reported by restating first quarter 2002 results for the cumulative effect of a change in accounting principle.

The impairment charge recorded in 2002 was primarily related to a decrease in estimated future earnings based upon lower forecasted new business sales over the next few years.

F. Unamortized Insurance Acquisition Costs

Unamortized insurance acquisition costs consisted of the following (in millions):

	September 30, 2003	December 31, 2002
Deferred policy acquisition costs	$661.9	$647.8
Present value of future profits acquired ("PVFP")	64.4	66.8
Unearned revenues	(113.1)	(123.6)
	$613.2	$591.0

The PVFP amounts in the table above are net of $63.5 million and $57.3 million of accumulated amortization at September 30, 2003 and December 31, 2002, respectively. Amortization of the PVFP was $6.2 million and $8.5 million during the first nine months of 2003 and 2002, respectively. During each of the next five years, the PVFP is expected to decrease at a rate of approximately 13% of the balance at the beginning of each respective year.

G. Notes Payable

Notes payable consisted of the following (in millions):

	September 30, 2003	December 31, 2002
Direct obligations of GAFRI	$ 1.5	$ 1.7
Obligations of AAG Holding (guaranteed by GAFRI):		
6-7/8% Senior Notes due 2008	100.0	100.0
Bank Credit Line	90.6	148.6
Total	$192.1	$250.3

AAG Holding has an unsecured credit agreement with a group of banks under which it can borrow up to $155 million. Borrowings bear interest at floating rates based on prime or Euro dollar rates and mature on December 31, 2004. At September 30, 2003, the weighted-average interest rate on amounts borrowed under the credit line was 1.85%.

In the first nine months of 2003, AAG Holding paid down bank debt using the proceeds from the $20 million issuance of trust preferred securities, $30 million of the proceeds from the Common Stock rights offering and available cash.

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GREAT AMERICAN FINANCIAL RESOURCES, INC. 10-Q

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued

In November 2003, the Company issued $112.5 million principal amount of 7-1/2%, 30 year Senior Debentures and used the majority of the proceeds to pay down all of the remaining amounts borrowed under the bank credit line. See Note M - "Subsequent Event."

At September 30, 2003, scheduled principal payments on debt for the remainder of 2003 and the subsequent five years (adjusted to reflect the November 2003 pay down of the bank credit line) were as follows (in millions):

2003	2004	2005	2006	2007	2008
$ -	$0.2	$0.2	$0.2	$0.1	$100.1

H. Mandatorily Redeemable Preferred Securities of Consolidated Subsidiary Trusts

Wholly-owned subsidiary trusts of GAFRI have issued preferred securities and, in turn, purchased from their parent company a like amount of subordinated debt which provides interest and principal payments to fund the trusts' obligations. The preferred securities are mandatorily redeemable upon maturity or redemption of the subordinated debt. GAFRI effectively provides an unconditional guarantee of the trusts' obligations. The preferred securities of GAFRI's consolidated subsidiary trusts consisted of the following:

Date of Issuance	Issue (Maturity Date)	09/30/03	12/31/02	Optional Redemption Dates
November 1996	9-1/4% TOPrS (2026)	$72,912,500	$72,912,500	Currently redeemable
March 1997	8-7/8% Pfd (2027)	70,000,000	70,000,000	On or after 3/1/2007

In May 2003, a newly formed wholly-owned subsidiary trust of GAFRI issued $20 million of trust preferred securities for proceeds of $20 million before issue costs of approximately $600,000. Until May 2008, these securities pay interest quarterly at an annual rate of 7.35%, after which the interest rate will reset quarterly to an annual rate of Libor plus 4.1%. The proceeds from this transaction were used primarily to pay down bank debt. In accordance with FIN 46, variable interest entities that issue preferred securities subsequent to January 31, 2003, are not consolidated for reporting purposes. The $20 million in subordinated debt due this trust is shown as a liability in the Balance Sheet, and the related interest expense is included in "Other interest and debt expenses" in the Income Statement.

I. Stockholders' Equity

At September 30, 2003, there were 5.3 million shares of GAFRI Common Stock reserved for issuance under GAFRI's stock option plans for employees and directors. Under these plans, the exercise price of each option equals the market price of GAFRI Common Stock at the date of grant. Options generally become exercisable at the rate of 20% per year commencing one year after grant. All options expire ten years after the date of grant.

The change in net unrealized gains on marketable securities for the nine months

ended September 30 included the following (in millions):

	2003			2002		
	Pretax	Taxes	Net	Pretax	Taxes	Net
Unrealized holding gains on securities arising during the period	$36.4	($12.5)	$23.9	$100.5	($33.6)	$ 66.9
Realized losses on securities	11.4	(4.1)	7.3	51.8	(18.0)	33.8
Change in net unrealized gains on marketable securities	$47.8	($16.6)	$31.2	$152.3	($51.6)	$100.7

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GREAT AMERICAN FINANCIAL RESOURCES, INC. 10-Q

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued

The Company is authorized to issue 25,000,000 shares of Preferred Stock, par value $1.00 per share.

In September 2003, GAFRI raised approximately $60 million through the sale of 4.3 million common shares in a rights offering. In the offering, AFG purchased 3.5 million shares and Carl H. Lindner, the Company's Chairman of the Board, purchased 0.4 million shares.

J. Earnings Per Share

The number of common shares outstanding used in calculating diluted earnings per share in the third quarter and first nine months of 2002 includes 0.2 million shares and 0.3 million shares, respectively, for the effect of the assumed exercise of GAFRI's stock options.

K. Contingencies

There have been no significant changes to the matters discussed and referred to in Note O "Contingencies" of GAFRI's Annual Report on Form 10-K for 2002.

L. Additional Information

Statutory Information

Insurance companies are required to file financial statements with state insurance regulatory authorities prepared on an accounting basis prescribed or permitted by such authorities (statutory basis). Certain statutory amounts for GALIC, GAFRI's primary insurance subsidiary, were as follows (in millions):

	September 30, 2003	December 31, 2002
Capital and surplus	$467.7	$418.6
Asset valuation reserve	59.9	61.2
Interest maintenance reserve	25.3	26.0

,	Nine months ended September 30	
	2003	2002
Pretax income from operations	$51.9	$47.5
Net income (loss)	19.6	(33.7)

Dividends which can be paid by GAFRI's insurance subsidiaries, without prior approval of regulatory authorities, are subject to restrictions relating to capital and surplus and statutory net income. Based on capital and surplus at December 31, 2002, GALIC and GAPR may pay $41.9 million and $25.8 million, respectively, in dividends in 2003 without prior approval. In the first nine months of 2003, GALIC paid a dividend of $11.0 million and GAPR paid a dividend of $1.2 million to GAFRI. In the first nine months of 2003, GAFRI made capital contributions to GALIC of $37.2 million.

