



FAIRHOLME CAPITAL MANAGEMENT, L.L.C.

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FOR IMMEDIATE RELEASE

FAIRHOLME CAPITAL MANAGEMENT, L.L.C.

January 25, 2016, Miami, FL

FAIRHOLME FUNDS, INC. – THE FAIRHOLME FOCUSED INCOME FUND AND THE FAIRHOLME ALLOCATION FUND REDUCE MINIMUM INVESTMENT AMOUNTS

The Board of Directors of Fairholme Funds, Inc. has approved a reduction in the minimum investment amount to purchase shares of The Fairholme Focused Income Fund (the “Income Fund”) and shares of The Fairholme Allocation Fund (the “Allocation Fund,” and collectively the “Funds”). **Effective February 1, 2016, purchases of shares of the Funds are subject to the following minimum investment amounts:**

THE FAIRHOLME FOCUSED INCOME FUND (FOCIX)

Minimum Investment To Open Account	\$10,000
Minimum Subsequent Investment (Non-Automatic Investment Plan Members)	\$1,000 for Regular Accounts and IRAs
Minimum Subsequent Investment (Automatic Investment Plan Members)	\$250 per month minimum

THE FAIRHOLME ALLOCATION FUND (FAAFX)

Minimum Investment To Open Account	\$10,000
Minimum Subsequent Investment (Non-Automatic Investment Plan Members)	\$1,000 for Regular Accounts and IRAs
Minimum Subsequent Investment (Automatic Investment Plan Members)	\$250 per month minimum

Fairholme Capital Management, LLC, the Manager, retains the right to waive the minimum investment amounts in its discretion.

A supplement to the Fairholme Funds, Inc. Prospectus, the Income Fund’s Summary Prospectus, and the Allocation Fund’s Summary Prospectus, which has been filed with the Securities and Exchange Commission, provides additional information about the terms of the Funds’ offerings.

The Funds’ investment objectives, risks, charges, and expenses should be considered carefully before investing. The [prospectus](#) contains this and other important information about the Funds, 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 Funds 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.

The Allocation Fund is a non-diversified mutual fund, which means that the Allocation Fund invests in a smaller number of securities when compared to more diversified funds. This strategy exposes the Allocation Fund and its shareholders to greater risk of loss from adverse developments affecting portfolio companies. The Allocation Fund may invest in lower-rated securities, which may have greater market risk. The allocation of investments among the different asset classes, such as equity or fixed-income asset classes, may have a more significant effect on The Allocation Fund's net asset value when one of these classes is performing more poorly than others.

Fairholme Distributors, LLC (1/16)