

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 13D
(Rule 13d-101)

INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT TO
13d-1(a) AND AMENDMENTS THERETO FILED PURSUANT TO 13d-2(a)
(Amendment No. 2)

Peritus Software Services, Inc.

(Name of Issuer)

Common Stock, \$.01 Par Value

(Title of Class of Securities)

714006103

(CUSIP Number)

James C. Kennedy, Esq.
One East Fourth Street
Cincinnati, Ohio 45202
(513) 579-2538

(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

November 4, 1998

(Date of Event Which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule
13G to report the acquisition which is the subject of this
Schedule 13D, and is filing this schedule because of Rule 13d-
1(b)(3) or (4), check the following box [].

- 1 NAME OF REPORTING PERSONS
S.S. OR I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS
American Financial Group, Inc. 31-1544320
American Financial Corporation 31-0624874
- 2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a)
(b)
- 3 SEC USE ONLY
- 4 SOURCE OF FUNDS*
N/A
- 5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS
IS REQUIRED PURSUANT TO ITEM 2(d) or 2(e)
- 6 CITIZENSHIP OR PLACE OF ORGANIZATION
Ohio corporations
- 7 NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON
WITH:
SOLE VOTING POWER
- - -
- 8 SHARED VOTING POWER
2,093,433 (See Item 5)
- 9 SOLE DISPOSITIVE POWER
- - -
- 10 SHARED DISPOSITIVE POWER
2,093,433 (See Item 5)
- 11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING
PERSON
2,093,433 (See Item 5)
- 12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11)
EXCLUDES CERTAIN SHARES*
- 13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
12.8% (See Item 5)
- 14 TYPE OF REPORTING PERSON*
HC
HC

1 NAME OF REPORTING PERSONS
S.S. OR I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS
Carl H. Lindner

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a)
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS*
N/A

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS
IS REQUIRED PURSUANT TO ITEM 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION
United States Citizen

7 NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON
WITH:
SOLE VOTING POWER
- - -

8 SHARED VOTING POWER
2,093,433

9 SOLE DISPOSITIVE POWER
- - -

10 SHARED DISPOSITIVE POWER
2,093,433

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING
PERSON,
2,093,433

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11)
EXCLUDES CERTAIN SHARES*

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
12.8%

14 TYPE OF REPORTING PERSON*
IN

1 NAME OF REPORTING PERSONS
S.S. OR I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS
Carl H. Lindner III

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a)
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS*
N/A

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS
IS REQUIRED PURSUANT TO ITEM 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION
United States Citizen

7 NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON
WITH:
SOLE VOTING POWER
- - -

8 SHARED VOTING POWER
2,093,433

9 SOLE DISPOSITIVE POWER
- - -

10 SHARED DISPOSITIVE POWER
2,093,433

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PERSON
2,093,433

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11)
EXCLUDES CERTAIN SHARES*

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
12.8%

14 TYPE OF REPORTING PERSON*
IN

- 1 NAME OF REPORTING PERSONS
S.S. OR I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS
S. Craig Lindner
- 2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) [X]
(b) []
- 3 SEC USE ONLY
- 4 SOURCE OF FUNDS*
N/A
- 5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS
IS REQUIRED PURSUANT TO ITEM 2(d) or 2(e) []
- 6 CITIZENSHIP OR PLACE OF ORGANIZATION
United States Citizen
- 7 NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON
WITH:
SOLE VOTING POWER
- - -
- 8 SHARED VOTING POWER
2,093,433
- 9 SOLE DISPOSITIVE POWER
- - -
- 10 SHARED DISPOSITIVE POWER
2,093,433
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PERSON
2,093,433
- 12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11)
EXCLUDES CERTAIN SHARES* []
- 13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
12.8%
- 14 TYPE OF REPORTING PERSON*
IN

1 NAME OF REPORTING PERSONS
S.S. OR I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS
Keith E. Lindner

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a)
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS*
N/A

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS
IS REQUIRED PURSUANT TO ITEM 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION
United States Citizen

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WITH:
SOLE VOTING POWER
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2,093,433

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2,093,433

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PERSON
2,093,433

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11)
EXCLUDES CERTAIN SHARES*

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
12.8%

14 TYPE OF REPORTING PERSON*
IN

This Amendment to Schedule 13D is filed on behalf of American Financial Group, Inc. ("American Financial"), American Financial Corporation ("AFC") and Carl H. Lindner, Carl H. Lindner III, S. Craig Lindner and Keith E. Lindner (collectively, the "Lindner Family") (American Financial, AFC and the Lindner Family are collectively referred to as the "Reporting Persons").