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GREAT AMERICAN FINANCIAL RESOURCES, INC. 10-Q

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued

Condensed Consolidating Information

GAFRI has guaranteed all of the outstanding debt of AAG Holding and the preferred securities of the Trusts. Condensed consolidating financial statements for GAFRI are as follows:

CONDENSED CONSOLIDATING BALANCE SHEET

(In millions)

SEPTEMBER 30, 2003	GAFRI	AAG HOLDING	CONS TRUSTS	ALL OTHER SUBS	CONS ENTRIES	CONS
Assets						
Cash and investments	$ 6.7	$ 0.1	$ -	$ 8,901.2	$ -	$ 8,908.0
Investment in subsidiaries	924.7	1,290.5	-	7.3	(2,222.5)	-
Notes receivable from AAG Holding	102.4	-	154.6	-	(257.0)	-
Unamortized insurance acquisition costs, net	-	-	-	613.2	-	613.2
Other assets	17.4	2.1	2.9	407.4	38.8	468.6
Variable annuity assets (separate accounts)	-	-	-	509.0	-	509.0
	$1,051.2	$1,292.7	$157.5	$10,438.1	($2,440.7)	$10,498.8
Liabilities and Capital						
Insurance liabilities	$ -	$ -	$ -	$ 7,837.7	($ 5.8)	$ 7,831.9
Notes payable to GAFRI	-	102.4	-	-	(102.4)	-
Other notes payable	1.5	190.6	-	-	-	192.1
Payable to subsidiary trust	-	20.6	-	-	(0.6)	20.0
Notes payable to consolidated subsidiary trusts	-	154.6	-	-	(154.6)	-
Other liabilities	69.2	22.2	2.9	732.0	(3.9)	822.4
Variable annuity liabilities (separate accounts)	-	-	-	509.0	-	509.0
	70.7	490.4	2.9	9,078.7	(267.3)	9,375.4

Mandatorily redeemable preferred securities of consolidated subsidiary trusts	-	-	150.0	-	(7.1)	142.9
Total stockholders' equity	980.5	802.3	4.6	1,359.4	(2,166.3)	980.5
	$1,051.2	$1,292.7	$157.5	$10,438.1	($2,440.7)	$10,498.8

DECEMBER 31, 2002

Assets						
Cash and investments	$ 3.5	$ -	$ -	$7,967.3	($ 1.6)	$7,969.2
Investment in subsidiaries	801.1	1,193.4	-	0.9	(1,995.4)	-
Notes receivable from AAG Holding	102.4	-	154.6	-	(257.0)	-
Unamortized insurance acquisition costs, net	-	-	-	591.0	-	591.0
Other assets	18.3	1.4	4.7	287.9	35.0	347.3
Variable annuity assets (separate accounts)	-	-	-	455.1	-	455.1
	$925.3	$1,194.8	$159.3	$9,302.2	($2,219.0)	$9,362.6
Liabilities and Capital						
Insurance liabilities	$ -	$ -	$ -	$7,361.8	($ 5.5)	$7,356.3
Notes payable to GAFRI	-	102.4	-	0.1	(102.5)	-
Notes payable to consolidated subsidiary trusts	-	154.6	-	-	(154.6)	-
Other notes payable	1.7	248.6	-	-	-	250.3
Other liabilities	71.7	7.4	4.7	231.3	(9.0)	306.1
Variable annuity liabilities (separate accounts)	-	-	-	455.1	-	455.1
	73.4	513.0	4.7	8,048.3	(271.6)	8,367.8
Mandatorily redeemable preferred securities of consolidated subsidiary trusts	-	-	150.0	-	(7.1)	142.9

Total stockholders' equity	851.9	681.8	4.6	1,253.9	(1,940.3)	851.9
	$925.3	$1,194.8	$159.3	$9,302.2	($2,219.0)	$9,362.6

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GREAT AMERICAN FINANCIAL RESOURCES, INC. 10-Q

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued

CONDENSED CONSOLIDATING INCOME STATEMENT

(In millions)

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2003	GAFRI	AAG HOLDING	CONS TRUSTS	ALL OTHER SUBS	CONS ENTRIES	CONS
Revenues:						
Life, accident and health premiums	$ -	$ -	$ -	$ 83.9	$ -	$ 83.9
Net investment income and other revenue	4.5	-	-	152.6	(2.4)	154.7
Interest income on AAG Holding notes	-	-	3.5	-	(3.5)	-
Equity in earnings of subsidiaries	27.1	35.0	-	-	(62.1)	-
	31.6	35.0	3.5	236.5	(68.0)	238.6
Costs and Expenses:						
Insurance benefits and expenses	-	-	-	161.9	-	161.9
Interest expense (consolidated trusts)	-	3.5	-	-	(3.5)	-
Other interest and debt expenses	-	5.4	-	-	0.8	6.2
Other expenses	2.3	1.9	-	37.1	(0.1)	41.2
	2.3	10.8	-	199.0	(2.8)	209.3

Earnings before income taxes	29.3	24.2	3.5	37.5	(65.2)	29.3
Provision for income taxes	9.4	8.4	-	12.1	(20.5)	9.4
Net income	$19.9	$15.8	$ 3.5	$ 25.4	($44.7)	$ 19.9

FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2003

Revenues:						
Life, accident and health premiums	$ -	$ -	$ -	$246.6	$ -	$246.6
Net investment income and other revenue	15.0	-	-	429.9	(8.3)	436.6
Interest income on AAG Holding notes	-	-	10.5	-	(10.5)	-
Equity in earnings of subsidiaries	40.1	63.1	-	-	(103.2)	-
	55.1	63.1	10.5	676.5	(122.0)	683.2
Costs and Expenses:						
Insurance benefits and expenses	-	-	-	499.6	-	499.6
Interest expense (consolidated trusts)	-	10.5	-	-	(10.5)	-
Other interest and debt expenses	0.1	15.6	-	-	2.5	18.2
Other expenses	5.9	5.4	-	106.7	(1.7)	116.3
	6.0	31.5	-	606.3	(9.7)	634.1
Earnings before income taxes	49.1	31.6	10.5	70.2	(112.3)	49.1
Provision for income taxes	13.9	10.5	-	20.7	(31.2)	13.9
Net income	$35.2	$21.1	$10.5	$ 49.5	($ 81.1)	$ 35.2

