

# **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, The Fairholme Focused Income Fund, and The Fairholme Allocation Fund made distributions in the month of December 2017. As of ex-date and payable date of December 15, 2017, for The Fairholme Fund, The Fairholme Focused Income Fund, and The Fairholme Allocation Fund, the estimated sources of these distributions (on a per share basis) were as follows:

	<b>Distribution</b>	<b>% of Distribution</b>
<b>The Fairholme Fund</b>		
Net Investment Income	\$0.25971	100%
Net Realized Short-Term Capital Gains	\$ -	-
Net Realized Long-Term Capital Gains	\$ -	-
Return of Capital or Other Capital Source(s)	\$ -	-
Total per share	<u>\$0.25971</u>	<u>100%</u>
<b>The Fairholme Focused Income Fund</b>		
Net Investment Income	\$0.11053	18%
Net Realized Short-Term Capital Gains	\$0.05650	9%
Net Realized Long-Term Capital Gains	\$0.46342	73%
Return of Capital or Other Capital Source(s)	\$ -	-
Total per share	<u>\$0.63045</u>	<u>100%</u>
<b>The Fairholme Allocation Fund</b>		
Net Investment Income	\$0.11886	100%
Net Realized Short-Term Capital Gains	\$ -	-
Net Realized Long-Term Capital Gains	\$ -	-
Return of Capital or Other Capital Source(s)	\$ -	-
Total per share	<u>\$0.11886</u>	<u>100%</u>

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 2018.

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