

BERKOWITZ BRUCE R
Form 4
November 08, 2010

FORM 4

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
FAIRHOLME CAPITAL
MANAGEMENT LLC

2. Issuer Name and Ticker or Trading Symbol
AMERICAN INTERNATIONAL
GROUP INC [AIG]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
4400 BISCAYNE
BOULEVARD, 9TH FLOOR

3. Date of Earliest Transaction
(Month/Day/Year)
11/04/2010

____ Director
____ Officer (give title below)
 10% Owner
____ Other (specify below)

(Street)
MIAMI, FL 33137

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
____ Form filed by One Reporting Person
 Form filed by More than One Reporting Person

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) | |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|------------------|
| | | | | (A) or (D) | Price | | | |
| Common Stock | 11/04/2010 | | J ⁽¹⁾ | 4,500 | D | \$ 44.09 | 35,453,300 I | See Footnote (2) |
| Common Stock | 11/05/2010 | | P | 50,200 | A | \$ 43.59 | 35,503,500 I | See Footnote (2) |
| Common Stock | | | | | | | 31,923,200 D ⁽³⁾ | |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | 8. Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|-------------------------------|
| Convertible Preferred Stock | (4) | 11/05/2010 | (5) | J(1) | 5,200 | (5) (5) | Common Stock | 487 (6) |
| Convertible Preferred Stock | (4) | | | | | (5) (5) | Common Stock | 0 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| FAIRHOLME CAPITAL MANAGEMENT LLC 4400 BISCAYNE BOULEVARD 9TH FLOOR MIAMI, FL 33137 | | X | | |
| FAIRHOLME FUNDS INC C/O FAIRHOLME CAPITAL MANAGEMENT, L.L.C. 4400 BISCAYNE BOULEVARD, 9TH FLOOR MIAMI, FL 33137 | | X | | |
| BERKOWITZ BRUCE R C/O FAIRHOLME CAPITAL MANAGEMENT, L.L.C. 4400 BISCAYNE BOULEVARD, 9TH FLOOR MIAMI, FL 33137 | | X | | |

Signatures

| | |
|--|------------|
| Fairholme Capital Management, L.L.C. /s/ Bruce R. Berkowitz | 11/08/2010 |
| __Signature of Reporting Person | Date |
| Fairholme Funds, Inc. By: Fairholme Capital Management, L.L.C., Investment Manager /s/ Bruce R. Berkowitz | 11/08/2010 |
| __Signature of Reporting Person | Date |
| /s/ Bruce R. Berkowitz | 11/08/2010 |
| __Signature of Reporting Person | Date |

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) The securities were held in an account managed by Fairholme Capital Management, L.L.C. ("Fairholme") and were sold pursuant to an investment management agreement that was terminated. Accordingly, Fairholme and Mr. Berkowitz are no longer deemed to be the beneficial owners of such securities.

(2) The reported securities are directly owned by The Fairholme Fund, a series of Fairholme Funds, Inc. (the "Fund") and managed accounts advised by Fairholme. The securities may be deemed to be beneficially owned by Fairholme, as the investment manager, and by Bruce R. Berkowitz ("Mr. Berkowitz") as the managing member of Fairholme. The Reporting Persons disclaim beneficial ownership in the securities reported on this Form 4 except to the extent of his or its pecuniary interest, if any, therein, and this report shall not be deemed to be an admission that the Reporting Persons are the beneficial owners of such securities for purposes of Section 16 of the Securities Exchange Act of 1934, as amended, or for any other purpose.

(3) These securities are directly owned by the Fund, which is a Reporting Person.

(4) The exchange is for 0.09867 shares of the Issuer's common stock, par value \$2.50 per share, plus \$3.2702 in cash for each validly tendered and accepted unit of convertible preferred stock.

(5) The exchange offer for the convertible preferred stock expires on November 10, 2010.

(6) This amount assumes that the Reporting Person has converted 95% of the preferred shares held by the Reporting Person into common stock.

(7) The reported securities are directly owned by the Fund, Fairholme Focused Income Fund, a series of Fairholme Funds, Inc. and managed accounts advised by Fairholme. The securities may be deemed to be beneficially owned by Fairholme, as the investment manager, and by Bruce R. Berkowitz ("Mr. Berkowitz") as the managing member of Fairholme. The Reporting Persons disclaim beneficial ownership in the securities reported on this Form 4 except to the extent of his or its pecuniary interest, if any, therein, and this report shall not be deemed to be an admission that the Reporting Persons are the beneficial owners of such securities for purposes of Section 16 of the Securities Exchange Act of 1934, as amended, or for any other purpose.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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