GREAT AMERICAN FINANCIAL RESOURCES, INC. 10-Q

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued

CONDENSED CONSOLIDATING INCOME STATEMENT

(In millions)

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2002	GAFRI	AAG HOLDING	TOTAL TRUSTS	ALL OTHER SUBS	CONS ENTRIES	CONS
Revenues						
:						
Life, accident and health premiums	$ -	$ -	$ -	$ 81.0	$ -	$ 81.0
Net investment income and other revenue	4.9	-	-	140.8	(5.0)	140.7
Interest income on AAG Holding notes	-	-	3.5	-	(3.5)	-
Equity in earnings of subsidiaries	(1.5	7.0	-	-	(5.5	-
)				)		
	3.4	7.0	3.5	221.8	(14.0)	221.7
Costs and Expenses:						
Insurance benefits and expenses	-	-	-	169.4	-	169.4
Interest expense on AAG Holding notes	-	3.5	-	-	(3.5)	-
Other interest and debt expenses	0.1	5.1	-	-	0.7	5.9
Other expenses	2.2	2.5	-	42.8	(2.2	45.3
				)		
	2.3	11.1	-	212.2	(5.0	220.6
				)		
Earnings (loss) before income taxes	1.1	(4.1)	3.5	9.6	(9.0)	1.1
Provision (credit) for income taxes	(0.9	(1.6	-	1.8	(0.2	(0.9

	)	)		)	)	
Net income (loss)	$ 2.0	($ 2.5)	$3.5	$ 7.8	($ 8.8)	$ 2.0

FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2002

Revenues

:

Life, accident and health premiums	$ -	$ -	$ -	$224.6	$ -	$224.6
Net investment income and other revenue	16.6	-	-	412.6	(14.3)	414.9
Interest income on AAG Holding notes	-	-	10.5	-	(10.5)	-
Equity in earnings of subsidiaries	12.6	38.9	-	-	(51.5	-
					)	
	29.2	38.9	10.5	637.2	(76.3)	639.5
Costs and Expenses:						
Insurance benefits and expenses	-	-	-	481.2	-	481.2
Interest expense on AAG Holding notes	-	10.5	-	-	(10.5)	-
Other interest and debt expenses	0.1	15.3	-	-	2.4	17.8
Other expenses	6.7	7.1	-	110.6	(6.3	118.1
					)	
	6.8	32.9	-	591.8	(14.4	617.1
					)	
Earnings before income taxes	22.4	6.0	10.5	45.4	(61.9)	22.4
Provision for income taxes	1.1	1.6	-	11.4	(13.0	1.1
					)	
Income before accounting change	21.3	4.4	10.5	34.0	(48.9)	21.3
Accounting change, net	(17.7	-	-	(17.7	17.7	(17.7
	)			)		)

Net income	$ 3.6	$ 4.4	$10.5	$ 16.3	($ 31.2)	$ 3.6

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GREAT AMERICAN FINANCIAL RESOURCES, INC. 10-Q

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

(In millions)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2003	GAFRI	AAG HOLDING	CONS TRUSTS	ALL OTHER SUBS	CONS ENTRIES	CONS
Cash Flows from Operating Activities:						
Net income	$35.2	$21.1	$10.5	$ 49.5	($81.1)	$ 35.2
Adjustments:						
Equity in net earnings of subsidiaries and affiliates	(29.4)	(42.4)	-	-	71.8	-
Increase in life, accident and health reserves	-	-	-	62.5	-	62.5
Benefits to annuity policyholders	-	-	-	227.2	-	227.2
Amortization of insurance acquisition costs	-	-	-	87.0	-	87.0
Depreciation and amortization	-	2.6	-	12.0	-	14.6
Realized losses on investments	0.1	-	-	11.1	-	11.2
Increase in insurance acquisition costs	-	-	-	(118.8)	-	(118.8)
Decrease (increase) in other assets	5.5	-	-	(19.3)	-	(13.8)
Decrease in other liabilities	(5.9)	-	-	(26.4)	-	(32.3)
Increase payable to affiliates, net	3.4	-	-	29.6	-	33.0
Capital contribution from parent (to subsidiary)	(95.6)	58.4	-	37.2	-	-
Dividends from subsidiaries(to parent)	28.0	(15.7)	-	(12.3)	-	-
Other, net	0.1	14.6	-	(3.0	(1.2	10.5

			)	)		
	(58.6	38.6	10.5	336.3	(10.5	316.3
	)			)		
Cash Flows from Investing Activities:						
Purchases of investments and other assets	-	-	-	(4,078.4)	-	(4,078.4)
Maturities and redemptions of fixed maturity investments	-	-	-	952.7	-	952.7
Sales of investments and other assets	1.2	-	-	2,708.4	-	2,709.6
Decrease in policy loans	-	-	-	(0.4)	-	(0.4
					)	
	1.2	-	-	(417.7	-	(416.5
			)		)	
Cash Flows from Financing Activities:						
Fixed annuity receipts	-	-	-	592.8	-	592.8
Annuity surrenders, benefits and withdrawals	-	-	-	(417.6)	-	(417.6)
Net transfers from variable annuity assets	-	-	-	4.1	-	4.1
Additions to notes payable	-	8.0	-	-	-	8.0
Reductions of notes payable	(0.2)	(66.0)	-	-	-	(66.2)
Issuance of Common Stock	62.7	-	-	-	-	62.7
Retirement of Common Stock	(0.5)	-	-	-	-	(0.5)
Trust dividend requirements	-	-	(10.5)	-	10.5	-
Issuance of Trust Preferred Securities	-	19.4	-	-	-	19.4
	62.0	(38.6	(10.5	179.3	10.5	202.7
	)	)				
Net increase in cash and short-term investments	4.6	-	-	97.9	-	102.5
Beginning cash and short-term investments	1.9	-	-	400.3	-	402.2
Ending cash and short-term investments	$ 6.5	$ -	$ -	$ 498.2	$ -	$ 504.7