As of September 30, 1998, the Lindner Family beneficially owned approximately 38% of the outstanding common stock of American Financial and American Financial beneficially owned all of the common stock of AFC (approximately 79% of AFC's outstanding voting equity securities). Through their ownership of common stock of American Financial and their positions as directors and executive officers of American Financial and AFC, the members of the Lindner Family may be deemed to be controlling persons with respect to American Financial and AFC. All capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Schedule 13D, as amended. Items not included in this amendment are either not amended or are not applicable.

Item 1. Security and Issuer.

This Schedule relates to shares of Common Stock, par value \$.01 per share, ("Peritus Common Stock"), issued by Peritus Software Services, Inc., a Massachusetts corporation ("Peritus"). The principal executive offices of Peritus are located at 2 Federal Street, Billerica, Massachusetts 01821.

Item 4. Purpose of Transaction.

On November 4, 1998, the Peritus Board of Directors announced that William W. Verity had resigned as a Class I director of the Peritus Board. Mr. Verity is a director of Chiquita Brands International, Inc., an affiliate of the Reporting Persons.

The Reporting Persons consider their beneficial ownership of Peritus equity securities as an investment which they continue to evaluate. Although they have no present plans to do so, from time to time the Reporting Persons may acquire additional Peritus equity securities or dispose of some or all of the Peritus equity securities which they beneficially own.

Except as set forth herein, the Reporting Persons presently have no plans or proposals that relate to or would result in any of the actions specified in clauses (a) through (j) of Item 4 of Schedule 13D.

Item 5. Interest in Securities of the Issuer.

As of November 4, 1998, the Reporting Persons (through American Premier Underwriters, Inc., a wholly-owned subsidiary of AFC) beneficially owned 2,093,433 shares of Peritus Common Stock (or approximately 12.8% of the outstanding shares of Peritus Common Stock).

Except as set forth in Item 3 of this Schedule, to the best knowledge and belief of the undersigned, no transactions involving Peritus equity securities have been effected during the past 60 days by the Reporting Persons or by the directors or executive officers of American Financial or AFC.

Item 7. Material to be filed as Exhibits.

(1) Agreement required pursuant to Regulation Section 240.13d-1(f)(1) promulgated under the Securities Exchange Act of 1934, as amended.

(2) Powers of Attorney executed in connection with filings under the Securities Exchange Act of 1934, as amended.

After reasonable inquiry and to the best knowledge and belief of the undersigned, it is hereby certified that the information set forth in this statement is true, complete and correct.

Dated: November 6, 1998

AMERICAN FINANCIAL GROUP, INC.

By: James C. Kennedy

James C. Kennedy, Deputy General
Counsel and Secretary

AMERICAN FINANCIAL CORPORATION

By: James C. Kennedy

James C. Kennedy, Deputy General
Counsel and Secretary

Carl H. Lindner*
Carl H. Lindner

Carl H. Lindner III*
Carl H. Lindner III

S. Craig Lindner*
S. Craig Lindner

Keith E. Lindner*
Keith E. Lindner

James C. Kennedy

*By James C. Kennedy, Attorney-in-Fact

AGREEMENT

This Agreement executed this 7th day of April, 1995, is by and among American Premier Group, Inc. ("American Premier") and American Financial Corporation ("AFC"), both Ohio corporations, located at One East Fourth Street, Cincinnati, Ohio 45202, and Carl H. Lindner ("CHL"), Carl H. Lindner III (CHL III), S. Craig Lindner ("SCL") and Keith E. Lindner ("KEL"), each an individual, the business address of each is One East Fourth Street, Cincinnati, Ohio 45202. CHL, CHL III, SCL and KEL are referred to herein collectively as the Lindner Family.

