



THE FAIRHOLME FUND

SHARES DISTRIBUTED BY
FAIRHOLME DISTRIBUTORS, INC
MEMBER FINRA

FAIRHOLMEFUNDS.COM

FOR IMMEDIATE RELEASE

FAIRHOLME FUNDS, INC.

Miami, FL
January 12, 2012

**IMPORTANT UPDATE REGARDING THE FAIRHOLME FUND (FAIRX) DISTRIBUTION
AND TAX CLASSIFICATION**

The Fairholme Fund (FAIRX) is providing additional information regarding the December 16, 2011 distribution and tax classification.

American International Group, Inc. (AIG) announced on December 29, 2011 that the United States Internal Revenue Service had ruled that the issuance of approximately 75 million warrants distributed on January 19, 2011, to AIG's common shareholders of record as of January 13, 2011, did not qualify as a tax free stock distribution. Although the distribution of warrants did not qualify as a tax free distribution of stock, an AIG common shareholder should not recognize any taxable income or gain as a result of the warrant distribution, provided the shareholder's tax basis in its AIG shares is greater than the fair market value of the warrants distributed.

The Fairholme Fund, which held the AIG common stock and received warrants distributed by AIG on January 19, 2011, treated the warrant distribution as taxable income for purposes of reporting its distribution on December 16, 2011. This treatment was consistent with information available at the time of The Fairholme Fund's distribution. As a result of the updated information provided by AIG, the dividend distribution paid by The Fairholme Fund on December 16, 2011 will be reclassified as a return of capital and reported as such on the 2011 Form 1099 to be sent by the end of January 2012.

Please contact Shareholder Services at 1-866-202-2263 (610-382-7849 outside the United States) if you have any questions. You should consult your tax advisor regarding the tax consequences of the distribution.

The Fairholme Funds, Inc.

Notification of Source of Distributions
Pursuant to Rule 19a-1 under the Investment Company Act of 1940

As noted in the table provided below, The Fairholme Fund and the Fairholme Focused Income Fund made distributions in the month of December 2011. As of ex-date and payable date of December 16, 2011, for The Fairholme Fund, and ex-date and payable date of December 30, 2011 for The Fairholme Focused Income Fund, the estimated sources of these distributions (on a per share basis) were as follows:

<u>Fund</u>	<u>Net Income</u>	<u>Realized Gain</u>	<u>From Capital Sources</u>
The Fairholme Fund	none	none	\$0.90836
The Fairholme Focused Income Fund	\$0.24543	none	none
The Fairholme Allocation Fund	none	none	none

The ultimate composition of these distributions may vary from the estimates provided above due to a variety of factors, including amortization, future income and expenses, and realized gains and losses from the purchase and sale of securities and other properties.

Please note that this information is being provided to satisfy certain notice requirements under the Investment Company Act of 1940. Tax reporting information for shareholders of each Fund will not be available until the end of January 2012.

As a result, shareholders should not use the information provided in this notice for tax reporting purposes.



THE FAIRHOLME FOCUSED INCOME FUND

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FAIRHOLME FUNDS, INC.

Miami, FL
December 30, 2011

THE FAIRHOLME FOCUSED INCOME FUND ANNOUNCES DIVIDEND

On December 30, 2011, the Fairholme Focused Income Fund (FOCIX) distributed an Ordinary Income dividend of \$0.24543 per share to shareholders of record as of December 29, 2011. **The Fairholme Focused Income Fund's Net Asset Value ("NAV") was reduced by the amount of the distributions.**

The Record, Ex-Dividend, Payable Dates, and Dollars-Per-Share are as follows:

THE FAIRHOLME FOCUSED INCOME FUND

Distribution Type	Record Date	Ex-Dividend Date	Payable Date	Dollars-Per-Share
Ordinary Income	December 29, 2011	December 30, 2011	December 30, 2011	\$0.24543

Past performance is not a guarantee of future results.