GREAT AMERICAN FINANCIAL RESOURCES, INC. 10-Q

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

(In millions)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2002	GAFRI	AAG HOLDING	TOTAL TRUSTS	ALL OTHER SUBS	CONS ENTRIES	CONS
Cash Flows from Operating Activities:						
Net income	$ 3.6	$ 4.4	$10.5	$ 16.3	($31.2)	$ 3.6
Adjustments:						
Cumulative effect of accounting change	17.7	-	-	17.7	(17.7)	17.7
Equity in net earnings of subsidiaries and affiliates	(11.7)	(26.9)	-	-	38.6	-
Increase in life, accident and health reserves	-	-	-	64.0	-	64.0
Benefits to annuity policyholders	-	-	-	215.2	-	215.2
Amortization of insurance acquisition costs	-	-	-	81.1	-	81.1
Depreciation and amortization	0.1	0.2	-	19.6	-	19.9
Realized losses (gains) on investments	(0.3)	-	-	51.9	-	51.6
Increase in insurance acquisition costs	-	-	-	(121.2)	-	(121.2)
Increase in other assets	2.3	-	-	(40.2)	-	(37.9)
Decrease in other liabilities	(2.4)	-	-	(8.2)	-	(10.6)
Decrease in payable to affiliates, net	(3.7)	-	-	(28.6)	-	(32.3)
Capital contribution from parent (to subsidiary)	(41.3)	41.3	-	-	-	-
Dividends from subsidiaries (to parent)	35.4	(12.4)	-	(23.0)	-	-
Other, net	-	(6.6)	-	12.7	(0.2)	5.9
	(0.3)	-	10.5	257.3	(10.5)	257.0

Cash Flows from Investing Activities:						
Purchases of investments and other assets	-	-	-	(2,233.6)	-	(2,233.6)
Purchase of subsidiary	-	-	-	(43.9)		(43.9)
Maturities and redemptions of fixed maturity investments	6.4	-	-	880.8	-	887.2
Sales of investments and other assets	2.3	-	-	1,121.6	-	1,123.9
Decrease in policy loans	-	-	-	4.4	-	4.4
	8.7	-	-	(270.7)	-	(262.0)
Cash Flows from Financing Activities:						
Fixed annuity receipts	-	-	-	599.2	-	599.2
Annuity surrenders, benefits and withdrawals	-	-	-	(410.6)	-	(410.6)
Net transfers to variable annuity assets	-	-	-	12.3	-	12.3
Reductions of notes payable	(0.2)	-	-	-	-	(0.2)
Issuance of Common Stock	1.9	-	-	-	-	1.9
Retirement of Common Stock	(1.6)	-	-	-	-	(1.6)
Trust dividend requirements	-	-	(10.5)	-	10.5	-
	0.1	-	(10.5)	200.9	10.5	201.0
Net increase (decrease) in cash and short-term investments	8.5	-	-	187.5	-	196.0
Beginning cash and short-term investments	0.9	-	-	170.0	-	170.9
Ending cash and short-term investments	$ 9.4	$ -	$ -	$ 357.5	$ -	$ 366.9

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GREAT AMERICAN FINANCIAL RESOURCES, INC. 10-Q

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued

M. Subsequent Event

In November 2003, AAG Holding raised approximately $109 million through the sale of $112.5 million principal amount of senior debentures. The debentures carry a stated coupon rate of 7-1/2%, mature in 2033, and are non-callable for five years. The offering was made under the Company's effective shelf registration statement filed with the Securities and Exchange Commission covering the issuance of up to $250 million of various securities of the Company. Approximately $91 million of the net proceeds was used to pay down all outstanding borrowings under the Company's bank credit agreement. The remaining proceeds will be used for general corporate purposes.

The underwriters may purchase an additional $2.5 million principal amount of debentures at the public offering price less the underwriting commission until November 30, 2003 to cover additional overallotments, if any.

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GREAT AMERICAN FINANCIAL RESOURCES, INC. 10-Q

ITEM 2

Management's Discussion and Analysis

of Financial Condition and Results of Operations

GENERAL

Great American Financial Resources, Inc. ("GAFRI" or "the Company") and its subsidiary, AAG Holding Company, Inc., are organized as holding companies with nearly all of their operations being conducted by their subsidiaries. These companies, however, have continuing expenditures for administrative expenses, corporate services and for the payment of interest and principal on borrowings and stockholder dividends.

Forward-Looking Statements

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 forward-looking words such as "anticipates", "believes", "expects", "estimates", "intends", "plans", "seeks", "could", "may", "should", "will" or the negative version of those words or other comparable terminology. Examples of such forward-looking statements relate to: expectations concerning market and other conditions and their effect on future premiums, revenues, earning and investment activities; recoverability of asset values; mortality; the adequacy of reserves for environmental pollution and expected expense savings resulting from recent initiatives.

Actual results could differ materially from those contained in or implied by such forward-looking statements for a variety of factors including:

- changes in economic conditions, including interest rates, performance of securities markets, and the availability of capital;
- trends in mortality and morbidity;

- regulatory actions;
- changes in regulatory and legal environment;
- tax law changes;
- availability of reinsurance and ability of reinsurers to pay their obligations;
- competitive pressures; and
- changes in debt and claims paying ratings

Forward-looking statements included in this Form 10-Q are made only as of the date of this report and under Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934; we do not have any obligation to update any forward-looking statements to reflect subsequent events or circumstances.

Critical Accounting Policies

Significant accounting policies are described in Note B to the financial statements. The preparation of financial statements requires management to make estimates and assumptions that can have a significant effect on amounts reported in the financial statements. As more information becomes known, these estimates and assumptions could change and thus impact amounts reported in the future. Management believes that the establishment of insurance reserves, the determination of "other than temporary" impairments on investments, the recoverability and carrying value of unamortized insurance acquisition costs and environmental reserves of GAFRI's former manufacturing operations are the areas where the degree of judgement required to determine amounts recorded in the financial statements make the accounting policies critical. For further discussion of these policies, see "Liquidity and Capital Resources - Investments" and in GAFRI's 2002 Form 10-K "Liquidity and Capital Resources - Uncertainties."

LIQUIDITY AND CAPITAL RESOURCES

Ratios

GAFRI's consolidated debt to capital ratio was 32% at September 30, 2003 compared to 37% at December 31, 2002. For purposes of this calculation, consolidated debt includes notes payable, payable to subsidiary trust and redeemable preferred securities of consolidated subsidiary trusts; capital represents the sum of consolidated debt and stockholders' equity (excluding unrealized gains on marketable securities).

