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**FAIRHOLME FUNDS, INC.**

Miami, FL  
October 1, 2014

**A MESSAGE FROM BRUCE BERKOWITZ**

Dear Fellow Shareholders,

Fairholme has been receiving inquiries about yesterday's D.C. District Court decision regarding Fannie Mae and Freddie Mac. I want to make sure that all shareholders have the relevant facts.

While we strongly disagree with the court's conclusions, we remain steadfast in our belief that – at a minimum – shareholders are due just compensation for the Taking that has occurred.

That is, the D.C. District Court judge is either wrong or the law is unconstitutional – the issue is now quite simple.

In this respect, our ongoing litigation in the Court of Federal Claims seeks to remedy this matter.

We will continue to pursue our legal rights with the same conviction held in our other G-SIFIs (global systemically important financial institutions) – AIG and Bank of America – deemed essential to our way of life.

Respectfully,

Bruce Berkowitz  
Fairholme Funds, Inc.

*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](http://www.fairholmefunds.com). Read it carefully before investing.*

Fairholme Distributors, LLC (10/14)