The Fairholme Focused Income Fund's investment objectives, risks, charges, and expenses should be considered carefully before investing. The [prospectus](#) contains this and other important information about the Fund, and it may be obtained by calling Shareholder Services at 1-866-202-2263 or visiting our website www.fairholmefunds.com. Read it carefully before investing.

Investing in the Fairholme Focused Income Fund (the "Income Fund") involves risk including loss of principal. The Income Fund is a non-diversified mutual fund, which means that the Income Fund invests in a smaller number of securities when compared to more diversified funds. This strategy exposes the Income Fund and its shareholders to greater risk of loss from adverse developments affecting portfolio companies. The Income Fund's investments are also subject to interest rate risk, which is the risk that the value of a security will decline because of a change in general interest rates. Investments subject to interest rate risk will usually decrease in value when interest rates rise and rise in value when interest rates decline. Also, securities with long maturities typically experience a more pronounced change in value when interest rates change. Debt securities are subject to credit risk (potential default by the issuer). The Income Fund may invest without limit in lower-rated securities. Compared to higher-rated fixed income securities, lower-rated debt may entail greater risk of default and market volatility.

Fairholme Distributors, Inc. (12/11)



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FAIRHOLME FUNDS, INC.

Miami, FL
December 16, 2011

THE FAIRHOLME FUND ANNOUNCES DIVIDEND

On December 16, 2011, the Fairholme Fund (FAIRX) distributed an Ordinary Income dividend of \$0.908364 per share to shareholders of record as of December 15, 2011. **The Fairholme Fund's Net Asset Value ("NAV") was reduced by the amount of the distribution.**

The Record, Ex-Dividend, Payable Dates, and Dollars-Per-Share are as follows:

THE FAIRHOLME FUND

Distribution Type	Record Date	Ex-Dividend Date	Payable Date	Dollars-Per-Share
Ordinary Income	December 15, 2011	December 16, 2011	December 16, 2011	\$0.908364

Past performance is not a guarantee of future results.

The Fund's investment objectives, risks, charges, and expenses should be considered carefully before investing. The [prospectus](#) contains this and other important information about the Fund, and it may be obtained by calling Shareholder Services at 1-866-202-2263 or visiting our website www.fairholmefunds.com. Read it carefully before investing.

Investing in the Fairholme Fund involves risk including loss of principal. The Fairholme Fund is non-diversified, which means that the Fairholme Fund invests in a smaller number of securities when compared to more diversified funds. Therefore, the Fairholme Fund is exposed to greater individual stock volatility than a diversified fund. The Fairholme Fund also invests in foreign securities which involve greater volatility and political, economic and currency risks and differences in accounting methods. The Fairholme Fund may also invest in "special situations" to achieve its objectives. These strategies may involve greater risks than other fund strategies.

Fairholme Distributors, Inc. (12/11)



THE FAIRHOLME FOCUSED INCOME FUND

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FAIRHOLME FUNDS, INC.

Miami, FL
September 30, 2011

THE FAIRHOLME FOCUSED INCOME FUND ANNOUNCES DIVIDEND

On September 30, 2011, the Fairholme Focused Income Fund (FOCIX) distributed an Ordinary Income dividend of \$0.19378 per share to shareholders of record as of September 29, 2011. The Fairholme Focused Income Fund's NAV was reduced by the amount of the distribution.

The Record, Ex-Dividend, Payable Dates, and Dollars-Per-Share are as follows:

THE FAIRHOLME FOCUSED INCOME FUND

Distribution Type	Record Date	Ex-Dividend Date	Payable Date	Dollars-Per-Share
Ordinary Income	September 29, 2011	September 30, 2011	September 30, 2011	\$0.19378

Past performance is not a guarantee of future results.

The Fund's investment objectives, risks, charges, and expenses should be considered carefully before investing. The [prospectus](#) contains this and other important information about the Fund, and it may be obtained by calling Shareholder Services at 1-866-202-2263 or visiting our website www.fairholmefunds.com. Read it carefully before investing.