The National Association of Insurance Commissioners' ("NAIC") risk-based capital ("RBC") formula determines the amount of capital that an insurance company needs to ensure that it has an acceptable expectation of not becoming financially impaired. At September 30, 2003, the capital ratio of GAFRI's principal insurance subsidiary was 5.9 times its authorized control level RBC.

Sources and Uses of Funds

To pay interest and principal on borrowings and other holding company costs, GAFRI (parent) and AAG Holding use primarily capital distributions from their directly-owned insurance subsidiaries, (Great American Life Insurance Company ("GALIC") and GA Life of Puerto Rico ("GAPR")), bank borrowings and cash and investments on hand. Capital distributions from GAFRI's insurance subsidiaries are subject to regulatory restrictions relating to statutory surplus and earnings. The maximum amount of dividends payable by GALIC and GAPR in 2003 without prior regulatory approval is $41.9 million and $25.8 million, respectively. In the first nine months of 2003, GALIC paid a dividend of $11.0 million and GAPR paid a dividend of $1.2 million to GAFRI. In the first nine months of 2003, GAFRI made capital contributions to GALIC of $37.2 million.

The Company has an unsecured credit agreement with a group of banks under which it can borrow up to $155 million until December 31, 2004. In May 2003, the proceeds raised from the issuance of subsidiary trust preferred securities was used to pay down bank debt. See Note H - "Mandatorily Redeemable Preferred Securities of Consolidated Subsidiary Trusts."

In September 2003, the Company raised approximately $60 million through a common stock rights offering. GAFRI used $30 million of the proceeds to pay down outstanding borrowings under its bank line, and contributed $25 million to GALIC. Approximately $5 million remained at the parent company for general corporate purposes.

At September 30, 2003, GAFRI had a $250 million shelf registration in effect under which it could issue stock or debt through one or more public offerings. In November 2003, the Company raised approximately $109 million through the issuance of 7-1/2% Senior Debentures maturing in 2033. The majority of the proceeds from this issuance were used to repay the remaining amounts borrowed under the Company's bank credit line. See Note M - "Subsequent Event."

In recent years, the Company has entered into several reinsurance transactions in connection with certain of its life and supplemental health operations. These transactions provided additional capital and liquidity and were entered into in the normal course of business in order to exit certain lines, fund an acquisition and transfer risk. The Company may enter into additional reinsurance transactions in the future.

GAFRI believes that it has sufficient resources to meet its liquidity requirements.

Independent Ratings

The Company's principal insurance subsidiaries ("Insurance Companies") are rated by A.M. Best, Fitch and Standard & Poor's. GALIC is rated A3

(good financial security) by Moody's. Such ratings are generally based on items of

concern to policyholders and agents and are not directed toward the protection of investors.

Following are the Company's ratings as of September 30, 2003:

	A.M. Best	Fitch	Standard & Poor's
GALIC	A (Excellent)	A+ (Strong)	A- (Strong)
AILIC	A (Excellent)	A+ (Strong)	A- (Strong)
Loyal	A (Excellent)	A+ (Strong)	Not rated
UTA	A- (Excellent)	Not rated	Not rated
GAPR	A (Excellent)	Not rated	Not rated

All of the above ratings carry a "stable" outlook. In evaluating a company, independent rating agencies review such factors as the company's: (i) capital adequacy; (ii) profitability; (iii) leverage and liquidity; (iv) book of business; (v) quality and estimated market value of assets; (vi) adequacy of policy reserves; (vii) experience and competency of management and (viii) operating profile.

Management believes that the ratings assigned by independent insurance rating agencies are important because potential policyholders often use a company's rating as an initial screening device in considering annuity products. Management believes that (i) a rating of "A" by A.M. Best (its third highest rating) is necessary to successfully market tax-deferred annuities to public education employees and other not-for-profit groups and (ii) a rating in the "A" category by at least one rating agency is necessary to successfully compete in other annuity markets.

GAFRI's insurance entities also compete in markets other than the sale of tax-deferred annuities. Ratings are an important competitive factor; management believes that these entities can successfully compete in these markets with their respective ratings.

GAFRI's operations could be materially and adversely affected by downgrades. In connection with recent reviews by independent rating agencies, management indicated that it intends to maintain lower ratios of debt to capital and intends to maintain the capital of its significant insurance subsidiaries at levels currently indicated by the rating agencies as appropriate for the current ratings. Items which could adversely affect capital levels include (i) a sustained decrease in the stock market; (ii) a significant period of low interest rates and a resulting significant narrowing of annuity "spread" (the difference between earnings received by the Company on its investments less amount credited to policyholders' annuity accounts); (iii) investment impairments; (iv) adverse mortality, and (v) higher than planned dividends paid due to liquidity needs by GAFRI and AAG Holding.

2002 Acquisition

In June 2002, GALIC acquired Manhattan National Life Insurance Company ("MNL") for $48.5 million in cash. GAFRI has reinsured 90% of this in force business.

Investments

GAFRI invests primarily in fixed income investments which, including loans and short-term investments, comprised 98% of its investment portfolio at September 30, 2003. GAFRI generally invests in securities having intermediate-term maturities with an objective of optimizing interest yields while maintaining an appropriate relationship of maturities between GAFRI's assets and expected liabilities.

The NAIC assigns quality ratings to publicly traded as well as privately placed securities. At September 30, 2003, 94% of GAFRI's fixed maturity portfolio was comprised of investment grade bonds (NAIC rating of "1" or "2"). Management believes that a high quality investment portfolio is more likely to generate a stable and predictable investment return.

At September 30, 2003, GAFRI's mortgage-backed securities ("MBSs") portfolio represented less than one-third of its fixed maturity investments. MBSs are subject to significant prepayment risk due to the fact that, in periods of declining interest rates, mortgages may be repaid more rapidly than scheduled as borrowers refinance higher rate mortgages to take advantage of the lower current rates. Due to the significant decline in the general level of interest rates in 2002, GAFRI experienced an increase in the level of prepayments on its MBSs; these prepayments have not been reinvested at interest rates comparable to the rates earned on the prepaid MBSs. Partly as a result of this, the overall yield on GAFRI's fixed maturity portfolio dropped from 7.7% at January 1, 2002 to 7.0% at December 31, 2002 and 6.4% at October 31, 2003.