WHEREAS, as of the date of this Agreement, American Premier owns 100% of the common stock of AFC and the Lindner Family beneficially owns approximately 49.9% of American Premier's outstanding Common Stock and each member of the Lindner Family is a director and executive officer of American Premier and AFC;

WHEREAS, the Lindner Family may be deemed to be the beneficial owner of securities held by American Premier, AFC and their subsidiaries pursuant to Regulation Section 240.13d-3 promulgated under the Securities Exchange Act of 1934, as amended;

WHEREAS, American Premier and AFC and their subsidiaries from time to time must file statements pursuant to certain sections of the Securities Exchange Act of 1934, as amended, concerning the ownership of equity securities of public companies;

NOW THEREFORE BE IT RESOLVED, that American Premier, AFC and the Lindner Family, do hereby agree to file jointly with the Securities and Exchange Commission any schedules or other filings or amendments thereto made by or on

behalf of American Premier, AFC or any of their subsidiaries pursuant to Section 13(d), 13(f), 13(g), and 14(d) of the Securities Exchange Act of 1934, as amended.

AMERICAN PREMIER GROUP, INC.
AMERICAN FINANCIAL CORPORATION

By: /s/ James E. Evans

James E. Evans
Vice President & General
Counsel

/s/ Carl H. Lindner

Carl H. Lindner

/s/ Carl H. Lindner III

Carl H. Lindner III

/s/ S. Craig Lindner

S. Craig Lindner

/s/ Keith E. Lindner

Keith E. Lindner

POWER OF ATTORNEY

I, Carl H. Lindner, do hereby appoint James C. Kennedy and Karl J. Grafe, or either of them, as my true and lawful attorneys-in-fact to sign on my behalf individually and as Chairman of the Board of Directors and Chief Executive Officer of American Financial Group, Inc. or as a director or executive officer of any of its subsidiaries and to file with the Securities and Exchange Commission any schedules or other filings or amendments thereto made by me or on behalf of American Financial Group, Inc. or any of its subsidiaries pursuant to Sections 13(d), 13(f), 13(g), 14(d) and 16(a) of the Securities and Exchange Act of 1934, as amended.

IN WITNESS WHEREOF, I have hereunto set my hand at Cincinnati, Ohio as of the 5th day of November, 1997.

/s/ Carl H. Lindner

Carl H. Lindner

POWER OF ATTORNEY

I, Carl H. Lindner III, do hereby appoint James C. Kennedy and Karl J. Grafe, or either of them, as my true and lawful attorneys-in-fact to sign on my behalf individually and as an officer or director of American Financial Group, Inc. or as a director or executive officer of any of its subsidiaries and to file with the Securities and Exchange Commission any schedules or other filings or amendments thereto made by me or on behalf of American Financial Group, Inc. or any of its subsidiaries pursuant to Sections 13(d), 13(f), 13(g), 14(d) and 16(a) of the Securities and Exchange Act of 1934, as amended.

IN WITNESS WHEREOF, I have hereunto set my hand at Cincinnati, Ohio as of the 5th day of November, 1997.

/s/ Carl H. Lindner III

Carl H. Lindner III

POWER OF ATTORNEY

I, S. Craig Lindner, do hereby appoint James C. Kennedy and Karl J. Grafe, or either of them, as my true and lawful attorneys-in-fact to sign on my behalf individually and as an officer or director of American Financial Group, Inc. or as a director or executive officer of any of its subsidiaries and to file with the Securities and Exchange Commission any schedules or other filings or amendments thereto made by me or on behalf of American Financial Group, Inc. or any of its subsidiaries pursuant to Sections 13(d), 13(f), 13(g), 14(d) and 16(a) of the Securities and Exchange Act of 1934, as amended.

IN WITNESS WHEREOF, I have hereunto set my hand at Cincinnati, Ohio as of the 5th day of November, 1997.

/s/ S. Craig Lindner

S. Craig Lindner

POWER OF ATTORNEY

I, Keith E. Lindner, do hereby appoint James C. Kennedy and Karl J. Grafe, or either of them, as my true and lawful attorneys-in-fact to sign on my behalf individually and as an officer or director of American Financial Group, Inc. or as a director or executive officer of any of its subsidiaries and to file with the Securities and Exchange Commission any schedules or other filings or amendments thereto made by me or on behalf of American Financial Group, Inc. or any of its subsidiaries pursuant to Sections 13(d), 13(f), 13(g), 14(d) and 16(a) of the Securities and Exchange Act of 1934, as amended.

IN WITNESS WHEREOF, I have hereunto set my hand at Cincinnati, Ohio as of the 5th day of November, 1997.

/s/ Keith E. Lindner

Keith E. Lindner