Investing in the Fund involves risk including loss of principal. The Fairholme Focused Income Fund is a non-diversified mutual fund, which means that the Fund invests in a smaller number of securities when compared to more diversified funds. This strategy exposes the Fund and its shareholders to greater risk of loss from adverse developments affecting portfolio companies. The Fund's investments are also subject to interest rate risk, which is the risk that the value of a security will decline because of a change in general interest rates. Investments subject to interest rate risk will usually decrease in value when interest rates rise and rise in value when interest rates decline. Also, securities with long maturities typically experience a more pronounced change in value when interest rates change.

Fairholme Distributors, Inc. (09/11)



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FAIRHOLME FUNDS, INC.

Miami, FL
June 30, 2011

THE FAIRHOLME FOCUSED INCOME FUND ANNOUNCES DIVIDEND

On June 30, 2011, the Fairholme Focused Income Fund (FOCIX) distributed an Ordinary Income dividend of \$0.16753 per share to shareholders of record as of June 29, 2011. The Fairholme Focused Income Fund's NAV was reduced by the amount of the distribution.

The Record, Ex-Dividend, Payable Dates, and Dollars-Per-Share are as follows:

THE FAIRHOLME FOCUSED INCOME FUND

Distribution Type	Record Date	Ex-Dividend Date	Payable Date	Dollars-Per-Share
Ordinary Income	June 29, 2011	June 30, 2011	June 30, 2011	\$0.16753

Past performance is not a guarantee of future results.

The Fund's investment objectives, risks, charges, and expenses should be considered carefully before investing. The [prospectus](#) contains this and other important information about the Fund, and it may be obtained by calling Shareholder Services at 1-866-202-2263 or visiting our website www.fairholmefunds.com. Read it carefully before investing.

Investing in the Fund involves risk including loss of principal. The Fairholme Focused Income Fund is a non-diversified mutual fund, which means that the Fund invests in a smaller number of securities when compared to more diversified funds. This strategy exposes the Fund and its shareholders to greater risk of loss from adverse developments affecting portfolio companies. The Fund's investments are also subject to interest rate risk, which is the risk that the value of a security will decline because of a change in general interest rates. Investments subject to interest rate risk will usually decrease in value when interest rates rise and rise in value when interest rates decline. Also, securities with long maturities typically experience a more pronounced change in value when interest rates change.

Fairholme Distributors, Inc. (06/11)



FOR IMMEDIATE RELEASE

FAIRHOLME FUNDS, INC.

Miami, FL
March 31, 2011

THE FAIRHOLME FOCUSED INCOME FUND ANNOUNCES DIVIDEND

On March 31, 2011, the Fairholme Focused Income Fund (FOCIX) distributed an Ordinary Income dividend of \$0.11844 per share to shareholders of record as of March 30, 2011. The Fairholme Focused Income Fund's NAV was reduced by the amount of the distribution.

The Record, Ex-Dividend, Payable Dates, and Dollars-Per-Share are as follows:

THE FAIRHOLME FOCUSED INCOME FUND

Distribution Type	Record Date	Ex-Dividend Date	Payable Date	Dollars-Per-Share
Ordinary Income	March 30, 2011	March 31, 2011	March 31, 2011	\$ 0.11844

Past performance is not a guarantee of future results.

The Fund's investment objectives, risks, charges, and expenses should be considered carefully before investing. The [prospectus](#) contains this and other important information about the Fund, and it may be obtained by calling Shareholder Services at 1-866-202-2263 or visiting our website www.fairholmefunds.com. Read it carefully before investing.

Investing in the Fund involves risk including loss of principal. The Fairholme Focused Income Fund is a non-diversified mutual fund, which means that the Fund invests in a smaller number of securities when compared to more diversified funds. This strategy exposes the Fund and its shareholders to greater risk of loss from adverse developments affecting portfolio companies. The Fund's investments are also subject to interest rate risk, which is the risk that the value of a security will decline because of a change in general interest rates. Investments subject to interest rate risk will usually decrease in value when interest rates rise and rise in value when interest rates decline. Also, securities with long maturities typically experience a more pronounced change in value when interest rates change.

Fairholme Distributors, Inc. (03/11)