More than 95% of GAFRI's MBSs are rated "AAA" with substantially all being investment grade quality. The market in which these securities trade is highly liquid. Aside from interest rate risk referred to above, GAFRI does not believe a material risk (relative to earnings or liquidity) is inherent in holding such investments.

At September 30, 2003, GAFRI had pretax net unrealized gains of $359 million on fixed maturities and $30 million on equity securities. Summarized information for the unrealized gains and losses recorded in GAFRI's balance sheet at September 30, 2003, is shown in the following table (dollars in millions). Approximately $90 million of "Fixed Maturities" and $8 million of "Equity Securities" had no unrealized gains or losses at September 30, 2003.

	Securities with Unrealized Gains	Securities with Unrealized Losses
Fixed maturities		
Market value of securities	$6,189	$1,737
Amortized cost of securities	$5,785	$1,782
Gross unrealized gain or (loss)	$ 404	($ 45)
Market value as % of amortized cost	107%	97%
Number of security positions	1,306	188
Number individually exceeding $2 million gain or loss	10	2
Concentration of gains or (losses) by type or industry		
(exceeding 5% of unrealized):		
Mortgage-backed securities	$ 51.0	($ 16.1)
Banks and savings institutions	42.5	-
Electric services	39.3	(0.9)

U.S. government and government agencies	24.6	(1.6)
State and municipal	18.4	(2.5)
Asset-backed securities	12.9	(5.7)
Natural gas transmission and distribution	9.9	(2.7)
Air transportation (generally collateralized)	4.2	(7.0)
Percentage rated investment grade	95%	91%
Equity securities		
Market value of securities	$64	$4
Cost of securities	$34	$4
Gross unrealized gain or (loss)	$30	$-
Market value as % of cost	188%	100%

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GAFRI's investment in equity securities of Provident Financial Group, a Cincinnati-based commercial banking and financial services company, represents $24 million of the $30 million in unrealized gains on equity securities at September 30, 2003.

The table below sets forth the scheduled maturities of fixed maturity securities at September 30, 2003, based on their market values. Asset backed securities and other securities with sinking funds are reported at average maturity. Actual maturities may differ from contractual maturities because certain securities may be called or prepaid by the issuers.

Maturity		Securities with Unrealized Gains	Securities with Unrealized Losses
*	*	*	
One year or less		3%	-%
After one year through five years		21	26
After five years through ten years		33	8
After ten years		17	9
		74	43
Mortgage-backed securities		26	57
		100	100

	%	%

*Excludes $90 million of fixed maturities with no unrealized gains or losses.

GAFRI realized aggregate losses of $3.8 million during the first nine months of 2003 on $22.4 million in sales of fixed maturity securities (6 issues/issuers) that had individual unrealized losses greater than $500,000 at December 31, 2002. Market values of four of the issues increased an aggregate of $3.2 million from December 31 to date of sale. The market value of the remaining two securities decreased $316,000 from December 31 to the sale date.

Although GAFRI had the ability to continue holding these investments, its intent to hold them changed due primarily to deterioration in the issuers' creditworthiness, decisions to lessen exposure to a particular credit or industry, or to modify asset allocation within the portfolio. None of the securities were sold out of a necessity to raise cash. GAFRI has the ability and intent to hold securities with unrealized losses at September 30, 2003, for a period of time sufficient to allow for a recovery in market value.

The table below (dollars in millions) summarizes the unrealized gains and losses on all securities by dollar amount.

Fixed Maturities at September 30, 2003	Aggregate Market Value	Aggregate Unrealized Gain (Loss)	Market Value as % of Cost Basis
Securities with unrealized gains at 9/30/03:			
Exceeding $500,000 (286 issues):	$3,058	$267	$109.6%
Less than $500,000 (1,020 issues):	3,131	137	104.6%
	$6,189	$404	107.0%
Securities with unrealized losses at 9/30/03:			
Exceeding $500,000 (29 issues):	$ 553	($ 30)	94.9%
Less than $500,000 (159 issues):	1,184	(15	98.7%

	)		
	$1,737	($ 45)	97.5%

Equity Securities at September 30, 2003

Securities with unrealized gains at 9/30/03:			
Exceeding $500,000 (3 issues):	$53	$29	220.8%
Less than $500,000 (13 issues):	11	1	110.0%
	$64	$30	188.2%
Securities with unrealized losses at 9/30/03:			
	$ -	$ -	-
Exceeding $500,000 (0 issues):			
	4	-	100.0%
Less than $500,000 (3 issues):			
	$ 4	$ -	100.0%

The following table (dollars in millions) summarizes the unrealized loss for all securities with unrealized losses by issuer quality and length of time those securities have been in an unrealized loss position.

			Market
	Aggregate	Aggregate	Value as
	Market	Unrealized	% of Cost
	Value	Gain (Loss	Basis

)

Fixed Maturities with Unrealized			
Losses at September 30, 2003			
Investment grade with losses for:			
Less than 6 months (93 issues)	$1,431	($17)	98.8%
7 to 12 months (17 issues)	101	(5)	95.3
Greater than 12 months (18 issues)	44	(7)	86.3
	$1,576	($29)	98.2%
Non-investment grade with losses for:			
Less than 6 months (17 issues)	$ 55	($ 1)	98.2%
7 to 12 months (9 issues)	16	(1)	94.1
Greater than 12 months (34 issues)	90	(14)	86.5
	$ 161	($16)	91.0%
Equity Securities with Unrealized			
Losses at September 30, 2003			
Less than 6 months (2 issues)	$ 4	$ -	100.0%

7 to 12 months (0 issues)	-	-	-
Greater than 12 months (1 issue)	-	-	-
	$ 4	$ -	100.0%

When a decline in the value of a specific investment is considered to be "other than temporary," a provision for impairment is charged to earnings (accounted for as a realized loss) and the cost basis of that investment is reduced. The determination of whether unrealized losses are "other than temporary" requires judgment based on subjective as well as objective factors. A listing of factors considered and resources used is contained in the discussion of "Investments" under Management's Discussion and Analysis in GAFRI's 2002 Form 10-K.

Based on its analysis of the factors enumerated above, management believes that (i) GAFRI will recover its cost basis in the securities with unrealized losses and (ii) GAFRI has the ability and intent to hold the securities until they mature or recover in value. Should either of these beliefs change with regard to a particular security, a charge for impairment would likely be required. While it is not possible to accurately predict if or when a specific security will become impaired, charges for other than temporary impairment could be material to results of operations in a future period. While management believes it is not likely that future impairment charges will have a significant effect on GAFRI's liquidity, impairment charges could have an effect on the Company's ratings.

