

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 2018. As of ex-date and payable date of December 14, 2018, 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:

	Distribution	% of Distribution
The Fairholme Fund		
Net Investment Income	\$0.33731	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>\$0.33731</u>	<u>100%</u>
The Fairholme Focused Income Fund		
Net Investment Income	\$0.05324	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>\$0.05324</u>	<u>100%</u>
The Fairholme Allocation Fund		
Net Investment Income	\$0.07387	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>\$0.07387</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 2019.

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