RESULTS OF OPERATIONS

General

Results of operations as shown in the accompanying financial statements are prepared in accordance with generally accepted accounting principles.

Operating earnings before income taxes increased $28.2 million and $26.7 million in the third quarter and first nine months of 2003 compared to the comparable 2002 periods. These results reflect significantly lower realized losses on investments and improved operating results in the Company's life, supplemental health and variable annuity operations, partially offset by the effects of lower interest rates on the Company's fixed annuity operations. In the second quarter of 2003, GAFRI recorded a $12.5 million charge related to the narrowing of spreads in its fixed annuity operations and lower yields on fixed maturity securities.

While continued spread compression could result in further write-offs of DPAC, based on the current interest rate environment, GAFRI does not anticipate any additional material write-offs in the foreseeable future.

Retirement Products

The following table summarizes GAFRI's premiums for its retirement annuities (in millions).

	Three months ended September 30,		Nine months ended September 30,	
	2003	2002	2003	2002
Annuity Premiums				
Single premium fixed rate annuities	$106	$197	$434	$439
Flexible premium fixed rate annuities	36	34	130	119
Single premium variable annuities	15	18	40	80
Flexible premium variable annuities	16	19	56	66
	$173	$268	$660	$704

Fixed annuity sales decreased in the third quarter of 2003 compared to the same period in the prior year as the Company maintained its pricing targets and commission and interest crediting discipline during the recent period of historically low interest rates, as well as the Company's decision to suspend new sales of its equity-indexed annuities.

Variable annuity premiums decreased in the third quarter and first nine months of 2003 compared to the respective periods in the prior year as GAFRI continues to de-emphasize sales of variable annuities.

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Life, Accident and Health Premiums and Benefits

The following table summarizes GAFRI's life, accident and health premiums and benefits as shown in the Consolidated Income Statement (in millions).

Three months ended Nine months ended

	September 30,		September 30,	
Premiums	2003	2002	2003	2002
Supplemental insurance products	$56	$49	$165	$144
GA Life of Puerto Rico	16	15	49	45
Life products	12	17	33	36
	$84	$81	$247	$225
Benefits				
Supplemental insurance products	$43	$40	$127	$122
GA Life of Puerto Rico	9	7	26	23
Life products	11	23	32	40
	$63	$70	$185	$185

The increase in premiums and benefits for the supplemental insurance products represents the addition of new distribution sources. The increase in supplemental insurance products benefits was primarily offset by favorable experience on the Medicare supplement products in 2003 compared to 2002.

Although results have improved in 2003, GAFRI continues to experience adverse mortality in GALIC's life division. While stricter underwriting standards have resulted in higher quality business in 2003, these standards have led to a significant drop in first year premiums. Further adverse mortality could result in a charge to income due to a further reduction in unamortized insurance acquisition costs. See "Management's Discussion and Analysis - Insurance Acquisition Expenses."

Net Investment Income

Net investment income decreased $4.7 million (4%) and $12.8 million (3%) in the third quarter and the first nine months of 2003, respectively, compared to the same periods of 2002. An increase in average invested assets was more than offset by a lower yield on GAFRI's investment portfolio. The yield on GAFRI's fixed maturity portfolio was approximately 6.4% at October 31, 2003 compared to approximately 7.7% at January 1, 2002. See "Management's Discussion and Analysis - Investments."

Realized Gains (Losses) on Investments

Realized gains (losses) on investments included the following provisions for other than temporary impairment: third quarter of 2003 and 2002 - $4.7 million and $30.7 million; nine months of 2003 and 2002 - $38.6 million and $77.2 million, respectively. Impairment charges in 2003 reflect primarily the downturn in the airline industry and writedowns of certain asset-backed securities. Impairment charges in the first nine months of 2002 reflect primarily the downturn in the communications and airline industries and writedowns of certain asset-backed securities.

Other Income

Other income decreased $3.4 million and $5.9 million in the third quarter and first nine months of 2003, respectively, compared to the same periods in 2002 due primarily to a reinsurance treaty entered into by GALIC's Life Division in December 2002.

Real Estate Operations

GAFRI is engaged in a variety of real estate operations including hotels and marinas; GAFRI also owns several parcels of land. Revenues and expenses of these operations are included in GAFRI's Consolidated Income Statement as shown below (in millions).

	Three months ended September 30,		Nine months ended September 30,	
	2003	2002	2003	2002
Other income	$16.5	$15.5	$33.0	$31.8
Other expenses	10.8	10.3	26.6	25.0

Annuity Benefits

Annuity benefits reflect amounts accrued on annuity policyholders' funds accumulated. On its deferred annuities (annuities in the accumulation phase), GAFRI generally credits interest to policyholders' accounts at their current stated interest rates. Furthermore, for "two-tier" deferred annuities (annuities under which a higher interest amount can be earned if a policy is annuitized rather than surrendered), GAFRI accrues an additional liability to provide for expected deaths and annuitizations. Changes in crediting rates, actual surrender, death and annuitization experience or modifications in actuarial assumptions can affect this accrual. In June 2003, this accrual was increased by $6.3 million due to the negative effect of lower interest rates on GAFRI's fixed annuity operations. In the first nine months of 2002, this accrual was reduced by $14 million due to (i) decreases in crediting rates on certain fixed annuity products, partially offset by (ii) a modification in projected investment yields in the second quarter of 2002. Annuity benefits in 2003 also reflect the effect of higher average annuity benefits accumulated, offset by decreases in crediting rates.

The majority of GAFRI's fixed rate annuity products permit GAFRI to change the crediting rate at any time, subject to minimum interest rate guarantees (as determined by applicable law). Approximately 45% of GAFRI's annuity benefits accumulated relate to policies that have a minimum guarantee of 3%; the balance have a guarantee of 4%. The Company has begun to seek and receive regulatory approvals to modify products to be issued in the future to include a 1.5% minimum crediting rate. In states where required approvals have been received, the Company has begun issuing products with guaranteed minimum crediting rates of 1.5% beginning in the fourth quarter of 2003. Historically, management has been able to react to changes in market interest rates and maintain a desired interest rate spread. The recent interest rate environment has resulted in a spread compression. Significant changes in projected investment yields could result in charges (or credits) to earnings in the period the projections are modified.

Insurance Acquisition Expenses

Insurance acquisition expenses include amortization of deferred policy acquisition costs ("DPAC") as well as a portion of commissions on sales of insurance products. Insurance acquisition expenses also include amortization

of the present value of future profits of businesses acquired amounting to $6.2 million in the first nine months of 2003 and $8.5 million in the first nine months of 2002.

Insurance acquisition expenses decreased by $3.7 million in the third quarter of 2003 compared to the same period in 2002, while increasing by $5.9 million in the first nine months of 2003 compared to the first nine months of 2002.

Lower insurance acquisition expenses in the third quarter of 2003 compared to the previous year are due primarily to a DPAC writeoff of $2.9 million in the third quarter of 2002 related to variable annuities resulting from the actual performance of the equity markets and a reduction of assumed future returns.

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Management's Discussion and Analysis

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The increase in insurance acquisition expenses in the first nine months of 2003 compared to the same period in 2002 is due primarily to an increase of in-force policies primarily in the annuities and supplemental insurance business.

The vast majority of GAFRI's DPAC asset relates to its fixed annuity, variable annuity and life insurance lines of business. Continued spread compression, decreases in the stock market and adverse mortality could lead to write-offs of DPAC in the future. However, absent significant deterioration in those factors, GAFRI does not anticipate any material write-offs in the foreseeable future.

Other Expenses

Other expenses decreased in the third quarter of 2003 compared to the same period in 2002 due primarily to a third quarter 2002 reduction to the amount of expenses capitalized in GAFRI's life insurance operations on policies issued in 2002.

Income Taxes

The provision for income taxes presented reflects the effects of non-taxable foreign operations. The provision (credit) for income taxes in the first nine months of 2002 reflects reductions of $3.3 million in the valuation allowance associated with certain deferred tax assets.

Cumulative Effect of Accounting Change

Effective January 1, 2002, GAFRI implemented Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets," under which goodwill is no longer amortized, but is subject to an impairment test at least annually. The initial impairment testing resulted in a first quarter 2002 charge of $17.7 million (aftertax) for the cumulative effect of a change in accounting principle. See Note E - "Goodwill."

Recent Accounting Standards

In January 2003, the Financial Accounting Standards Board issued Interpretation No. 46, "Consolidation of Variable Interest Entities" ("VIEs"). This interpretation sets forth the requirements for consolidating entities that do not share economic risk and reward through typical equity ownership, but rather through contractual relationships that distribute economic risks and rewards among various parties. Once an entity is determined to be a VIE, it is required to be consolidated by the primary beneficiary, which is the party that is exposed to a majority of the expected losses or benefits from a majority of the expected residual returns or both. FIN 46 is effective immediately for VIEs formed or acquired after January 31, 2003. For entities formed or acquired before that date, implementation has been deferred until periods ending after December 15, 2003.

See Note B - "Accounting Policies - Mandatorily Redeemable Preferred Securities of Subsidiary Trusts" and Note H - "Mandatorily Redeemable Preferred Securities of Consolidated Subsidiary Trusts" for the effect of implementing FIN 46 with respect to GAFRI's trust preferred securities.

SOP 03-1, "Accounting and Reporting by Insurance Enterprises for Certain Non-traditional Long-Duration Contracts and Separate Accounts," was issued in July 2003 and is effective for fiscal years beginning after December 15, 2003, with earlier adoption encouraged. SOP 03-1 provides additional accounting and reporting guidance for variable and fixed annuities.

When adopted, SOP 03-1 will be accounted for as a cumulative effect of a change in accounting principle. If adopted in 2003, the adjustment would be recorded as of January 1, 2003, with restatement of previously reported 2003 results.

GAFRI's variable annuity contracts contain a guaranteed minimum death benefit ("GMDB") (which may exceed the value of the policyholder's account) to be paid if the annuityholder dies before the annuity payout period commences.

Liabilities for any difference between the GMDB and the related account balance is borne by GAFRI and expensed when paid. In periods of declining equity markets, the GMDB difference increases as the variable annuity account value decreases. At September 30, 2003 and December 31, 2002, the aggregate GMDB values (assuming every policyholder died on those dates) exceeded the market value of the underlying variable annuities by $181 million and $233 million, respectively. Industry practice varies, but GAFRI does not establish GAAP reserves for this mortality risk. Under SOP 03-1, GAFRI would be required to record a liability for the present value of expected GMDB payments. Initial recognition of a GAAP liability is estimated to be less than $5 million at September 30, 2003. Death benefits paid in excess of the variable annuity account balance were about $1.1 million in both the first nine months of 2003 and in all of 2002.

The impact of SOP 03-1 on accounting for GAFRI's fixed annuities has not yet been determined.

Item 3

Quantitative and Qualitative Disclosure of Market Risk

Other than the effect that the interest rate environment in the first half of 2003 has had on GAFRI's investment portfolio (See Management's Discussion and Analysis, "Investments" and "Net Investment Income"), as of September 30, 2003, there were no material changes to the information provided in GAFRI's Form 10-K for 2002 under the caption "Exposure to Market Risk" in Management's Discussion and Analysis of Financial Condition and Results of Operations.

Item 4

Evaluation of Disclosure Controls and Procedures

GAFRI's Chief Executive Officer and Chief Financial Officer, with the participation of management, have evaluated GAFRI's disclosure controls and procedures (as defined in the Securities Exchange Act of 1934 Rule 13a-15) as of the end of the period covered by this report. Based on the evaluation, they concluded that the controls and procedures are effective. There have been no significant changes in GAFRI's internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation.

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PART II

OTHER INFORMATION

Item 6

Exhibits and Reports on Form 8-K

- Exhibits:

Number	Exhibit Description
31(a)	Certification of the Chief Executive Officer pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002.
31(b)	Certification of the Chief Financial Officer pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002.

32	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

- Reports on Form 8-K:

Date of Report	Items Reported
July 31, 2003	Second Quarter 2003 Earnings Release
October 20, 2003	Third Quarter 2003 Earnings Release
November 3, 2003	Press Release regarding GAFRI's Debt Offering

Signature

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 duly authorized.

GREAT AMERICAN FINANCIAL RESOURCES, INC.

November 12, 2003

BY:/s/Christopher P. Miliano
Christopher P. Miliano
Chief Financial Officer